

(7) Removal and Substitution: In the event Company in its sound discretion determines that any of the Equipment has become obsolete, worn out, inadequate, unsuitable, undesirable, uneconomic or unnecessary, Company upon notice to the Trustee and with the prior written consent of the Agent (which shall not be unreasonably withheld or delayed):

(a) may remove and sell, trade-in, exchange or otherwise dispose of the same, provided Company substitutes and replaces or causes the substitution of the Equipment of the same with other facilities of equal or greater utility. All such substituted facilities shall be free of any and all liens and encumbrances, other than the lien of this Mortgage and the Banks' Mortgage, shall become part of the Encumbered Assets and shall be held and maintained by Company on the same terms and conditions as the items replaced; or

(b) may sell or exchange the same (in part) without being required to substitute other facilities in lieu thereof, provided Company pays to the Mortgagees the proceeds from such sale or an amount equal to the credit received by Company on such exchange or trade-in or the scrap value thereof, as the case may be, for application to the prepayment of the Secured Indebtedness if such proceeds are in excess of \$50,000.

Company will promptly report to Trustee and Agent all such removals and substitutions of fixtures and equipment included in the Facilities and will execute and deliver to the Mortgagees such documents as may from time to time be required to confirm the lien of this Mortgage upon and against any items that under the provisions of this Section 7 are to become part of the Encumbered Assets. Company will pay or cause to be paid all reasonable costs including reasonable counsel fees, incurred in subjecting to the lien of this Mortgage any items that under the provisions of this Section 7 are to become part of the Encumbered Assets. All substituted equipment and personalty shall be identified as the property of Company by an inventory listing at the time of acquisition and a financing statement shall be filed with regard thereto, the reasonable cost of which shall be paid by Company.

Company covenants that it will not remove, or permit the removal of or disposition of any Facilities, or any portions thereof except in accordance with the provisions of this Section 7, and the Mortgagees covenant to fully cooperate with Company in executing and tendering such releases and other instruments as may be by Company required in connection with the foregoing provisions.

(8) Special Tax Covenants: Company agrees that:

(a) It will not pay or incur (and will not permit any other person to pay or incur) "capital expenditures" (within the meaning of Section 103(b)(6)(D) of the Code) with respect to the Facilities or with respect to other facilities within the

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