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and (b) shall be less than \$3,000,000, such additional amounts as the Board of Directors shall determine and authorize in order to increase the aggregate amounts payable into the Fund in such year to \$3,000,000, but only to the extent that the Available Net Income for such next preceding calendar year applicable therefor in accordance with the provisions of subsection (a) of Section 1 of Article V is adequate for such purpose; and

(d) Such additional amounts as the Company shall charge to investment accounts in such next preceding calendar year as the cost of property renewals which should have been charged to railway operating expenses under the Uniform System of Accounts in effect on January 1, 1941;

provided, however, that if the aggregate amounts so payable into the Capital Fund in the year 1949 shall be less than \$3,000,000, the deficit shall accumulate and be payable into the Fund from the same sources in the next succeeding year or years, after having first made provision for the current payments required to be made into the Fund in such succeeding year or years, until such accumulation has been paid into the Fund.

Payments into the Capital Fund pursuant to this Section 1 may be made on a monthly basis or otherwise, provided that all required payments into the Fund relating to any calendar year shall have been completed on or before April 1 of the succeeding calendar year.

SECTION 2. All amounts that are paid into the Capital Fund shall be segregated from the general funds of the Company, shall be held by the Company in a separate bank account or invested in direct or guaranteed obligations of the United States of America, and, subject to the provisions of Sections 3, 4, 5 and 6 of this Article VI, shall be expended:

(a) To pay, or to reimburse the treasury of the Company for, all or any part of the Cost payable in cash of such Additions and Betterments as have not been Bonded;

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(b) In any calendar year, to pay the principal of Equipment Obligations as they severally mature and the current annual installments required to be paid into any Equipment Sinking Funds and into any sinking funds established for the retirement of General Mortgage Bonds upon the issuance of such bonds on the basis of the acquisition of Equipment pursuant to the provisions of the General Mortgage;

(c) To purchase or redeem, at not exceeding the then current redemption price thereof, any obligations of the Company bearing Fixed Interest, or, if no such obligations are then outstanding, any obligations of the Company bearing Contingent Interest; and

(d) To pay the Fixed Interest, sinking fund obligations of the Company on any of its Fixed Interest obligations, or short term indebtedness of the Company, other than those provided in the foregoing subsection (b) of this Section 2.

Any balance remaining in the Capital Fund on December 31 of any year in excess of \$3,000,000 shall be transferred to the treasury of the Company on or before April 1 of the succeeding year.

SECTION 3. No expenditures shall be made from the Capital Fund for the purpose provided in subsection (a) of Section 2 of this Article VI if the Company shall not have expended all of the funds which it has covenanted to apply only to the Cost of Additions and Betterments under the provisions of Section 24 of Article VIII, or if the Board of Directors shall have adopted a resolution declaring it to be practicable to pay, or reimburse the treasury of the Company for, such Cost of Additions and Betterments out of the proceeds of the issuance and sale of preferred or common stocks of the Company.

SECTION 4. No expenditures shall be made from the Capital Fund during any calendar year for the purposes provided in subsection (b) of Section 2 of this Article VI (1) unless the

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aggregate amount payable during such year on the principal of Equipment Obligations and into the sinking funds specified in said subsection (b) exceeds the aggregate amount charged and estimated to be charged to operating expense and income for depreciation of Equipment during such year, and then only to the extent of such excess, or (2) if the Board of Directors shall have adopted a resolution declaring it to be practicable to pay, or reimburse the treasury of the Company for, payments of the principal of such Equipment Obligations or the amounts required by such sinking funds out of the proceeds of the issuance and sale of preferred or common stocks of the Company.

SECTION 5. No expenditures shall be made from the Capital Fund for the purposes provided in subsection (c) of Section 2 of this Article VI unless expenditures from the Fund for the purposes of subsections (a) and (b) of said Section 2 are prohibited by the provisions of Sections 3 and 4 of this Article VI.

SECTION 6. No expenditures shall be made from the Capital Fund in any calendar year for the purposes provided in subsection (d) of Section 2 of this Article VI unless, in the opinion of the Board of Directors, an emergency exists because the estimated income available for fixed charges of the Company for such year under the Uniform System of Accounts will be insufficient therefor.

In the event that income available for fixed charges of the Company under the Uniform System of Accounts, as finally determined for the year in question, was sufficient to have covered the expenditures, if any, from the Capital Fund, the Company covenants to reimburse the Capital Fund immediately to the extent that such income available for fixed charges was sufficient to cover such expenditures.

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In the event of any expenditures from the Capital Fund pursuant to subsection (d) of Section 2 of this Article VI, then, after such expenditures, no dividends on any class of capital stock of the Company shall be paid until there has been restored to the Capital Fund by way of reimbursement an amount equal to all expenditures from the Fund made pursuant to said subsection (d).

Prior to making any expenditure from the Capital Fund pursuant to said subsection (d), there shall be filed with the Corporate Trustee (1) a Certified Resolution evidencing the determination of the Board of Directors to use the Capital Fund for the purposes therein specified and stating that in the opinion of the Board of Directors the income available for fixed charges of the Company for such year will be insufficient to cover the expenditures by the amount of the funds to be so used out of the Capital Fund, and (2) an Officers' Certificate specifying the total estimated amount of Fixed Interest and sinking fund requirements of the Company, and short term indebtedness required to be paid by the Company, during the calendar year then current and the estimated amount of income available for fixed charges for such year.

Within 10 days after reimbursement of the Capital Fund by the restoration thereof of the amount of such expenditures pursuant to said subsection (d), there shall be filed with the Corporate Trustee an Officers' Certificate stating the amount of such reimbursement, and the source from which the funds effecting such reimbursement were derived.

SECTION 7. The Company covenants that on or before April 1 of each year, beginning with the year 1943, it will deliver to the Corporate Trustee a report signed as in the case of an Officers' Certificate, which report shall state separately with respect to the preceding calendar year (i) the amounts of