

now or hereafter to it granted or upon it conferred, and will comply with all valid laws, ordinances, regulations and requirements applicable to it or its property. The Corporation will not, without the approval in writing of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding (such holder or holders of such amount of notes being hereinafter called the "majority noteholders"), sell, lease or transfer (or make any agreement therefor) the Trust Estate, or any part thereof, or reorganize, consolidate with or merge into any other corporation; but nothing herein contained shall prevent any such reorganization, consolidation or merger provided that the lien and security of this Indenture and the rights or powers of the Trustee and the noteholders hereunder shall not thereby be impaired or adversely affected, and provided that upon such reorganization, consolidation or merger, the due and punctual payment of the principal of and interest on the notes according to their tenor and the due and punctual performance of all covenants and conditions of this Indenture shall be assumed by the corporation formed by such reorganization, consolidation or merger, and the lien of this Indenture shall remain a superior lien upon the property owned by the Corporation at the time of such reorganization, consolidation or merger and upon any improvements or additions to such property, either prior to or subsequent to such reorganization, consolidation or merger.

"The Corporation may, however, without obtaining the approval of the holder or holders of any of the notes at the time outstanding, at any time or from time to time so long as the Corporation is not in default hereunder, sell or otherwise dispose of, free from the lien hereof, any of its property which is neither necessary nor useful for the operation of the Corporation's business, or which has become obsolete, worn out or damaged or otherwise unsuitable for the purposes of the Corporation; provided, however, that the Corporation shall: (a) to the extent necessary, replace the same by, or substitute therefor, other property of the same kind and nature, which shall be subject to the lien hereof, free and clear of all prior liens, and apply any proceeds derived from such sale or other disposition of such property and not needed for the replacement thereof to the payment of the indebtedness evidenced by the notes; or (b) immediately upon the receipt of the proceeds of any sale or other disposition of said property, apply the entire amount of such proceeds to the payment of the indebtedness evidenced by the notes; or (c) deposit all or such part of the proceeds derived from the sale or other disposition of said property as the majority noteholders shall specify in such restricted bank accounts as such holder or holders shall designate, and shall use the same only for such additions to or improvements of the Trust Estate and on such terms and conditions as such holder or holders shall specify.

"SECTION 5. (a) The Corporation will at all times maintain and preserve the Trust Estate in good repair, working order and condition, and will from time to time make all needful and proper repairs, renewals and replacements, and useful and proper alterations, additions, betterments and improvements, and will, subject to contingencies beyond its reasonable control, at all times keep its plant and properties in continuous operation and use all reasonable diligence to furnish the subscribers served by it through the Mortgaged Property with adequate telephone service.

"(b) In the event that the Mortgagor incurs expense for maintenance of the Trust Estate for any fiscal year in an amount less than eighteen per centum (18%) of its operating revenues for said year, the amount by which eighteen per centum (18%) of such operating revenues exceeds maintenance expense for said year shall be transferred in its books, records and accounts, required to be kept by the Corporation pursuant to the provisions of section 11 of article II hereof, from the Unappropriated Earned Surplus Account to an earned surplus reserve to be called the "Earned Surplus Maintenance Reserve"; provided, however, that the amount thus transferred shall not exceed the accumulated balance then in the Unappropriated Earned Surplus Account; and provided, further, that transfers to the Earned Surplus Maintenance Reserve required to be made hereunder shall be made before transfers are made from the Unappropriated Earned Surplus Account for any other purpose. In the event that the Corporation incurs expense for such maintenance for any fiscal year in an amount in excess of eighteen per centum (18%) of its operating revenues for said year, the amount of such excess shall be transferred from the accumulated balance in its Earned Surplus Maintenance Reserve to the Unappropriated Earned