

erty subject to the lien of this Mortgage which shall at any time become unfit for use or unnecessary in the conduct of the business of the Company, replacing the same, if not previously replaced, by other property of equal or greater value or utility to the Company, which shall forthwith become, without further action, subject to the lien of this Mortgage.

Section 2. Sale and Exchange of Property With Consent of Trustee.

The Company, while it shall be in possession of the mortgaged premises, and not in default hereunder, may:

(a) Sell, exchange or otherwise dispose of any stocks, bonds or other securities of Subsidiaries pledged hereunder in the manner and subject to the provisions contained in Sections 4, 5 and 6 of this Article;

(b) Sell, exchange or otherwise dispose of any stocks, bonds or other securities of any company other than a Subsidiary pledged hereunder, in accordance with the terms of the supplemental mortgage or other agreement pledging the same;

(c) Sell, exchange or otherwise dispose of any property subject to the lien hereof which may not be sold or disposed of under Section 1 of this Article or under subdivision (a) or subdivision (b) preceding, and the Trustee shall release the same from the lien hereof upon receipt by it of:

1. A certified copy of a resolution of the Board of Directors of the Company requesting such release and describing the property to be sold, exchanged or otherwise disposed of and setting forth the consideration in cash or other property to be paid therefor.

2. A certificate signed by the President or a Vice-President of the Company and by an engineer, who may be an engineer of the Company, appointed by the Board of Directors of the Company, and satisfactory to the Trustee, made and dated not more than thirty (30) days prior to the date of the application for such release, setting forth:

(a) That the Company has sold or contracted to sell certain property and describing the same in reasonable detail; that the consideration to be paid therefor is either all cash, part cash and part other property or all other property, and, in case all or part of the consideration is to be paid by other property, a detailed description of such property and the fair market value thereof; that the cash or the cash and property or the property, as the case may be, to be received from the sale of the property to be released is of a value at least equal to the fair market value of the property to be released; that the retention of the property to be released is no longer necessary or advantageous to the conduct of the business of the Company and that said release will not injuriously affect the property of the Company, and that any property so to be received in exchange is advantageous to the conduct of the business of the Company and is free from any mortgage or other lien and is of the character as to which bonds might be authenticated under the provisions of Section 8 of Article Second of this Mortgage.

(b) If the property so sold is subject to any prior or underlying mortgage the terms of which shall require payment of all or any part of the consideration to be received for the property so sold to be paid or transferred to the trustee under such prior or underlying mortgage, the certificate shall also set forth that fact and the disposition to be made of the proceeds of sale in accordance with the provisions of any such mortgage.

3. In case any part of the consideration consists of property other than purchase money obligations, such property must be of the character as to which bonds might be authenticated under the provisions of Section 8 of Article Second of this Mortgage, and there shall be delivered to the Trustee such instruments of conveyance as may be necessary in the opinion of counsel satisfactory to the Trustee who may be counsel to the Company, to subject the property so acquired to the lien of this mortgage as a valid lien thereon, or the opinion of such counsel that no such instruments of conveyance are necessary. Taxes for the then current year affecting such property, and mortgages or other liens affecting rights of way for distribution or transmission lines, shall not be considered an encumbrance within the meaning of this Section.

In the event that payment for any property released shall be in part an obligation secured by a purchase money mortgage covering the property so released, such obligation and mortgage shall be assigned to and held by the Trustee as security for the bonds issued hereunder and secured hereby. Such purchase money mortgage, however, shall not exceed sixty (60) per centum of the purchase price of the property so sold and released. With any such obligation and mortgage there shall be delivered to the Trustee the opinion of counsel satisfactory to the Trustee, who may be counsel to the Company, that such obligation and mortgage has been validly authorized, executed and delivered, and that such mortgage is a valid lien on the property in question.

Any cash constituting part or all of the consideration received on any such sale shall be paid to the Trustee unless otherwise required to be paid or disposed of by the provisions of any prior or underlying mortgage.

All moneys, including the proceeds of any purchase money obligation, received by the Trustee in consideration of any such sale, or in payment of any obligation so received, or received as compensation for any property subject to this Mortgage taken by the exercise of the right of eminent domain, shall, at the option of the Company, evidenced by a certified copy of a resolution of its Board of Directors, either be applied to the purchase or redemption of bonds as provided by Article Fourth hereof, or paid to the Company by the Trustee at the rate of One thousand (1,000) Dollars of money for each One thousand (1,000) Dollars principal amount of bonds which could otherwise be authenticated and issued for the purposes and within the limitations set forth in Section 8 of Article Second hereof, upon compliance by the Company with the requirements of Section 9 of Article Second hereof, except subdivision D of said Section 9 with such changes or omissions as may be appropriate by reason of the fact that the application of the Company is for the withdrawal of cash instead of for the authentication of bonds.

Section 3. Change in Location of Structures.

The Company may, without the consent of the Trustee, at any time make any change in the location of any poles, wires, tracks, switches, sidings, bridges, transmission lines, distribution lines, gasholders, tanks, mains, pipes, conduits, canals, ditches, aqueducts, dams, raceways, flumes, reservoirs, stations, sub-stations, store-houses, offices, lightning-arrester houses or other like articles or structures upon any part of the mortgaged property, provided the same or the replaced articles or structures in their changed location shall be of a value and efficiency at least equal to the value and efficiency of the articles or structures the location whereof shall be changed.

Section 4. Committee to Pass on Sale or Exchange of the Trust Estate not Otherwise Provided for.

Whenever the Company, not being in default hereunder, shall desire to sell, exchange or make any other disposition of or to take any action with reference to any or all of the property mortgaged and pledged hereunder, and such sale, exchange or other disposition or action is not provided for by Section 1 and Section 2 of this Article or by any supplemental mortgage, it shall file with the Trustee a certified copy of a resolution of the Board of Directors of the Company setting forth in detail the action desired to be taken, with the reasons therefor, and that in the judgment of the Board of Directors such action is advisable in the best interests of the Company. Thereupon the Trustee shall appoint a Committee of three competent, disinterested persons to investigate and report whether or not in its judgment the action desired to be taken by the Company is advisable in the interests of the holders of the bonds secured by this Mortgage. The Committee so appointed shall thereupon make such investigation and shall file with the Trustee its written report stating whether or not in its judgment the action desired to be taken by the Company is advisable in the interests of the holders of the bonds secured by this Mortgage. If the Committee shall conclude that the action as set forth in the resolution of the Company is not advisable, it may in its discretion, embody in its report to the Trustee such modification of the action desired to be taken by the Company as would be satisfactory to it and to which action as so modified it would give its consent. If the Committee reports that the action desired to be taken by the Company is, in the judgment of the Committee, advisable in the interests of the bondholders, the Trustee may, in its discretion, at the written request of the Company, signed by the President or a Vice-President, but not otherwise, take any and all steps, sign any instruments and do any act or thing to enable the Company to take the action desired, provided any such action is not, in the opinion of counsel to the Trustee, prohibited by the terms of this Mortgage. In case the report of the Committee shall contain any modification of the action desired to be taken by the Company, the Trustee, upon the receipt of such report, shall forthwith notify the Company in writing of such modification, and upon receipt of the written acceptance of such modification by the Company, evidenced by a certified copy of a resolution of its Board of Directors, and upon its written request, signed by the President or a Vice-President, but not otherwise, the Trustee may, in its discretion, take any and all steps necessary, sign any instruments and do any act or thing required to enable the Company to take the action desired as so modified by the Committee, provided, however, that any such action is not, in the opinion of counsel to the Trustee, prohibited by the terms of this Mortgage. If, however, the Committee reports that the action desired to be taken by the Company is inadvisable, the Trustee shall forthwith notify the Company in writing of such fact.

Any Committee so appointed may act by a majority of its members, and any report made by any such Committee shall be full authority and protection to the Trustee for any action taken or omitted on the faith of such report.

The Trustee shall incur no liability whatever for anything done or any act performed by it in conformity and compliance with the provisions of this Section 4 of this Article, nor for any refusal or omission to act in its discretion notwithstanding any report made by any such Committee.