

"Board of Directors" means the Board of Directors of the Company as from time to time constituted, and, if there shall be an Executive Committee of the Board of Directors, shall also mean such Executive Committee.

"Bondable Additions" means property constructed or acquired by the Company, and additions, betterments or extensions to existing property of the Company, which property, additions, betterments or extensions are not subject to the lien of a Present Prior Lien Indenture.

"Bondable Expenditures" means

(1) all amounts in respect of Bondable Additions which are properly chargeable after December 31, 1970 under the Accounting Rules to Capital Accounts of the Company numbered 731 and 737, other than

(a) amounts in respect of Equipment unless includible in Capital Account 57 (sub-account of Capital Account 731), and

(b) amounts in respect of property not subject to the lien of this Indenture; and

(2) the amounts of all cash expenditures by the Company after December 31, 1970 for the acquisition of Common Stock of a Class I Carrier whose lines of railroad are appurtenant to the Company's lines of railroad subject to the lien of this Indenture, which Class I Carrier is a Pledged Subsidiary at the time such expenditures are Bonded, provided that such Common Stock

(a) shall either be outstanding in the hands of the public immediately prior to such acquisition or shall be Common Stock of a corporation organized by the Company or by a Pledged Subsidiary, or

(b) prior to its acquisition by the Company shall have been acquired after December 31, 1970 by an Affiliate and prior to such acquisition by the Affiliate shall have been outstanding in the hands of the public, but only to the extent of cost of acquisition to the Affiliate or to the Company, whichever is less,

and provided further that in each such case the Common Stock acquired by such expenditures is free of all claims, liens, security interests and encumbrances other than Excepted Encumbrances;