

(2) evidence satisfactory to the Corporate Trustee (a) of the cancellation of such Prior Lien Securities or (b) of the pledge of such Prior Lien Securities under any Prior Lien Indenture which are required by the terms of such Prior Lien Indenture to be pledged thereunder.

In the event in the Opinion of Counsel the conditions specified in subparagraph (1) hereof cannot be complied with but by reason of the refunding of such Prior Lien Securities to be refunded the Company is permitted to issue and deliver to the Corporate Trustee bonds or obligations under the Prior Lien Indenture securing such Prior Lien Securities or under any other Prior Lien Indenture (whether as a result of the pledge of such Prior Lien Securities to be refunded or otherwise), the Company covenants that it will cause such bonds or obligations up to an aggregate principal amount equal to the principal amount of the Prior Lien Securities to be refunded to be issued and delivered to the Corporate Trustee. Notwithstanding anything to the contrary contained in this Section 2.05, the issue and pledge of Prior Lien Securities or other bonds or obligations herein provided for shall be required only to the extent authorized by the Interstate Commerce Commission (which authorization the Company covenants to use its best efforts to obtain).

All securities deposited with the Corporate Trustee pursuant to this Section 2.05 shall be held by the Corporate Trustee as pledged securities hereunder.

SECTION 2.06. From time to time after the execution of this Indenture, upon compliance with the provisions of this Section 2.06, Bonds of any series shall be authenticated and delivered by the Corporate Trustee in an aggregate principal amount not exceeding 75% of Net Bondable Expenditures, less the principal amount of Prior Lien Securities taken into account in determining the amount of such Bondable Expenditures pursuant to the definition of Bondable Expenditures herein, whether or not such Prior Lien Securities shall theretofore have been Bonded; *provided, however*, that no Bonds shall be authenticated and delivered on the basis of Bondable Expenditures to the extent theretofore Bonded.

Whenever the Company shall apply, in accordance with the provisions of this Section 2.06 for the authentication and delivery of Bonds for such purpose, or in lieu thereof for the payment of Deposited Cash pursuant to the provisions of Section 2.09 hereof, the Company shall deliver to the Corporate Trustee the documents specified in Section 2.11 hereof.