

tension, and any new Securities to be issued will, upon the issue and delivery thereof to the Company, be validly issued and outstanding and that they purport to be and validly owned by the Company; that whatever consent, authorization or approval on the part of any governmental authority is requisite for such ownership and pledge, has been obtained; that all shares of Stock, if any, included in such Securities are fully paid and non-assessable; and that upon the deposit and pledge of said Securities hereunder the Mortgage will constitute a valid, enforceable and direct lien thereon, free and clear of liens prior thereto.

Upon receipt of the instruments specified in clauses (A) and (B), and a Certified Resolution requesting any such extension, renewal or substitution, the Corporate Trustee shall permit the same and take any other action necessary to effect any such extension, renewal or substitution.

Section 6. The Corporate Trustee may sell, assign, transfer and deliver so many shares of the Stock of any corporation whose Stock is deposited and pledged under the Mortgage as may be necessary to qualify persons to act as directors of, or in any other official relation to, such corporation. In every such case the Company shall make such arrangements with the Corporate Trustee as shall be deemed necessary by the Corporate Trustee for the protection of the trusts hereunder.

Section 7. In case a corporation any of the Securities of which shall be deposited and pledged under the Mortgage shall be consolidated with or merged into, or shall convey all or substantially all of its properties to, the Company, the Securities of such corporation that are deposited and pledged under the Mortgage shall be surrendered to the consolidated corporation or to the Company, as the case may be, but only if, as evidenced by an Opinion of Counsel furnished to the Corporate Trustee, (i) by virtue of such consolidation or

merger and the application of the provisions of Article XII the lien of the Mortgage has extended to the property of such corporation the Securities of which are so surrendered, and (ii) in the case of any Debt Securities so surrendered which are secured by a lien on the property of such corporation, the lien of the Mortgage resulting from such consolidation or merger is substantially equivalent to the lien securing such Debt Securities.

Section 8. In case at any time

(a) any corporation, the Securities of which shall be deposited and pledged hereunder, shall be dissolved or liquidated, or

(b) all or any of the property of any such corporation shall be sold at any judicial sale, or

(c) any of the property covered by any mortgage securing any Debt Security deposited and pledged under the Mortgage shall be sold in foreclosure proceedings or other proceedings for the enforcement of such mortgage or the Debt Security thereby secured,

then, and in any such case, if the property of such dissolved or liquidating corporation or the property sold can be acquired by crediting on the Securities so pledged under the Mortgage any sum accruing or to be received thereon out of the proceeds of such property, and by paying not more than 10% of the price of such property in cash (or more than 10% if the Company or the holders of 25% in principal amount of the Outstanding Bonds shall so request), the Corporate Trustee in its discretion may, and if requested in writing by the Company or the holders of 25% in principal amount of the Outstanding Bonds and upon being provided with the amount of cash necessary therefor (whether such amount be more or less than 10% of the price of such property) and security or indemnity satisfactory to it against any expense or liability

merger and the application of the provisions of Article XII the lien of the Mortgage has extended to the property of such corporation the Securities of which are so surrendered, and (ii) in the case of any Debt Securities so surrendered which are secured by a lien on the property of such corporation, the lien of the Mortgage resulting from such consolidation or merger is substantially equivalent to the lien securing such Debt Securities.

Section 8. In case at any time

(a) any corporation, the Securities of which shall be deposited and pledged hereunder, shall be dissolved or liquidated, or

(b) all or any of the property of any such corporation shall be sold at any judicial sale, or

(c) any of the property covered by any mortgage securing any Debt Security deposited and pledged under the Mortgage shall be sold in foreclosure proceedings or other proceedings for the enforcement of such mortgage or the Debt Security thereby secured,

then, and in any such case, if the property of such dissolved or liquidating corporation or the property sold can be acquired by crediting on the Securities so pledged under the Mortgage any sum accruing or to be received thereon out of the proceeds of such property, and by paying not more than 10% of the price of such property in cash (or more than 10% if the Company or the holders of 25% in principal amount of the Outstanding Bonds shall so request), the Corporate Trustee in its discretion may, and if requested in writing by the Company or the holders of 25% in principal amount of the Outstanding Bonds and upon being provided with the amount of cash necessary therefor (whether such amount be more or less than 10% of the price of such property) and security or indemnity satisfactory to it against any expense or liability,

obligations secured by a pledge of the Securities to be sold) and a statement that the amount of such consideration is not less than the fair value to the Company of the Securities to be sold and represents an adequate consideration therefor. None of such purchase money obligations shall mature more than five years from the date of issue, and the aggregate principal amount thereof shall not exceed 60% of the total amount of such consideration.

(3) If the Securities to be disposed of are Securities of a Railroad Subsidiary, a statement that such sale is subject to the provisions of Part B of Section 1 of Article X, accompanied by showings in compliance therewith, or a statement that the provisions of said Part B are not applicable to such sale.

(4) That no Event of Default has occurred and is continuing.

(c) The consideration stated in the Officers' Certificate provided for in subsection (b) of this Section 9 to be received by the Company shall be deposited and pledged with the Corporate Trustee.

(d) The Corporate Trustee shall be furnished with an Opinion of Counsel stating that (i) such sale is in accordance with the provisions of the Mortgage, (ii) the Corporate Trustee is authorized under the terms of the Mortgage to comply with the request of the Company in consummation of the sale, (iii) any purchase money obligations mentioned in the Officers' Certificate provided for in subsection (b) of this Section 9 are valid obligations secured by a valid and enforceable pledge of the Securities to be sold, free and clear of prior liens, (iv) such pledge contains appropriate provision for the security and protection of the Bonds, and (v) all necessary consent or approval of all governmental authorities for the sale and acquisition of such Securities has been obtained or that no such consent or approval is necessary; and said opinion shall be accompanied by a certified