

MORTGAGE OF REAL ESTATE

SECTION 58. Unless the Company is in default in the payment of the interest on any of the bonds then Outstanding hereunder or one or more of the Defaults defined in Section 65 hereof shall have occurred and be continuing, the Company may at any time and from time to time, without any release or consent by, or report, to, the Trustees or either of them;

(1) sell or otherwise dispose of, free from the Lien of this Indenture, any machinery, equipment, tools, implements or other property, which shall have become old, inadequate, obsolete, worn out, unfit or unadapted for use in the operations of the Company upon replacing the same by or substituting for the same other property of at least equal value to that of the property sold or otherwise disposed of and subject to no liens prior hereto except liens to which the property sold or otherwise disposed of was subject;

(2) cancel or make changes or alterations in or substitutions of any and all right of way grants;

(3) surrender or assent to the modification of any right, power, franchise, license (other than any license issued by the Federal Power Commission for a hydro-electric or power line project), governmental consent or permit under which it may be operating, provided that, in the opinion of the Board of Directors of the Company (such opinion to be stated in a Resolution to be filed with the Corporate Trustee), such surrender or modification is desirable in the conduct of the business of the Company; and

(4) surrender or assent to the modification of any license issued by the Federal Power Commission for any hydro-electric or power line project, provided that, in the opinion of the Board of Directors of the Company (such opinion to be stated in a Resolution to be filed with the Corporate Trustee), such surrender or modification is desirable in the conduct of the business of the Company and provided further that, if the Company shall receive any cash or other consideration (other than property or rights which shall have become subject to the Lien of this Indenture) for any such surrender or modification, an amount equal to such cash or the fair value (as shall be stated in an Engineer's Certificate) of such other consideration shall be deposited with the Corporate Trustee at or prior to the time of such surrender or modification.

SECTION 59. Unless the Company is in default in the payment of the interest on any bonds then Outstanding hereunder or one or more of the Defaults defined in Section 65 hereof shall have occurred and be continuing, the Company may obtain the release of any of the Mortgaged and Pledged Property except cash then held by the Corporate Trustee (provided, however, that Prior Lien Bonds deposited with the Corporate Trustee shall not be released except as provided in Article IX hereof and obligations secured by purchase money mortgage deposited with the Corporate Trustee shall not be released except as provided in Section 61 hereof), and the Corporate Trustee shall release the same from the Lien hereof upon the application of the Company and receipt by the Corporate Trustee of

(1) a Resolution describing in reasonable detail the property to be released and requesting such release;

(2) a Treasurer's Certificate stating that the Company is not in default in the payment of the interest on any bonds then Outstanding hereunder and that none of the Defaults defined in Section 65 hereof has occurred and is continuing;

(3) an Engineer's Certificate, made and dated not more than ninety (90) days prior to the date of such application, stating:

(a) that the Company has sold, exchanged, dedicated or disposed of, or agreed to sell, exchange dedicate or dispose of, or that a governmental body or agency has exercised a right to order the Company to divest itself of, the property to be released; (b) the Fair Value, in the opinion of the signers, of the property to be released and the Fair Value of any portion thereof that is Funded Property; (c) that (except in any case where a governmental body or agency has exercised a right to order the Company to divest itself of such property) such release is in the opinion of the signers desirable in the conduct of the business of the Company; (d) stating the amount of cash and/or principal amount of obligations secured by purchase money mortgage received or to be received for any portion of said property sold to any Federal, State, County, Municipal or other governmental bodies or agencies or public or semi-public corporations, districts or authorities or for any portion of said property as to which a governmental body of agency has exercised a right to order the Company to divest itself of property and which has been or is to be sold by the Company pursuant to such order; and (e) such release will not impair the security under this Indenture in contravention of the provisions hereof;

(4) an amount in cash, to be held by the Corporate Trustee as part of the Mortgaged and Pledged Property, equivalent to the amount, if any, by which the Fair Value of the property to be released, as specified in the Engineer's Certificate provided for in subdivision (3) above, exceeds the aggregate of the following items:

(a) the principal amount of any obligations delivered to the Corporate Trustee, to be held as part of the Mortgaged and Pledged Property, consisting of obligations secured by purchase money mortgage upon the property released;

(b) the Cost or Fair Value to the Company (whichever is less) of any Property Additions made the basis of the application which are not then Funded Property (after making and deductions and any