

YAKIMA BINDERY & PTD. CO. 16787

quisition of properties described in paragraph (c) of this Section 7 of this Article Three, shall be limited to an amount of such deposited cash or to a principal amount of such bonds, as the case may be, not exceeding eighty per centum (80%) of the expenditures or liabilities, as the case may be, certified to the Trustee, as aforesaid, as having been made or incurred under said paragraph (c) of this Section 7 of Article Three; provided (2) that if at any time the aggregate amount of bonds then outstanding and hereby secured when added to the aggregate amount of bonds then reserved to refund the prior debt specified in Sections 1, 2 and 3 of Article Three of this indenture, shall be five hundred million dollars (\$500,000,000) or more, then the payment to the Railway Company of deposited cash received by the Trustee upon the authentication and delivery of bonds in excess of said amount (\$500,000,000), and the authentication and delivery to the Railway Company of any bonds in excess of said amount (\$500,000,000), on account of the construction or acquisition of properties of the character and nature described in paragraph (b) or paragraph (d), or paragraph (e) other than shares of capital stock, or voting trust certificates representing the same, and bonds of connecting railway companies issued on account of the construction or acquisition of railroad mileage, the cost of which is not less than the cost of such shares of capital stock, or voting trust certificates representing the same, and bonds, and other than shares of capital stock, or voting trust certificates representing the same, and bonds of companies specified in subparagraph (5) of said paragraph (e), of this Section 7 of this Article Three, shall be limited to an amount of such deposited cash or to a principal amount of such bonds, as the case may be, not exceeding eighty per centum (80%) of the expenditures or liabilities, as the case may be, certified to the Trustee as aforesaid as having been made or incurred under said paragraphs, or any of them, above in this proviso enumerated; and provided (3) that the aggregate amount of bonds at any one time issued and outstanding under this indenture <sup>on</sup> for and/account of the construction or acquisition of properties of the character and nature described in paragraph (d) and subparagraphs (2), (3) and (4) (in so far as said subparagraph (4) relates to shares of the capital stock or bonds of companies of the character and nature described in said subparagraphs (2) and (3)) of paragraph (e) of this Section 7 of this Article Three, shall never exceed twenty-five per centum (25%) of the aggregate amount of all bonds at the time then issued and outstanding under this indenture, including the bonds then proposed to be issued.

All property, indebtedness and rights, and all additions, betterments and improvements, in respect to which deposited cash shall be paid, or bonds shall be issued hereunder, or the proceeds of the bonds shall be used, shall be included without further conveyance or transfer in the granting clause of this indenture and shall be subject to the lien hereof; but the lien of this indenture thereon, however, shall be subordinate to the liens securing prior debt specified and to be specified in and pursuant to the provisions of this Article Three to the extent that such liens attach, and to liens securing bonds to be specified in indentures supplemental hereto so far as the same shall be subject to such prior liens; provided, however, that any General Mortgage bonds acquired by the Railway Company and delivered to the Trustee under the provisions of this Section 7 of this Article Three, unless previously cancelled, shall be cancelled by the Trustee upon such delivery, and, after the Trustee shall have stamped on such bonds a notation that the same have been cancelled under this Section 7 of Article Three and are not available for any further purposes under this indenture, shall be returned to the Railway Company.

When any certificate for shares of stock, or voting trust certificates representing the same, or any bonds or other indebtedness, shall have been acquired under the