

shall be thereby acquired or shall have been acquired by the Railroad Company, and in either instance shall have become subject to this indenture (whether or not subject to any prior assignment or pledge thereof described in any of the granting clauses of this indenture), and *provided*, further, that bonds shall not be issued under this clause (2) for the acquisition of any shares, bonds or indebtedness which shall have been issued or created by any such company after such seventy-five per cent. of the capital stock thereof shall have been made subject to this indenture, but bonds may be authenticated and delivered under the foregoing clause (1) in respect of any construction or acquisition of the character specified in said clause by any such company, and to reimburse the Railroad Company for funds expended by it after July 1, 1907, for any purpose specified in said clause (1);

(3) To reimburse the Railroad Company for sums expended by it after May 1, 1907, for any of the foregoing purposes.

B. The restrictions subject to which the bonds reserved under this Section, from time to time shall be authenticated and delivered, are as follows:

(1) Before authenticating and delivering bonds under this Section there shall be delivered to the Trust Company a copy of a resolution of the board of directors or of the executive committee of the Railroad Company, certified under its seal by its secretary or assistant secretary, calling for the authentication and delivery of a specified amount of such bonds, not greater than the amount then issuable under this Section, and, unless required for reimbursement of the Railroad Company in respect of previous expenditures, directing the officers of the Railroad Company to set aside such amount of bonds, or their proceeds, separate and apart from any

other assets and funds of the Railroad Company, and to use the same only for the purposes authorized in this Section;

(2) In every instance before authenticating and delivering any bonds reserved under this Section, the Trust Company in each instance shall require the Railroad Company to furnish, in addition to said resolutions of its board of directors or executive committee, a certificate, signed, *first*, by the president or a vice-president or the chief engineer, and, *secondly*, by the comptroller or auditor or treasurer or an assistant treasurer of the Railroad Company, stating:

(a) That all bonds previously authenticated and delivered under this Section, in respect of which no such certificate previously shall have been furnished, or the proceeds of all such bonds, have been actually used for, or actually appropriated and set aside for, specific liabilities actually incurred for purposes authorized by this Section, or for some one or more of them, or have been actually used to reimburse the Railroad Company as aforesaid—indicating the particular properties acquired or constructed or contracted for, and whether acquired, constructed or contracted for by or on behalf of the Railroad Company, or any other and what other company, and the amount of bonds or proceeds of bonds, or other cash, used or applied, or actually appropriated and set aside for each such purpose;

(b) That the price paid or liability incurred for such acquisition or construction was not in excess of the fair value of the property acquired, and that no part thereof has been reimbursed to the Railroad Company out of moneys received by the Trustees under any of the provisions of this indenture, and that the bonds included in such certificate

were sold, disposed of, or otherwise accounted for at not less than their fair market value at the time of such sale, disposition or accounting;

(c) Whether the property so acquired and forming the subject of said certificate is known or believed to be subject to any lien or charge except undetermined liens or charges incident to construction, and except also any mortgage of the Railroad Company or of the company by or for account of which such property was acquired, attaching thereto by virtue of provisions contained in such mortgage, in each instance specifying the amount of any such lien or charge known or believed to exist. In case any shares of stock, bonds or other indebtedness of any other company shall be acquired, such certificate shall state the amount of the authorized capital stock of such other company, the amount of the capital stock thereof issued, whether such company is known or believed to be indebted, except for ordinary operating expenses, in any and what amount in addition to the bonds or other indebtedness of such company then acquired (or previously acquired and pledged hereunder or under any prior mortgage of the Railroad Company), and whether its property is known or believed to be subject to any lien or charge not held by the Railroad Company, other than undetermined liens or charges incident to construction, in each instance specifying the amount of any such debt, lien or charge known or believed to exist;

(d) Any other facts pertinent to the right to authenticate and deliver bonds hereunder.

(3) None of the bonds reserved under this Section shall be authenticated or delivered for or in respect of the acquisition or construction of any line of railroad

or branch subject to any lien or charge certified, unless and until the Trust Company shall have reserved thereout an amount of gold bonds equal, at the rate at which the residue of said bonds, pursuant to Section 8 of this Article, shall then be taken by the Railroad Company, to the aggregate amount of such certified liens and charges, other than liens or charges attaching to such property by virtue of provisions contained in any mortgage of the Railroad Company or any mortgage of the company by or on whose behalf such construction shall be made. Whenever thereafter any such certified liens or charges shall be paid or satisfied, or shall be acquired and be subjected to the lien of this indenture, then a proportionate amount of the gold bonds so reserved by the Trust Company under this clause shall be authenticated and delivered by the Trust Company to the Railroad Company, or upon its order, so that the amount of such bonds held by the Trust Company under this clause shall at all times be equal, at the rate aforesaid, to the amount of such liens and charges remaining unsatisfied or not subjected to the lien hereof.

A certificate signed by one of the officers *first* above designated and one of the officers *secondly* above designated in the preceding clause (2), or a certificate having endorsed thereon or annexed thereto a written statement of such officers in the form in said clause (2) specified, shall be received by the Trust Company as conclusive evidence of any facts pertaining to the right to authenticate and deliver bonds pursuant to this Section, and shall be full protection to it for its action on the faith thereof. The same officer or officers of the Railroad Company need not certify to all the facts required to be certified under the provisions of this Section, but different officers may certify to different facts respectively, but every fact shall be certified by an officer of each of the classes in said clause (2) specified.