

## MORTGAGE RECORD 85

principal amount of Bonds of Series A, and thereupon the Trustee, without further action by the Railroad Company and without awaiting the filing or recordation of this Indenture, shall authenticate said Bonds and deliver the same upon the written order of the Railroad Company, signed in its name by its President. Bonds of Series A shall be limited to an aggregate principal amount of Eighty-one Million Six Hundred Two Thousand (\$81,602,000) at any one time outstanding, which shall constitute the initial issue of Bonds under this Indenture.

The Railroad Company covenants and agrees that, upon or prior to the delivery to it or on its order of said Bonds of Series A, it will (a) surrender for cancellation to The Chase National Bank of the City of New York, as Trustee under the First Lien and Refunding Mortgage, Fourteen Million Ninety-eight Thousand Dollars (\$14,998,000) principal amount of bonds issued under the First Lien and Refunding Mortgage (hereinafter called the "First Lien and Refunding Bonds") and (b) deposit with said The Chase National Bank of the City of New York, as Trustee under the First Lien and Refunding Mortgage, in cash, an amount sufficient to redeem on September 1, 1940, all other First Lien and Refunding Bonds outstanding at the date hereof. The Railroad Company covenants and agrees that all outstanding First Lien and Refunding Bonds will be called for redemption on September 1, 1940, in accordance with the provisions of the First Lien and Refunding Mortgage, and that as promptly as practicable after such deposit with The Chase National Bank of the City of New York, as Trustee under the First Lien and Refunding Mortgage, the Railroad Company will cause the First Lien and Refunding Mortgage to be discharged and to be satisfied of record.

SECTION 2. Eighteen Million Three Hundred Ninety-eight Thousand Dollars (\$18,398,000), principal amount of the Bonds of any series, one or more, other than Series A, may be executed by the Railroad Company and shall be authenticated and delivered by the Trustee, from time to time, upon the written order of the Railroad Company, signed in its name by its President.

SECTION 3. One Hundred Million Dollars (\$100,000,000) of the Bonds of any series, one or more, other than Series A, may be executed by the Railroad Company, and shall be authenticated and delivered by the Trustee, from time to time, as hereinafter provided, for the purpose of refunding, exchanging, purchasing, retiring or paying, as hereinafter provided, at, before or after maturity, the Railroad Company's First Mortgage Bonds.

(a) Whenever, from time to time, the Railroad Company shall tender or cause to be tendered to the Trustee for deposit hereunder, any of the First Mortgage Bonds with all unmatured coupons thereunto appertaining, whether at or before or after the payment or maturity thereof, and whether cancelled or uncancelled, the Trustee in exchange therefor shall authenticate and deliver upon the written order of the Railroad Company Bonds to an aggregate principal amount equal to the principal amount of the First Mortgage Bonds so tendered to the Trustee.

(b) At any time or times on or after the maturity of the First Mortgage Bonds, or within twelve months before such maturity, the Railroad Company may sell Bonds in order to provide in whole or in part the means to purchase or pay such First Mortgage Bonds as shall not theretofore have been delivered to the Trustee; and the Trustee shall authenticate and deliver upon the written order of the Railroad Company Bonds to an aggregate principal amount equal to the aggregate principal amount of First Mortgage Bonds then outstanding; provided, however, that an amount of money equal to the principal amount of the Bonds so authenticated and delivered hereunder shall simultaneously be deposited with the Trustee. Out of the money so received by the Trustee, it shall, on demand of the Railroad Company and upon delivery to the Trustee of First Mortgage Bonds, with all unmatured coupons thereunto appertaining, so paid or purchased by the Railroad Company, pay to the Railroad Company a sum equal to the aggregate principal amount of the First Mortgage Bonds so paid or purchased and delivered to the Trustee.

(c) At any time or times on or after the satisfaction of the First Mortgage, the Trustee shall authenticate and deliver upon the written order of the Railroad Company all or any of the Bonds reserved under this Section 3 and not theretofore authenticated as above provided.

SECTION 4. Every First Mortgage Bond which shall be deposited with or otherwise acquired by the Trustee, as provided in Section 3 of this Article Two, shall by the Trustee be stamped with the words "Not negotiable. Held in trust for the purposes declared in the Refunding Mortgage of the Union Pacific Railroad Company, dated June 1, 1940," and (either with or without conversion into registered bonds at the option of the Railroad Company) shall be held by the Trustee as purchaser, without extinguishment or impairment of lien, as additional security for the payment of the Bonds, until (1) all the First Mortgage Bonds shall have been so deposited (except lost or destroyed bonds or bonds unrepresented for payment after one year subsequent to maturity for which satisfactory indemnity shall have been given), or until (2) the First Mortgage shall have been satisfied, when, in either such case, all the deposited First Mortgage Bonds shall, upon the written request of the Railroad Company, be cancelled by the Trustee and surrendered to the Railroad Company.

SECTION 5. Neither the principal of nor the interest on any First Mortgage Bond at any time so held by the Trustee shall be collected or required to be paid prior to the happening of an event of default under this Indenture; but then and thereupon the Trustee shall be entitled to collect the principal of all of the First Mortgage Bonds then so held by the Trustee and all interest thereon maturing subsequent to the happening of such event of default (or if such event of default be an event of default as defined in the First Mortgage, subsequent to the happening of the default under the First Mortgage giving rise to such event of default); and in that event payment thereof shall be enforceable ratably and equally with all the other First Mortgage Bonds not deposited with the Trustee; and in its discretion the Trustee may bring any suit at law or in equity, undertake any other action deemed by it desirable for the collection or enforcement of the First Mortgage Bonds, or join in any plan of voluntary or involuntary reorganization or readjustment or rearrangement of such First Mortgage Bonds, and may accept and hold hereunder new obligations or securities issued in exchange therefor under any such plan; but all interest maturing upon any such deposited First Mortgage Bonds prior to the happening of an event of default (or if such event of default be an event of default as defined in the First Mortgage, prior to the happening of the default under the First Mortgage giving rise to such event of default) shall be deemed to have been paid and satisfied, and upon request of the Railroad Company therefor the coupons representing such interest shall be cancelled by the Trustee and delivered to the Railroad Company.

SECTION 6. Whenever requesting the authentication and delivery of any Bonds hereunder, if they are to be of a series not theretofore created, the Railroad Company shall cause to be delivered to the Trustee a copy of a resolution or of resolutions of the Board of Directors of the Railroad Company, certified under its corporate seal by its Secretary, designating such new series then to be created, and specifying the maximum principal amount of such series, if limited, the date of the coupon Bonds of such series, and the date or dates of maturity, denominations, rate or rates of interest, interest payment dates, terms of redemption (if redeemable) and of exchange for Bonds of other denominations (if so exchangeable), and other provisions of the Bonds of the series, the authentication and delivery of Bonds of which is requested, and approving the form or forms of the Bonds of such series, and the Bonds authenticated and delivered shall conform to such specifications and shall be substantially in the form or forms so approved. The Railroad Company shall also cause to be delivered to the Trustee an opinion of the General Counsel of the Railroad Company stating that the terms and provisions of the Bonds of the proposed series are authorized by this Indenture.

Whenever requesting the authentication and delivery of any Bonds hereunder, except under Section 1 of this Article Two, the Railroad Company shall cause to be delivered to the Trustee an opinion of the General Counsel of the Railroad Company specifying the certificate or other evidence which will be sufficient to show the authorization, approval or consent of or to the issuance of the Bonds then applied for, by any commission or other governmental body at the time having jurisdiction in the premises, or stating that no such authorization, approval or consent is required, and the certificates and other evidence, if any, specified in such opinion of counsel.