

Possession, Use, and Release of Mortgaged Property.

Section 1. Unless and "event of default", as defined in Article Fourteen, shall have occurred and shall not have been remedied, the Company shall be suffered and permitted to remain in full possession, enjoyment and control, of all the properties, rights, privileges and franchises hereby mortgaged and shall be permitted to manage and operate the same, and, subject always to the provisions hereof, to receive, receipt for, take, use, enjoy and dispose of all rents, tolls, incomes, revenues, issues and profits therefrom.

Section 2. While in possession of the mortgage properties and not in default hereunder, the Company shall have the right at all times, as proper management of the business of the Company may require, to alter, change, add to, repair, remove and make any change in the location of any exchanges, plans, poles, pole-lines, wires, cross-arms, conduits, cables, office and sub-station equipment and apparatus, warehouses or other like articles or structures upon any part of the mortgaged property, provided that the Company shall at all times maintain and preserve the value of the mortgaged properties from impairment or reduction by replacing any portion thereof that shall be removed with other property of at least equal value and utility, either before or promptly after such removal, so that the security of the bonds issued hereunder shall not thereby be in any way impaired or reduced.

Section 3. While in possession of the "mortgaged property" and not in default hereunder the Company may dispose of any of its equipment, machinery, apparatus, appliances, tools and implements, materials or other movable property, free from the lien of this Indenture, which may have become worn out, disused or undesirable for use, provided that upon so doing the Company shall substitute therefor other property suitable to its business and of equal or greater value, and shall subject such substituted property to the lien hereof.

Section 4. While in possession of the "mortgaged property" and not in default hereunder, the Company, except as hereinafter provided in (iii) of (b) of this Section, may sell or exchange but not otherwise dispose of any of its property (in addition to the property referred to in Section 3 of this Article and in addition to any release effected pursuant to Section 13 of Article Eight hereof) and the Trustees shall release the same from the lien hereof upon receipt of

- (a) A "resolution authorizing such sale or exchange and requesting such release;"
- (b) A certificate signed and sworn to by the President or a Vice-President of the Company and by an "engineer" who, if the original cost of the properties for the release of which request is made exceeds \$15,000, shall be an "independent engineer"

(i) describing the property for the release of which request is made and stating that in the opinion of the signers such release will be of benefit to the Company and will not be prejudicial to the security of the bonds issued hereunder;

(ii) stating that the Company has sold or exchanged, or contracted to sell or exchange, the property for the release of which request is made for a stated consideration representing in the opinion of the signers its full value to the Company, which consideration as stated in said certificate shall consist solely of cash and/or "property additions";

(iii) stating either that the property for the release of which request is made does not constitute or include all or substantially all of the physical properties of the Company subject to the lien hereof as a first mortgage lien thereon or that if it does constitute or include all or substantially all of such physical properties that from the consideration received or to be received therefrom, as increased by any