

ARTICLE 5.

Possession, Disposition and Release of Mortgaged Properties.

§5.01. Until the happening of an event of default as defined in §6.02, the Company, its successors and assigns, shall be suffered and permitted to possess, manage, operate, exercise and enjoy the premises and property, rights, privileges and franchises with their appurtenances at any time subject to the lien of this Indenture, except cash and securities which are expressly required to be deposited or pledged with the Trustee hereunder, and to collect, receive, take, use and enjoy the tolls, earnings, income, rents, issues and profits thereof, as fully and in all respects as if this Indenture had not been made.

§5.02. The Company from time to time, while in possession of its fixed properties, shall have full power in its discretion, without any release or consent by the Trustee, or accountability to the Trustee for any consideration received therefor by the Company:

(1) To sell or otherwise dispose of, free from the lien of this Indenture, any machinery, tools, implements or other equipment which may have become obsolete, inadequate or worn out or otherwise unsuitable for use in the business of the Company, upon replacing the same by, or substituting therefor, other machinery, tools, implements or other equipment equivalent thereto for the purposes of the business of the Company;

(2) To cancel, make changes in or substitutions for any and all right of way grants, leases or contracts held by the Company; provided that no right of way grants for transmission lines connecting the properties of the Company shall be surrendered without the consent of the Trustee, unless before or concurrently with such surrender the Company shall own or acquire other right of way grants for the same portion of said line or for a relocated or substituted line serving substantially the same purpose;

(3) To surrender or assent to the modification of any franchises (including in that term any licenses, ordinances, indeterminate permits or other operating rights, however denominated, granted by any public service commission or other municipal or governmental authority) under which the Company may be operating; provided that, in the event of any such surrender or modification, the Company shall still have, under some other existing franchise or under a new franchise received in exchange for the surrendered franchise, lawful authority sufficient in the opinion of counsel (which opinion shall be in writing and shall be filed with the Trustee) for the Company to conduct the same or an extended business in substantially the same or an extended territory for the same or an extended or unlimited period of time, or for a period of time which cannot be determined without the consent of the Company before the latest maturity date of any bonds then outstanding hereunder except upon default by the Company or upon condemnation or payment of compensation for the property taken or upon the reinstatement of the franchise surrendered or modified;

(4) To abandon, or permit the abandonment of, the operation of any property of the Company and the surrender by the Company of any franchises as above defined under which such property is operated, whenever the operation of such property and such franchises are not, under the circumstances, necessary or important for the operation of the other systems and plants of the Company, or whenever such abandonment or surrender is deemed for any reason to be advisable; *provided, however,* (a) that, if the Company receives for or in connection with any such abandonment or surrender any cash or other thing of value, the same shall forthwith be deposited with the Trustee (unless required to be deposited pursuant to the provisions of some mortgage or other lien prior thereto), subject to disposition as provided in §5.08; (b) that, before such abandonment or surrender, there shall be furnished to the Trustee a certificate of an engineer to the effect that in his opinion such operation or such franchises are not

under the circumstances necessary or important for the operation of the other systems and plants of the Company, or that such abandonment or surrender is advisable for some other specified reason, and that such abandonment or surrender will not be prejudicial to the interests of the holders of the bonds;

(5) To enjoy and receive the benefits of all contracts made by it in the course of its business and, in the usual course of its business to modify, extend or cancel such contracts, except as otherwise provided in the foregoing subdivisions (3) and (4) in respect of franchises;

(6) To cut, use for its own purposes, sell and/or otherwise dispose of timber upon any part of the lands included in its fixed properties, and to mine, use for its own purposes, sell and/or otherwise dispose of coal, oil or other minerals, if any, lying or being within or under any such lands; and/or

(7) To deal in, sell or dispose of its products in the ordinary course of business.

The Trustee may, however, if so requested by the Company in an application, execute any release and/or consent which may be necessary or appropriate to confirm any action taken by the Company as permitted by this §5.02, in which event the Trustee may accept as conclusive evidence of compliance with the foregoing provisions the statements contained in such application, together with such additional documents, if any, as are expressly required by the subdivision or subdivisions pursuant to which such action shall have been taken by the Company; and the Trustee in so doing shall be without liability.

§5.03. The Company may, at any time while it shall be in possession of its fixed properties subject to the lien of this Indenture, sell, exchange or otherwise dispose of any of the mortgaged property, and the Trustee shall release the same from the lien and operation of this Indenture, upon application of the Company as hereinafter provided. Each such application shall describe the properties proposed to be sold, exchanged or otherwise disposed of and request the release thereof, and shall be accompanied by:

(1) a certificate, signed by the President or a Vice-President of the Company and by an engineer, stating in their opinion the value, as of the date of the application, to the Company of the property described in the application, and further stating in substance that the disposition of such property is desirable in the conduct of the business of the Company, and that, when the Company shall have made substitution in cash or its equivalent to the extent of the value stated in such certificate, the security afforded by this Indenture will remain unimpaired;

(2) cash equal to the value, as stated in the above certificate, of the property the release of which is requested, and/or other consideration equivalent thereto as permitted by §5.06 and/or §5.07; and

(3) in case, but only in case, the value stated in the above certificate is in excess of \$50,000, a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company, under its corporate seal, to have been duly adopted by its Board of Directors, authorizing the sale, exchange or other disposition of such property and requesting the Trustee to release it from the lien and operation of this Indenture, or to consent to the disposition thereof, as the case may be.

The Company shall be entitled to procure the release of property under this §5.03, whether or not the Company has actually sold, exchanged or otherwise disposed thereof or contracted so to do; but no such release shall be operative to free the property therein described from the lien of this Indenture until the Company shall have conveyed, transferred or otherwise disposed of the property therein described.

§5.04. In case the Company proposes to convey or shall have conveyed any property of a character excepted in the granting clauses hereof from the lien of this Indenture, and the grantee thereof requests