

all such bonds, debentures, debenture stock, and other securities, issued and outstanding, and of all bonds and debenture stock already issued, and from time to time outstanding, and constituting a charge on the said demised railway or any part thereof, shall not at any time exceed the limit of bonds, debentures, debenture stock or other securities which the Joliette Company is then by law authorized to issue in respect of the said demised railway, and the Joliette Company will apply the proceeds of all bonds, debentures, debenture stock or other securities which the Joliette Company shall at any time have issued towards the construction of permanent improvement and equipment of the said demised railway, or of any portion or portions thereof, in such proportions, in such manner, at such places, and at such times as the Pacific Company may in writing direct, or, at the option of the Pacific Company, the Joliette Company will, from time to time, pay over the whole or any part of such proceeds to the Pacific Company in order that the Pacific Company may itself properly apply the same as aforesaid.

6. The Pacific Company may at all times hereafter within the term of demise above mentioned, exercise all the franchises and powers of the Joliette Company in respect of the operating of the said demised railway and of each part thereof, and also in respect of the building of branches under the provisions of the Railway Act, 1903, and amendments thereto, and the acquisition of increased areas of land for station grounds, right of way, protection against snow, sidings and other purposes, and may take such legal proceedings as are deemed to be necessary or expedient in the exercise of the said franchises and powers or any of them, under and subject to the charter or statutory rights, privileges, duties and obligations of the Joliette Company, and, for that purpose, may use the name of the Joliette Company, and of the officers thereof, which officers are hereby authorized and required, upon the demand of the Pacific Company, to append their signatures and to affix the seal of the Joliette Company to any document which may be useful in the exercise of any such franchises.

7. The Joliette Company will, at the request and at the expense of the Pacific Company, affix the name and seal of the Joliette Company, and do all acts, matters and things as and when the same may be necessary for the convenient, efficient and effectual working of the said demised railway, and for carrying out and giving effect to this indenture, and the Pacific Company may, during the said term, make and enforce such lawful rules, regulations and by-laws, touching and concerning the running and operation of the said demised railway, and shall be required for the efficient and advantageous administration, management and operation thereof, and for the preservation of order thereon, and may fix and regulate, from time to time, and amend and alter the tariff of rates and tolls to be exacted for the carriage of freight and passengers over such railway, and if the Pacific Company shall deem it expedient that such by-laws, rules and regulations or tariff, or any of them, should be made by the Joliette Company, then the Joliette Company will make the same, and do all such matters and things at the expense of the Pacific Company, to complete and