

shall be held and disposed of as provided in Section 4 of this Article.

SECTION 7. The Company covenants that it will not permit any subsidiary to be merged into or consolidated with, or its properties sold, transferred or conveyed as an entirety to, any other corporation or corporations or concern or concerns (except, in the case of subsidiary companies, into, with or to the Company as hereinafter provided,) provided that, anything in this First Mortgage to the contrary notwithstanding, any company, any of the shares of the capital stock whereof shall be subject to this First Mortgage may be merged or be consolidated with, or all or any of its property may be sold, transferred or conveyed to any subsidiary company all of whose capital stock, except directors' shares, shall then be held by the Trustee hereunder, and upon whose property there shall be no mortgage (or other lien) other than one to secure bonds or other obligations all of which shall be held by the Trustee hereunder, and other liens expressly permitted hereby, provided, however, that in case of a merger or consolidation with, or sale, transfer or conveyance to, any such subsidiary company, all of the shares of the capital stock of such consolidated company or of such subsidiary company into which such company shall have been merged, or of such subsidiary company to which such sale, transfer or conveyance shall have been made, except directors' shares, shall continue to be held by the Trustee, notwithstanding such merger, consolidation, sale, transfer or conveyance, and provided further, that the Trustee may make any exchange, substitution, cancellation or surrender of shares of stock or other securities required for the purposes or in accomplishment of any such merger or consolidation. The business and property of any subsidiary company may be merged into or consolidated with, the business and property of the Company by the sale of all of its property as an entirety to the Company, but only upon the execution by the Company to the Trustee of a supplemental indenture of mortgage or pledge which shall be effectual to subject to the lien of this First Mortgage as the first lien thereon, and subject to no other liens except as may be permitted hereby, all the fixed assets and properties, acquired by the Company, which supplemental indenture of mortgage or pledge shall be in such form and contain such terms and provisions as the Trustee in its discretion shall approve, and shall, in all other respects, be satisfactory to the Trustee. The capital stock of any subsidiary may be reduced and any such subsidiary may be dissolved; provided that the Trustee shall be of the opinion that such reduction of capital stock or such dissolution will not be injurious to the interests of the holders of the bonds; and provided that in every case of any such reduction there shall continue to be held subject to the lien hereof the same proportion of the reduced capital stock that was held of the capital stock previous to such reduction; and the Trustee may make any exchange, substitutions, cancellation or surrender of shares of stock for the purpose of such reduction or such dissolution. The Trustee may receive the opinion of any counsel, approved by the Trustee, as to the legal effect of any such merger, consolidation, reduction of capital, dissolution, sale, transfer or conveyance and as to the steps necessary to be taken to consummate the same and as to any other matter under this section, and such opinion shall be full protection to the Trustee for any action by it taken pursuant thereto.

ARTICLE V

MORTGAGED PREMISES PRIOR TO DEFAULT AND RELEASES OF MORTGAGED PROPERTY.

SECTION 1. Until the occurrence and during the continuance of any event of default as defined in Section 2 of Article VI hereof, the Company shall have the right to remain in possession and to retain exclusive control of the mortgaged premises, and shall be entitled to manage, use, operate and enjoy the same and to collect, take and use the earnings, profits, income and revenue thereof, and while in possession and control of the mortgaged

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