

MORTGAGE OF REAL ESTATE

37276 PROVINCE-LARRARD CO.-GREENVILLE

property, which has become worn out, unserviceable, undesirable or unnecessary for use in the conduct of its business, upon replacing the same with, or substituting for the same, other similar property of a value at least equal to the value of such things so disposed of at the time of their disposal, provided that if any of such things so disposed of consisted of bondable property, the other property shall include bondable property of a value at least equal to the bonded cost of such bondable property so disposed of, all of which other property shall without further action become subject to the lien of this Indenture;

(b) Abandon any property, if in the opinion of the Board of Directors and, in the case of any particular unit of property of an original cost of more than One hundred thousand dollars and in the case of any property of the character mentioned in paragraph (2) of Subdivision (b) of Section 3 of this Article, in the opinion of the signer of an independent engineer's certificate filed with the Trustee, the abandonment of such property is desirable in the proper conduct of the business and in the operation of the properties of the Company;

(c) Surrender or assent to the modification of any franchise, license, authority or permit which it may hold, or under which it may be operating, provided that the Company shall have the right, in the opinion of counsel, under the modified franchise, license, authority or permit, or under a new franchise, license, authority or permit received in exchange in the event of any such surrender, or under some other franchise, license, authority or permit, to conduct the same or an extended business in the same or an extended territory during the same or an extended or unlimited or indeterminate or indefinite period of time. For the purposes of this Subdivision (c) and of any opinion to be rendered under it, any right of any municipality to terminate a permit, license or franchise by purchase shall not be deemed to abridge or affect its duration;

(d) Surrender or assent to or procure a modification of any franchise, license, authority or permit under which it operates any of its properties, which it may now or hereafter hold or under which it may now or hereafter operate, if in the opinion of the Board of Directors, it is no longer necessary or desirable in the profitable conduct of the Company's business or in the best interests of the Company to operate such properties or to comply with the terms and provisions of such franchise, license, authority or permit, and if the value and efficiency generally of all of its properties as an entirety and the value of the security for the Bonds will not thereby be impaired;

(e) Subject to the provisions of Article XII, make any lease of, or grant trackage rights upon, the mortgaged property or any part thereof, or enter into any contract affecting the same, subject to the prior lien of this Indenture, but nothing in this Subdivision (e) shall be construed as giving the Company power to make any such lease or grant any such trackage rights, or enter into any such contract, unless such lease, trackage rights or contract shall be subordinate to the prior lien of this Indenture; and

(f) Make changes or alterations in, or substitutions for, any leases, contracts for power or the use of stations, traffic contracts and contract rights for renewals and extensions thereof, and trackage rights, the rights of the Company under which are subject to this Indenture; provided, that the Company is not prevented in the opinion of the Board, as evidenced by a certified resolution filed with the Trustee, from maintaining and operating a railroad system substantially the same and in substantially the same manner as that existing immediately prior to such changes or alterations or substitutions. Any changed or altered or substituted lease, contract for power or the use of stations, traffic contract or contract right for renewal or extension thereof, or trackage right, forthwith shall be subject to this Indenture in the same manner and to the same extent as that previously existing.

SECTION 3. From time to time hereafter the Company may transfer or otherwise dispose of any property constituting a part of the trust estate, and the Trustee shall release the same from the lien of this Indenture, but only upon receipt by it of: