

SECTION 5.07. The Company shall have full power, in its discretion, without notice to, or action by, the Trustees, from time to time (a) to alter, remove, demolish or retire from service, otherwise than by sale or exchange, any building or structure or industry tracks or side tracks or yard tracks or other similar property in the trust estate which may have become unfit, obsolete, or undesirable for use or which it may deem necessary or advantageous to alter, remove, demolish or retire in connection with the maintenance or operation of or in the improvement of the trust estate, and (b) to sell or dispose of, free from the lien of this Indenture, any portion of the Equipment, machinery, tools, implements, materials, supplies and portable personal property at any time held subject to the lien hereof, which in the opinion of the Company may have become obsolete or otherwise unfit or undesirable for use or which it may no longer be necessary or advantageous to retain for use upon the trust estate and to sell or dispose of, free from the lien of this Indenture, or use in the construction of new Equipment, machinery or apparatus, any scrap or other material accumulated from any above mentioned alteration, removal, demolition or retirement or otherwise, and the Company agrees that it will replace the same with, or substitute therefor, other properties, not necessarily of the same character but having a fair value at least equal to the then fair value of the old property at the time of its disposition or, if it be sold, to the consideration therefor received by the Company, and such new property shall become subject to the lien of this Indenture.

SECTION 5.08. The Company shall have full power, in its discretion, without notice to, or action by, the Trustees, from time to time

(1) to make any lease of, or to grant trackage rights upon, or to grant easements for any purpose in respect of, any part of the trust estate or to amend or to enter into any contract affecting the same, subject to the prior lien of this Indenture; and

(2) to make amendments in, or substitutions for, or to cancel or surrender, any leases and any trackage, joint facility or other operating contracts or agreements, the rights of the Company under which are subject to this Indenture; *provided, however, (a)* that the Company is not thereby prevented (except to an extent which in the judgment of the Company will not adversely affect to a material degree the security for the Bonds) from maintaining and operating continuous lines of railroad between the principal points then served by it and *(b)* that any amended