

struction of and for additions and betterments to Equipment (including Rebuilt Equipment) subject to an Equipment Agreement and (c) expenditures for the acquisition of property deemed to be Bonded pursuant to clause (ii) of the proviso in the definition of that term.

If any of the Companies shall after the date hereof acquire any Bondable Additions which are or become subject to Prior Liens (other than Prior Liens existing on the date of this Indenture and Prior Liens which were such prior to such acquisition), the aggregate principal amount of Prior Lien Bonds secured by such Prior Liens existing at the time the Prior Liens became such in respect of such Bondable Additions, whether or not assumed by any of the Companies, shall be included in Bondable Expenditures; provided, however, that, if property other than such Bondable Additions is subject to such Prior Liens, the principal amount of such Prior Lien Bonds shall be included in Bondable Expenditures only in the proportion that the fair value of the Bondable Additions subject to such lien bears to the fair value of all property subject to such lien, as determined by the Board of Directors of the Company acquiring such Bondable Additions.

If a Bondable Expenditure shall be made by delivery of property or securities, the fair value of the property so delivered or the amount added to Capital Deductions in accordance with clauses (a) and (b) of the definition of that term as a result of the retirement of the property so delivered, whichever is less, or the fair value of such securities as stated in the Officers' Certificate delivered pursuant to § 3.08(2) hereof, shall be deemed a Bondable Expenditure.

*Bondable Expenditures for Acquisition
of New Properties*

“Bondable Expenditures for Acquisition of New Properties” means Bondable Expenditures (other than for Equipment) for the acquisition (other than from another Company) through purchase, merger, consolidation or