

of such prior lien to the effect that said property has been released from such prior lien and that the proceeds thereof have been received by the trustee or other holder of such prior lien pursuant to the requirements thereof, together with an instrument in form satisfactory to the Trustees, assigning such proceeds to the Trustees subject to such prior lien.

§ 8.03. The Company shall have the right at any time and from time to time, unless a default as defined in § 2.01 shall have happened and shall be continuing, to sell or exchange any part of the mortgaged property (except any cash or prior lien bonds held by the Principal Trustee) which shall no longer be advantageous in the judicious management and maintenance of the mortgaged property or in the conduct of the business of the Company. The consideration received for such property so sold or exchanged may be (i) cash, and/or (ii) obligations secured by purchase money mortgage on such property, provided that (a) such obligations shall not exceed in aggregate principal amount sixty per centum (60%) of the then fair value of the property to be released (as established either by the engineer's certificate referred to in sub-paragraph (C) below or the independent engineer's certificate referred to in sub-paragraph (D) below, whichever shall be the higher), and (b) the aggregate principal amount of such obligations held as a part of the mortgage principal shall not exceed ten per centum (10%) of the aggregate principal amount of bonds at the time outstanding under this Indenture, and/or (iii) any additional property of such character as would be included in the definition of property additions contained in § 1.03. The Trustees shall, from time to time, release such property so sold or exchanged from the operation and lien of this Indenture, but only upon receipt of:

(A) A written request of the Company, evidenced by a certified resolution of the Board, requesting such release and describing the property so to be released;

(B) A certificate of the Company stating that no default as defined in § 2.01 has happened and is continuing;

will not impair the security under this Indenture in contravention of the provisions hereof;

(D) In case, as shown by said engineer's certificate, the fair value of the property to be released and of all other property or securities released since the commencement of the then current calendar year, as set forth in the certificate required pursuant to sub-paragraph (C), and any similar certificates pursuant to sub-paragraph (C) and any other sections of this Article 8, is ten per centum (10%) or more of the aggregate principal amount of bonds at the time outstanding, unless the fair value of the property to be released, as set forth in the certificate, is less than \$25,000 or less than one per centum (1%) of the aggregate principal amount of bonds at the time outstanding, an independent engineer's certificate, made and dated not more than sixty (60) days prior to the date of such application, stating that the signer has examined the written request furnished to the Principal Trustee; stating as to such property the then fair value thereof in the opinion of the signer, together with the signer's report thereon which shall contain a brief statement of the conditions governing the signer's determination of such fair value and stating that in the opinion of the signer such release will not impair the security under this Indenture in contravention of the provisions hereof; and in case, as shown by said engineer's certificate, the consideration for the property to be released includes additional property of a fair value to the Company not less than \$25,000 and not less than one per centum (1%) of the aggregate principal amount of the bonds at the time outstanding, and if such property has, within six months prior to the date of acquisition thereof by the Company, been used or operated by a person or persons other than the Company in a business similar to that in which it has been or is to be used or operated by the Company, a similar independent engineer's certificate with respect to the then fair value to the Company of such additional property shall also be furnished to the Principal Trustee;

(E) Any and all money and obligations stated in said engineer's certificate to be consideration for the property so to be released; provided, however, that if the property to be released shall be subject to any prior lien, the cash or obligations otherwise deliverable to the Principal Trustee in accordance with

(C) An engineer's certificate, made and dated not more than sixty (60) days prior to the time of such application, setting forth in substance as follows:

(1) that the Company has sold or exchanged or has contracted to sell or exchange the property so to be released for a consideration described, in reasonable detail, in said certificate, and that such sale or exchange is desirable in the conduct of the business of the Company, and that the property to be released is no longer advantageous in the judicious management and maintenance of the mortgaged property or in the conduct of the business of the Company;

(2) the then fair value, in the opinion of the signer, of the property to be released;

(3) in case the consideration for the property to be released consists, in whole or in part, of additional property, describing such additional property in reasonable detail by classified fixed capital accounts then in use by the Company; stating that all such additional property is of such character as would be included in the definition of property additions contained in § 1.03, and setting forth the then fair value to the Company, in the opinion of the signer, of all such additional property; and if such additional property is subject to a prior lien, showing that the application satisfies the requirements of § 4.01 and § 4.02;

(4) that the consideration described in said certificate has a then fair value at least equal to the then fair value of the property to be released, in each case after deducting the principal amount of any indebtedness secured by prior liens on such property (if an independent engineer's certificate as provided for in the following sub-paragraph (D) is required, either with respect to the property to be released or additional property included in the consideration therefor, the then fair value of the property to be released and/or of any such additional property shall be as stated in such engineer's certificate or in such independent engineer's certificate, whichever shall be the higher); and

(5) that such release is, in the opinion of the signer, desirable in the conduct of the business of the Company and

the provisions of this Section in respect of the release of such property shall, to the extent required by reason of the existence of such prior lien, as shall be stated in the opinion of counsel referred to in sub-paragraph (F) below, be paid or delivered to the trustee or other holder of such prior lien, and, in such event, there shall be delivered to the Principal Trustee hereunder, in lieu of such cash or obligations, a certificate or receipt of such trustee or other holder that such cash or obligations have been paid or delivered to it or them, together with an instrument, in form satisfactory to the Trustees, assigning such cash or obligations to the Trustees subject to such prior lien;

(F) The mortgages, deeds, conveyances, assignments, transfers and instruments of further assurance, if any, specified in Clause (4) of the opinion of counsel referred to in the following sub-paragraph (G);

(G) An opinion of counsel:

(1) stating that the instruments which have been or are to be delivered to the Principal Trustee conform to the requirements of this Indenture and constitute sufficient authority under this Indenture for the Trustees to execute and deliver the release requested, and that, upon the basis of the consideration described in the engineer's certificate delivered to the Principal Trustee pursuant to sub-paragraph (C) of this Section, the property so sold or exchanged may be released from the operation of the lien of this Indenture pursuant to the provisions of this Section;

(2) stating that any obligations included in the consideration for such release are valid obligations and are duly secured by a valid purchase money mortgage constituting a direct lien upon the property so to be released, subject to no lien prior thereto except such liens, if any, as shall have existed thereon just prior to such release as liens prior to the lien of this Indenture; and, in case any such prior lien shall have so existed on such property, stating the extent, if any, to which the trustee or other holder of such prior lien is entitled to the money and obligations stated in said engineer's certificate to be consideration for such property, and that the instrument or instruments of assignment referred to in sub-paragraph (E) constitute a valid and legally effective assignment of said