

Article X  
Sections 8 and 9

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of organization) and the by-laws of such Railroad Subsidiary; that no authorization by any commission or governmental authority is required by law for the issue of such Securities or for the valid ownership thereof by the Company or the pledge thereof as provided in this Section 8, except such authorization as shall be specified in said Opinion of Counsel, and which shall be evidenced by copies of the orders or certificates so specified, appropriately certified; that all bonds, if any, of such Railroad Subsidiary included in such Securities are valid obligations thereof and are secured by a valid general lien on all or substantially all of the physical property of such Railroad Subsidiary; that all Stocks included in such Securities are fully paid and non-assessable; and that the Company's title to the property a release of which is requested has been conveyed to and is duly vested in the Railroad Subsidiary referred to in said Officers' Certificate.

All Securities described and specified in the Officers' Certificate required by subsection (c) above shall be deemed to be Bonded.

The Company covenants that it will require upon issuance and forthwith upon acquisition will deposit and pledge with the Corporate Trustee all Securities thereafter issued by such Railroad Subsidiary, without prejudice to the Company's right to the authentication and delivery of Bonds for the purpose of acquiring such of said Securities as shall be Railroad Subsidiary Bonds, to the extent and upon the conditions provided in Section 6 of Article III, provided that the unretired physical property of such Railroad Subsidiary used as a basis for determining the amount of Bonds issuable under said Section 6 shall not include any property so conveyed by the Company to such Railroad Subsidiary.

SECTION 9. The Trustees shall not be required under any of the provisions of this Article X to release any part of the property subject to the lien of the Mortgage from the lien

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(b) the record showing that the holders of not less than 85% in aggregate principal amount of all Outstanding Bonds represented at a Bondholders' Meeting, called and conducted pursuant to Article XIII, hereof, at which not less than 50% in aggregate principal amount of all Outstanding Bonds were represented, requested the release of the property in question and selected and designated the independent railroad expert referred to in subsection (c) below; and

(c) in either case, a report of the independent railroad expert selected and designated pursuant to either subsection (a) or subsection (b) above, to the effect that such property is no longer of value to the holders of Outstanding Bonds and that, in his opinion, a proper allocation of revenues and expenses thereto then shows, and in the future may reasonably be expected to show, a loss.

SECTION 12. Notwithstanding any of the provisions of the Mortgage, until the General Mortgage shall be satisfied or released, no release of property from the lien of the Mortgage, other than releases of property pursuant to Section 11 of this Article X, shall be effective unless such property shall have been, or shall at the same time be, released from the lien of the General Mortgage.

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hereof at any time when an Event of Default shall have occurred and be continuing; but, notwithstanding any such Event of Default, the Trustees may do so upon compliance by the Company with the provisions of Section 3 of this Article X except clause (c) (5) of Part B of said Section 3, if the Trustees in their discretion shall deem that such release will not adversely affect the interests of the Bondholders, or if the holders of a majority in principal amount of the Outstanding Bonds shall request the Trustees so to do.

SECTION 10. In no event shall any purchaser or purchasers of any part of the mortgaged property, sold or disposed of under any provisions of this Article X be required to ascertain the authority of the Corporate Trustee or the Trustees, as the case may be, to execute any release, to see to the application of the purchase money or to inquire as to any facts required by the provisions hereof for the exercise of such authority.

SECTION 11. Notwithstanding any of the provisions of the Mortgage, the Trustees shall release, either before or after an Event of Default shall have occurred, the lien of the Mortgage as to any property or properties or part or parts thereof at any time subject thereto, and cause such property or properties to revert to the Company free and clear of such lien; provided, however, that, prior to the release of any such property under this Section 11, there shall have been delivered to the Corporate Trustee in each case:

(a) a request (evidenced as provided in Section 1 of Article XI) of the holders of not less than 75% in aggregate principal amount of all Outstanding Bonds, to release the property in question and the selection and designation by such holders of the independent railroad expert referred to in subsection (c) below; or

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Section 1

ARTICLE XI

CONSOLIDATION, MERGER, CONVEYANCE AND LEASE

SECTION 1. Nothing in the Mortgage or in any Bond shall prevent the consolidation or merger of the Company with or into any other corporation lawfully entitled to acquire and operate the same or successive consolidations or mergers to which the Company or its successor or successors shall be a party or parties, or shall prevent any conveyance or lease, subject to the continuing lien of the Mortgage, of all or substantially all of the mortgaged property to any such other corporation; provided, however, that:

(a) Every such consolidation, merger, conveyance or lease shall be on such terms as shall fully preserve the lien and security of the Mortgage and the rights and powers of the Trustees and of the Bondholders hereunder;

(b) Any such lease shall be made expressly subject to immediate termination by the Trustees at any time upon the occurrence of an Event of Default and during the continuance thereof, and also by the purchaser of the property so leased upon any sale thereof whether such sale be made under the power of sale hereby conferred or under judicial proceedings;

(c) Upon any such consolidation, merger, conveyance or lease, the successor corporation or the lessee corporation, as the case may be, shall expressly assume the due and punctual payment of the principal of and interest on all of the Bonds according to their tenor and purport, and the due and punctual performance of all of the terms, covenants and conditions of the Mortgage required to be kept, preserved and performed by the Company; and

(d) In the event of any such consolidation, merger or conveyance, the successor corporation, subject to the ex-