

Upon consideration of the petition of Lehigh Valley Railroad Company and The Lehigh Valley Coal Company made this day for an order modifying the Final Decree signed November 7, 1923, and the Decrees supplementary thereto signed November 28, 1932 and November 18, 1937, the United States, by the Assistant Attorney General, having approved such modification, and this Court being fully advised in the premises, it is ordered, adjudged and decreed:

That the Final Decree herein signed November 7, 1923, and the Decrees supplementary thereto signed November 28, 1932 and November 18, 1937, be and the same hereby are modified and supplemented in all respects as may be necessary to authorize and permit the following:

1. Lehigh Valley Railroad Company and The Lehigh Valley Coal Company are hereby authorized and permitted to adopt, put into effect, and carry out, in whole or in part, and with such modifications thereof as may be made in accordance with the terms thereof, a plan for the postponement of interest and modifications of sinking funds and for certain matters dated January 4, 1939, which Plan is hereto attached and made a part hereof, marked Exhibit "A".

2. Lehigh Valley Railroad Company is hereby authorized and permitted to deposit, in accordance with the provisions of the Deposit Agreement annexed to the aforesaid Plan (Exhibit "A") as Appendix B, the \$2,164,500 principal amount of Class B Notes now owned by it.

3. Lehigh Valley Railroad Company is hereby authorized and permitted to agree with The Lehigh Valley Coal Company as follows:

(A) As guarantor of the principal, interest and minimum sinking fund payments of the Notes, and as the owner of the \$2,164,500 principal amount of Class B Notes, and subject to the Plan becoming effective:

(i) To assent to the proposals contained in Sections A, B, C and D of Article II of the Plan (Exhibit "A") relating to postponement of interest, revision of Sinking Fund requirements, relief from certain require-

DISTRICT COURT OF THE UNITED STATES, SOUTHERN
DISTRICT OF NEW YORK.

In Equity No. 11—129.

THE UNITED STATES OF AMERICA, PETITIONER.

vs.

LEHIGH VALLEY RAILROAD COMPANY AND THE LEHIGH
VALLEY COAL COMPANY, ET AL., DEFENDANTS.

SUPPLEMENTARY DECREE.

ments as to the disposition of and the payment of taxes on property no longer useful, and waiver of the non-payment of taxes for a limited period as basis for event of default under the Indentures securing the Bonds and Notes of The Lehigh Valley Coal Company;

(ii) To agree, that its guaranty of principal and interest (except 75% of the interest due July 1, 1939) on the Notes shall continue in full force and effect;

(iii) To guarantee payment on January 1, 1943 or, as to any Note redeemed at an earlier date, on the redemption date of such Note, of the interest postponed, according to the Plan, from July 1, 1939 to such date;

(iv) To guarantee the payment to the trustee for the Notes of the modified sinking fund provided for the Notes in Paragraph 2 of Section B or Article II of the Plan;

it being understood that, in case any of the events set forth in Paragraph 5 of Section E of Article II of the Plan shall have occurred, the guaranty by Lehigh Valley Railroad Company of payment of principal, interest, and minimum sinking fund as existing prior to any partial modification or waiver thereof by the Plan shall remain and be in full force and effect to the same extent as if the Plan had never become effective; and

(B) As the owner of the \$2,164,500 principal amount of Class B Notes, to agree also, as consideration to the holders of Bonds and Notes of The Lehigh Valley Coal Company assenting to the Plan, and subject to the Plan becoming effective, to certain further modifications of the obligations of The Lehigh Valley Coal Company in respect to the Class B Notes as follows:

(i) That the interest falling due on January 1, 1939 and all interest accruing thereafter and prior to February 1, 1943, on the Class B Notes shall be reduced from 6% to 5% per annum and payment thereof shall be postponed without interest to February 1, 1943;

(ii) That on February 1, 1943, or as soon thereafter as the payment of all Class A Notes shall have been

provided for, \$2,660,500 principal amount of the First and Refunding Mortgage Bonds, 6% Series of 1932 (now held as collateral for the Notes), with interest coupons due August 1, 1943, and all subsequent coupons attached, shall be accepted at the principal amount thereof in payment of such postponed interest and in payment of the principal amount due January 1, 1943 on the Class B Notes, and that the interest payable on such Bonds so accepted in payment shall be reduced from 6% to 5% per annum, and that the maturity date of such Bonds shall be extended from February 1, 1950 to February 1, 1954, and that all coupons maturing prior to August 1, 1943 on the First and Refunding Mortgage Bonds, Series of 1932, and any balance of said Bonds remaining after such payment shall be cancelled;

(iii) That The Lehigh Valley Coal Company shall make none of the Sinking Fund payments required by the Supplemental Indenture dated August 1, 1932, the Third to be made prior to February 1, 1944 to the Sinking Fund provided for the First and Refunding Mortgage Bonds, 6% Series of 1932; and that on February 1, 1944, and each year thereafter to and including February 1, 1954, The Lehigh Valley Coal Company shall be required to make payments to this Sinking Fund of \$250,000 per annum and no more; that any payments to this Sinking Fund may be made by the Lehigh Valley Coal Company in cash or in lieu of cash in Bonds of the Series of 1932 at the principal amount thereof or by the redemption, on the Sinking Fund payment date, of a like principal amount of such Bonds; and that Bonds of this Series shall be redeemable on and after February 1, 1943 at the principal amount thereof plus interest;

(iv) That at the time of the payment of the Class B Notes and postponed interest thereon by the delivery of First and Refunding Mortgage Bonds, Series of 1932, there shall be executed an indenture supplemental to the Third Supplemental Indenture dated August 1, 1932, incorporating the above described

modification of such Bonds and that the Indenture securing Notes shall be cancelled;

(v) All the agreements set forth in paragraphs (i) to (iv) inclusive above of Lehigh Valley Railroad Company shall be terminable by it if, by the decree of a court of competent jurisdiction, The Lehigh Valley Coal Company shall be adjudicated a bankrupt, or, by order of such court, a receiver shall be appointed of the property of The Lehigh Valley Coal Company because of insolvency, and any such decree or order shall continue in effect for a period of sixty days; or if The Lehigh Valley Coal Company shall file a petition in voluntary bankruptcy, or shall make an assignment for the benefit of creditors, or if the Lehigh Valley Coal Company shall file a petition under the provisions of Chapter X of the Federal Bankruptcy Act, or file an answer seeking the relief provided under said Chapter X; or if a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against The Lehigh Valley Coal Company under the provisions of said Chapter X, and such order, judgment or decree shall continue in effect for a period of sixty days.

4. Lehigh Valley Railroad Company is hereby authorized and permitted to receive from The Lehigh Valley Coal Company, when the Plan is declared effective, the Class B Notes deposited by it, stamped with an appropriate legend indicating that such Notes are subject to the Plan and that payment of principal and interest thereof, shall, except upon occurrence of certain events, be made in an equivalent principal amount of the First and Refunding Mortgage Sinking Fund Bonds, Series of 1932, of The Lehigh Valley Coal Company as modified according to the Plan, and that upon such payment the Indenture securing the Notes may be cancelled.

5. The proper officers of Lehigh Valley Railroad Company and of The Lehigh Valley Coal Company are hereby authorized and permitted to execute in such manner as they may determine any and all papers and documents deemed by them to be necessary or advisable in order to

adopt, put into effect and carry out the terms and intent of the aforesaid Plan, with any modifications as aforesaid.

Filed October 4, 1940.

WM. BONDY,
United States District Judge.