

SECTION 5. The Mortgagor will at all times, so long as any of the notes shall be outstanding, take or cause to be taken all such action as from time to time may be necessary to preserve its corporate existence and to preserve and renew all franchises, rights of way, easements, permits and licenses now or hereafter to it granted or upon it conferred, and will comply with all valid laws, ordinances, regulations and requirements applicable to it or its property. The Mortgagor will not (1) without the approval in writing of the Government consolidate with or merge into any other corporation or permit any other corporation to merge into the Mortgagor or acquire all or substantially all of the business or assets of another corporation if such acquisition is analogous in purpose or effect to a merger or consolidation, or so consolidate or merge or permit any such merger or so acquire any such business or assets without the approval in writing of the Bank unless the corporation surviving such transaction shall have assumed the obligations of the Mortgagor under the notes, the Loan Agreements and hereunder pursuant to an assumption agreement satisfactory as to compliance with the conditions of this section to both of the Mortgagees and unless the Mortgagor and such other corporation, on a pro forma combined basis, have (i) a Times Interest Earned Ratio (as hereinafter defined and herein called "TIER") of not less than 1.5 and (ii) a ratio of total pro forma combined Equity to total pro forma combined assets and debits at least equal to the lesser of (a) two to five or (b) the ratio of the total Equity of the Mortgagor immediately prior to said transaction to its total assets and debits immediately prior thereto (Equity to be computed in accordance with the provisions of section 16 of this article II), or (2) without the approval in writing of both of the Mortgagees, sell, lease or transfer (or make any agreement therefor) any capital asset, unless the fair market value of such asset is less than \$25,000 and the aggregate value of assets so sold, leased or transferred in any 12-month period is less than \$100,000 and the proceeds of such sale, lease or transfer, less ordinary and reasonable expenses incident to such transaction, are immediately (i) applied as a prepayment of the notes, pro rata according to the aggregate unpaid principal amount of the notes, to such installments thereof as may be designated by the respective noteholders at the time of any such prepayment, (ii) in the case of dispositions of equipment, materials or scrap, applied to the purchase of other property useful in the Mortgagor's business, not necessarily of the same kind as the property disposed of, which shall forthwith become subject to the lien of this Mortgage or (iii) set aside as a deposit in the construction fund contemplated by Account Number 131.2 of the Uniform System of Accounts prescribed by REA for its Electric Borrowers (hereinafter, as in effect on the date hereof, called the "Uniform System of Accounts"). Any reference in this Mortgage to any Account Number of the Uniform System of Accounts shall apply to such Account Number included in the Uniform System of Accounts as of March 1, 1973, or to any other Account Number which may be thereafter prescribed with respect to the information contemplated by the Account Number herein specified; or, if no such Account Number shall be applicable after such date to the accounts of the Mortgagor for such information, such reference shall apply to the corresponding information otherwise determined in an appropriate manner.

For purposes of this section 5, TIER shall mean the average of the two largest ratios with respect to each of the three calendar years last preceding the effective date of the merger, consolidation, acquisition or other transaction in question, determined as follows: for each such year: add Patronage Capital or Margins (as computed for purposes, to the extent applicable, of Line A.22 on REA Form 7, rev. 10-69, Line A.23 on REA Form 7, rev. 12-70, or Line A.24 on such Form 7, rev. 9-72) of the Mortgagor and appropriate data of the other party to such transaction, on a consolidated basis, to Interest Expense (as computed for purposes of Line A.14 of REA Form 7) of the Mortgagor and such other party, on a consolidated basis, and divide the total so obtained by Interest Expense (as so computed) of the Mortgagor and such other party on a consolidated basis; provided, however, that in computing Interest Expense, there shall be added, on a consolidated basis, and to the extent not otherwise included, an amount equal to 33-1/3% of the excess of rentals of Restricted Property (as defined in section 7 of article II hereof) under Long Term Leases (as defined in section 7 of article II hereof) of the Mortgagor and such other party over 2% of the Mortgagor's and such other party's Equities and Margins (as defined in the Uniform System of Accounts).