

Indenture or by the trustee or other holder of the mortgage or other lien securing such prior lien bonds, the Trustee shall, at the request of the Company evidenced by a certified resolution and upon receipt of an opinion of counsel to the effect (a) that all the property then subject to such mortgage or other lien, in so far as the property is of the character covered by this Indenture, has been subjected to the lien of this Indenture, and (b) that there are no liens upon the properties subject to the mortgage or other lien securing such prior lien bonds junior to such mortgage or other lien and prior to the lien of this Indenture, cancel or cause to be canceled all prior lien bonds and coupons of such issue so deposited with or held by it (if not previously canceled) and shall deliver the prior lien bonds and coupons so canceled to the trustee or other holder of such funded prior lien and shall cause such mortgage or other lien to be discharged of record. Funded prior lien bonds may also be released pursuant to Section 4 of Article VII.

SECTION 5. All purchase money obligations and all bonds or other obligations issued by a municipality or other governmental subdivision which shall be received by the Trustee pursuant to Section 3 of Article VII shall be held as a part of the trust estate. Interest received by the Trustee on such obligations shall, so long as the Company is not in default hereunder to the knowledge of the Trustee, be paid over to the Company. All moneys received by the Trustee as principal of such obligations shall be applied by the Trustee as a part of the trust estate. Such obligations held by the Trustee may be released pursuant to Section 3 of Article VII.

#### ARTICLE VII.

##### PROVISIONS FOR USE AND RELEASE OF PROPERTY.

SECTION 1. Upon the event of default shall have happened and be continuing, the Company shall be suffered and permitted

to possess, use and enjoy all the property and appurtenances, franchises and rights conveyed by this Indenture (other than such securities, obligations and moneys as are expressly required to be deposited with the Trustee), and to receive and use the rents, issues, income, products and profits thereof, with power in the ordinary course of business, freely and without let or hindrance on the part of the Trustee or of the Bondholders, to use and consume materials and supplies, deal with choses in action (other than pledged securities), leases (other than leases subject to the lien of this Indenture) and contracts, exercise the rights and powers conferred upon it thereby, alter and repair its buildings and structures, change the position of any of its buildings, structures, plants, poles, wires, conduits or other property whatsoever and replace and renew any of its equipment, machinery or other property, except that the position of none of the mortgaged property may be changed so as to impair the lien of this Indenture thereon unless such property is sold, abandoned or otherwise disposed of as permitted by this Section 1 or Section 2 of this Article VII or released as provided in Section 3 or 5 of this Article VII.

SECTION 2. The Company may at any time and from time to time, without any release or consent by the Trustee:

(a) Sell or otherwise dispose of, free from the lien of this Indenture, any machinery or equipment, which has become worn out, unserviceable, undesirable or unnecessary for use in the conduct of its business, upon replacing the same with, or substituting for the same, new machinery or equipment, or other property of a value at least equal to the value of such things so disposed of at the time of their disposal; provided that if any of such things so disposed of consisted of bondable property, the other property shall include bondable property of a value at least equal to the bonded cost of such bondable property so disposed of, all of which new machinery, equipment or other property shall without further action become subject to the lien of this Indenture;

(b) Abandon any property, if in the opinion of the Board of Directors the abandonment of such property is desirable in the proper conduct of the business of the Company;

(c) Modify or amend any lease which shall be a part of the trust estate provided that the Company shall forthwith assign to and mortgage with the Trustee the modified or amended lease, and provided further that if the lease so modified or amended shall have been theretofore made the basis for the issue of additional Bonds or the withdrawal of cash or the reduction of cash under any provision of this Indenture, the modified or amended lease shall comply with the requirements of subdivision (d) of the definition of property additions contained in Article I.

(d) Surrender or assent to the modification of any franchise, license, authority or permit which it may hold, or under which it may be operating, provided that the Company shall have the right, in the opinion of counsel, under the modified franchise, license, authority or permit, or under a new franchise, license, authority or permit received in exchange in the event of any such surrender, or under some other franchise, license, authority or permit, to conduct the same or an extended business in the same or an extended territory during the same or an extended or unlimited or indefinite or indefinite period of time. For the purposes of this Subdivision (d) and of any opinion to be rendered under it, any right of any municipality to terminate a permit, license or franchise by purchase shall not be deemed to abridge or affect its duration; and

(e) Surrender or assent to or procure a modification of any franchise, license, authority or permit under which it operates any of its properties, which it may now or hereafter hold or under which it may now or hereafter operate, if in the opinion of the Board of Directors it is no longer neces-

sary or desirable in the proper conduct of the business and in the operation of the properties of the Company to operate such properties or to comply with the terms and provisions of such franchise, license, authority or permit and if the value and utility, generally of all its properties as an entirety and the value of the security for the Bonds will not thereby be impaired.

SECTION 3. From time to time hereafter the Company may transfer or otherwise dispose of any property (other than prior lien bonds) constituting a part of the trust estate, and the Trustee shall release the same from the lien of this Indenture, but only upon receipt by it of:

(a) A certified resolution requesting such release;

(b) Except in the case of the release of obligations theretofore deposited with the Trustee pursuant to paragraphs (1) and (2) of Subdivision (d) of this Section, an engineer's certificate stating in substance:

(1) The then fair value to the Company (without regard to any lien thereon), in the opinion of the signers, of the property to be released, which fair value shall not be less than the amount or fair value of the consideration received or to be received by the Company from the sale or other disposition of the property to be released, and a description in reasonable detail of the property to be released;

(2) That such release is, in the opinion of the signers, desirable in the proper conduct of the business of the Company;

(3) Whether or not any portion of such property is subject to any lien prior to the lien of this Indenture, except permitted liens and judgment liens, and, if so, such lien or liens shall be specified; and