CERTIFICATE 6648

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

I, R. W. Spangenberg, a Notary Public in and for the State of Illinois, County of Cook, residing therein, DO HEREBY CERTIFY that I have compared the conformed copy of the document to which this certificate is appended, with an executed counterpart thereof and that said conformed copy is a true and correct copy in all respects.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal at my office in Chicago, Cook County, Illinois this 29th day of June, 1972.

Notary Public, Cook County, Illinois

My Commission expires November 16, 1975

GENERAL MORTGAGE

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC
RAILROAD COMPANY

TO

HARRIS TRUST AND SAVINGS BANK
TRUSTEE

DATED AS OF JANUARY 1, 1944

THE TWENTIETH CENTURY PRESS, INC., CHICAGO

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the Mortgage, receipt whereof is hereby acknowledged, and pursuant to the order of the Court in the aforesaid reorganization proceedings dated November 26, 1945, the Railroad Company has granted, bargained, sold, conveyed, released, confirmed, mortgaged, pledged, assigned, transferred and set over, and by these presents does grant, bargain, sell, convey, release, confirm, mortgage, pledge, assign, transfer and set over, unto the Trustee, and to its successors in the trust, and its and their assigns forever, subject to the terms of the Mortgage, all and singular the following described property, rights, privileges and franchises of the Railroad Company:

FIRST: All of the Railroad Company's right, title and interest in and to all and singular the lines of railroad now owned or operated by the Railroad Company, including specifically but not exclusively the following:

Group A: Main lines, first main track:

	Miles
ITEM (1). Beginning near Western Avenue in the City of Chicago, Illinois, and extending in a general northerly, northwesterly and westerly direction through the stations of Milwaukee, Portage and LaCrosse in the State of Wisconsin, River Junction, St. Paul and Minneapolis in the State of Minnesota, Mobridge in the State of South Dakota, Marmarth in the State of North Dakota, Miles City and Butte in the State of Montana, Plummer Junction in the State of Idaho, and Marengo, Beverly, Ellensburg and Cle Elum in the State of Washington, to a connection with the line of railway of Pacific Coast Railroad Company at the station of Maple Valley, Washington, and having a length of approximately	2,147.00

Southwest Quarter of Section 21, Township 3 North, Range 22 East, in Sturtevant, Wisconsin, and extending in a general southwesterly direction through Bardwell and Beloit in the State of Wisconsin and Rockton in the State of Illinois to a connection with the line described in ITEM (3) of this *Group A* in the Southeast Quarter of Section 27, Township 25 North, Range 6 East, in Kittredge, Illinois, and having a length of approximately 112.88

ITEM (12). Beginning at Steward Junction, Illinois, and extending in a general southerly direction to Seatonville Junction, Illinois, except for the line described in item (14) of granting clause SEVENTH at Mendota, Illinois, and except for the line described in item (17) of granting clause SEVENTH at Ladd, Illinois, the line described in this ITEM (12) having a length of approximately 36.61

ITEM (13). Beginning at Harper Avenue in Granville, Illinois, and extending in a general northeasterly direction to Church Avenue in Oglesby, Illinois, and having a length of approximately 10.51

ITEM (14). Beginning at a connection with the line described in ITEM (1) of this *Group A* at Grand Avenue Junction in the City of Milwaukee, Wisconsin, and extending in a general northwesterly direction through North Milwaukee and Horicon in the State of Wisconsin to a connection with the line described in ITEM (1) of this *Group A* at Superior Street in Portage, Wisconsin, and having a length of approximately 94.05

ITEM (15). Beginning at a connection with the line described in ITEM (14) of this *Group A* near Hampton Avenue in North Milwaukee, Wisconsin, and extending in a general northerly direction to a point in the Northwest Quarter of Section 32, Township 48 North, Range 29

West, in Champion, Michigan, and having a length of approximately 253.25

ITEM (16). Beginning near South 22nd Street in Muskego Yard in the City of Milwaukee, Wisconsin, and extending in a general westerly direction to a connection with the line described in ITEM (1) of this *Group A* near the Milwaukee and Watertown Plank Road in Elm Grove, Wisconsin, and having a length of approximately 7.45

ITEM (17). Beginning at a connection with the line described in ITEM (1) of this *Group A* near Monroe Street in New Lisbon, Wisconsin, and extending in a general northerly direction through Babcock, Wisconsin, to a point in the Southwest Quarter of Section 1, Township 39 North, Range 6 East, in Woodruff, Wisconsin, and having a length of approximately 166.46

ITEM (18). Beginning at a connection with the line described in ITEM (3) of this *Group A* in the Southeast Quarter of Section 9, Township 24 North, Range 5 East, in Ashdale, Illinois, and extending in a general southwesterly direction through Ebner, Illinois, to a point near 10th Street in East Moline, Illinois, and having a length of approximately 50.32

ITEM (19). Beginning near College Avenue in Davenport, Iowa, and extending in a general southwesterly direction to a point near Schmidt Road in West Davenport, Iowa, and having a length of approximately 1.69

ITEM (20). Beginning at a connection with the line described in ITEM (3) of this *Group A* at Green Island, Iowa, and extending in a general northerly direction through Dubuque and Marquette in the State of Iowa and La Crescent in the State of Minnesota, to a connection with the line described in ITEM (1) of this *Group A* at Bridge Switch, Minnesota, and having a length of approximately 148.27

West, in New England, North Dakota, and having a length of approximately 133.96

ITEM (83). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point in the Northeast Quarter of Section 27, Township 8 North, Range 15 East, in Harlowton, Montana, and extending in a general northeasterly and northwesterly direction through Lewistown, Montana, to a point in the South Half of Section 18, Township 26 North, Range 4 West, in Agawam, Montana, and having a length of approximately 235.81

ITEM (84). Beginning at a connection with the line described in ITEM (83) of this *Group B* at Lewistown Junction, Montana, and extending in a general easterly direction to a point in the Northeast Quarter of Section 6, Township 14 North, Range 27 East, in Winnett, Montana, and having a length of approximately..... 58.96

ITEM (85). Beginning at a connection with the line described in ITEM (83) of this *Group B* at Roy-Winifred Junction, Montana, near Lewistown, Montana, and extending in a general northeasterly direction to a point in the Southwest Quarter of Section 8, Township 18 North, Range 22 East, in Roy, Montana, and having a length of approximately 42.49

ITEM (86). Beginning at a connection with the line described in ITEM (85) of this *Group* B at Roy Junction, Montana, and extending in a general northerly direction to a point in the Southeast Quarter of Section 23, Township 21 North, Range 18 East, in Winifred, Montana, and having a length of approximately..... 23.09

ITEM (87). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point in the Southeast Quarter of Section 14, Township 6 North, Range 7 East, in Ringling Mon-

tana, and extending in a general northerly direction to a connection with the White Sulphur Springs and Yellowstone Park Railway Company's line in the Northwest Quarter of Section 6, Township 6 North, Range 8 East, near Dorsey, Montana, and having a length of approximately 3.62

ITEM (88). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point in the Northwest Quarter of Section 25, Township 2 North, Range 1 East, in Three Forks, Montana, and extending in a general southeasterly and northeasterly direction through Bozeman, Montana, to a point near Main Street in Menard, Montana, and having a length of approximately 62.73

ITEM (89). Begnining at a connection with the line described in ITEM (88) of this *Group B* at Belgrade Junction, Montana, and extending in a general northeasterly direction to Broadway Street in Belgrade, Montana, and having a length of approximately..... 5.22

ITEM (90). Beginning at a connection with the line described in ITEM (88) of this *Group B* at a point in the Southwest Quarter of Section 13, Township 2 South, Range 4 East, in Bozeman Hot Springs, Montana, and extending in a general southerly direction to a point in the Northwest Quarter of Section 11, Township 3 South, Range 4 East, in Gallatin Gateway, Montana, and having a length of approximately..... 4.99

ITEM (91). Beginning at a connection with the line described in ITEM (1) of *Group A* at Bonner Junction, Montana, and extending in a general northeasterly direction to a point in the Northwest Quarter of Section 29, Township 15 North, Range 13 West, in Cottonwood, Montana, and having a length of approximately 40.04

ITEM (92). Beginning at a connection with the line described in ITEM (1) of *Group A* near First Avenue in St. Maries, Idaho, and extending in a general southeasterly direction to a point in the

Northeast Quarter of Section 24, Township 41 North, Range 1 West, in Purdue, Idaho; also beginning at a point in the Northeast Quarter of Section 36, Township 41 North, Range 1 West, in Bovill, Idaho, and extending in a general southeasterly direction to a point in the Northwest Quarter of Section 26, Township 40 North Range 2 East, in Elk River, Idaho, the lines described in this ITEM (92) having a total length of approximately 69.93

ITEM (93). Beginning at a point in the Northeast Quarter of Section 19, Township 25 North, Range 4 East, in Dishman, Washington, and extending in a general northeasterly direction through McGuires, Idaho, to a point in the Northeast Quarter of Section 4, Township 50 North, Range 5 West; also beginning at a point in the Southeast Quarter of Section 6, Township 50 North, Range 4 West, and extending in a general northeasterly direction to a point in the Northeast Quarter of Section 9, Township 50 North, Range 4 West, near Atlas, Idaho; also beginning at a point near the south line of Section 11, Township 50 North, Range 4 West, near Gibbs, Idaho, and extending in a general northeasterly direction to a point near Third Street in Coeur d'Alene, Idaho, the lines described in this ITEM (93) having a total length of approximately 19.44

ITEM (94). Beginning at a connection with the line described in ITEM (93) of this *Group B* at a point in the Northwest Quarter of Section 4, Township 50 North, Range 5 West, in McGuires, Idaho, and extending in a general northwesterly and northerly direction to a point near Fifth Avenue in Metaline Falls, Washington, and having a length of approximately 105.24

ITEM (95). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point near Ash Street in Warden, Washington, and extending in a general northeasterly direction

ARTICLE III

Issuance of Bonds

Section 1. Upon the execution and delivery of the Mortgage, and whether before or after the recording of the Mortgage, Bonds of Series A in the aggregate principal amount of Fifty-seven Million Two Hundred Fifty-six Thousand Six Hundred Dollars ($57,256,600), and Bonds of Series B in the aggregate principal amount of Fifty-one Million Four Hundred Twenty-two Thousand One Hundred Dollars ($51,422,100), may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, without any further action on the part of the Railroad Company.

No Bonds other than those authenticated and delivered pursuant to this Section 1 shall be authenticated or delivered by the Trustee pursuant to the provisions of this Article III at any time when an Event of Default shall have occurred and be continuing or when there are unpaid accumulations of accrued interest on the Outstanding Bonds of any series.

Section 2. From time to time and in the manner provided in this Section 2, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding 75% of the Bondable Expenditures during a period beginning January 1, 1944, and ending not more than 90 days prior to the date of the Application for the authentication of such Bonds, provided, however, that no Bonds shall be authenticated and delivered on the basis

of Bondable Expenditures which have theretofore been Bonded, or in a principal amount which, when added to the amount of expenditures from the Additions and Betterments Fund and the Reserve and Retirement Fund for or on account of the Gross Expenditures during such period, would exceed the Bondable Expenditures during such period, all as shown by the Officers' Certificate relating to the authentication and delivery of such Bonds.

Bonds shall be authenticated and delivered under this Section 2 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 2, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 8 of this Article III;

(c) An Officers' Certificate, dated not more than 30 days prior to the delivery thereof, stating:

(1) In the case of the first such Certificate, the Cost of Additions and Betterments, a computation showing the deductions required by the definitions of Gross Expenditures and Bondable Expenditures in Article I and the amount of Bondable Expenditures for the period beginning January 1, 1944, and ending not more than 90 days prior to the delivery of the Certificate to the Trustee;

(2) In the case of each subsequent Certificate, the Cost of Additions and Betterments, a computation showing the deductions required by the definitions of Gross Expenditures and Bondable Expenditures in Article I and the amount of Bondable Expenditures for the period beginning with the close of the period covered by the last previous Certificate delivered to the Trustee pursuant to this subsection (c) and ending not more than 90 days prior to the delivery of the Certificate to the Trustee, and the balance of the Bondable Expenditures at the be-

ginning and at the close of the period covered by the Certificate;

(3) The amount of expenditures that have theretofore been made from the Additions and Betterments Fund and from the Reserve and Retirement Fund for or on account of Gross Expenditures;

(4) A computation showing the principal amount of Bonds that could be authenticated and delivered on the basis of the Application;

(5) A description of all property constituting Additions and Betterments acquired or constructed during the period covered by the Certificate in such reasonable detail as shall be sufficient to permit identification thereof or a statement of the amounts thereof by primary accounts according to the Uniform System of Accounts;

(6) With respect to any new Equipment described therein, the date or dates upon which each item of such Equipment was acquired by the Railroad Company or upon which construction by the Railroad Company was completed and the Cost of Additions and Betterments for the acquisition or construction thereof;

(7) If any of such Additions and Betterments are located on any leasehold, the date of expiration of the term of such lease and the Cost of the Additions and Betterments which the Railroad Company has the right to remove or to be reimbursed for upon the termination of the lease; and

(8) If any of such Additions and Betterments are subject to any Prior Lien, a computation showing that the inclusion thereof in the Application will not result in a violation of the covenant in respect of Additions and Betterments subject to Prior Liens in Section 13 of Article IX, and a description of any Prior Lien not described in any previous Certificate;

(d) All such deeds, supplemental indentures or instruments of further assurance, if any, as in the Opinion of Counsel furnished pursuant to clause (e) below may be specified as necessary or advisable to subject to the lien of the Mortgage the property included in the Additions and Betterments shown in the Officers' Certificate required by clause (c) above, or, in the case of Additions and Betterments located on leaseholds, to subject such leaseholds to such lien;

(e) An Opinion of Counsel (i) that all property included in the Additions and Betterments shown in the Officers' Certificate required by clause (c) above, except such as is located on leaseholds, is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage or will become subject to such liens upon the delivery and recording or filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, subject to no defect in title and subject to no lien thereon prior or equal to the lien of the Mortgage except the First Mortgage and liens securing Prior Lien Bonds, if any, and Permitted Encumbrances, if any, and (ii) if any such property is located on any leasehold, as shown by the Officers' Certificate, that such leasehold (except the last day of the term thereof) is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage, or will become subject to such liens upon the delivery and recording or filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, and extends for a period of time not less than 10 years beyond the latest maturity date of any Bonds or First Mortgage Bonds outstanding or for the authentication and delivery of which application is being made, or that, under the terms of such leasehold, the Railroad Company has the right to be reimbursed in respect of the expenditures for such property or the right to remove the property upon the termination thereof; provided that

such Opinion of Counsel may recite that it is based upon certificates or opinions of officers or engineers of the Railroad Company as to any factual matters not of public record; and

(f) If it shall appear from the Officers' Certificate required by clause (c) above that any Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, a certificate of an engineer (who shall be appointed by the Board of Directors and satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) establishing the estimated service life of such Equipment, and a supplemental indenture establishing a sinking fund meeting the requirements specified in Section 2 of Article VIII.

For the purposes of this Section 2 and of Section 3 of Article VIII, whenever new Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, it shall be presumed that such Bonds are issued on the basis of such Equipment to the extent of the Cost of Additions and Betterments for the acquisition or construction of new Equipment as stated in the Officers' Certificate then delivered to the Trustee pursuant to the requirements of clause (c) of this Section 2.

SECTION 3. From time to time and in the manner provided in this Section 3, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, upon the deposit by the Railroad Company with the Trustee of a sum in cash equal to the principal amount of the Bonds so to be authenticated and delivered and upon delivery by the Railroad Company to the Trustee of (a) an Application for the authentication of Bonds under this Section 3, stating the principal

amount of Bonds the authentication of which is applied for, (b) the documents specified in Section 8 of this Article III, and (c) an Officers' Certificate dated not more than 30 days prior to the delivery thereof to the Trustee which shall certify that any cash so deposited with the Trustee is not otherwise required to be deposited with the Trustee or is not otherwise required to be used under any provision of the Mortgage or of the First Mortgage.

All cash so deposited (herein sometimes referred to as "escrowed cash") shall be held by the Trustee as part of the mortgaged property and may be withdrawn by the Railroad Company upon its written order, signed by its President or a Vice President, accompanied by an Application therefor and a Certified Resolution authorizing such Application, in an amount equal to the principal amount of each Bond or fraction of a Bond to the authentication and delivery of which the Railroad Company would be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III. Upon applying for any such withdrawal, the Railroad Company shall comply with all applicable provisions of this Article III relating to the authentication and delivery of such Bonds except that the Railroad Company shall not be required to comply with any of the provisions of Section 8 of this Article III other than clause (d) (iv) (with such changes as shall be appropriate to the withdrawal of escrowed cash) and clause (e) of said Section 8. Any withdrawal of escrowed cash under this Section 3 shall be in lieu of the right of the Railroad Company to the authentication and delivery of Bonds to which the Railroad Company would otherwise be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III.

The Railroad Company shall not be entitled to withdraw any escrowed cash pursuant to the provisions of this Section 3 at any time when an Event of Default shall have occurred and be continuing.

Whenever and so long as the amount of escrowed cash at any time held by the Trustee and not withdrawn by the Railroad Company under the provisions of this Section 3 shall exceed $10,000,000, no Bonds shall be issued by the Railroad Company or authenticated by the Trustee under the provisions of this Section 3.

SECTION 4. From time to time and in the manner provided in this Section 4, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding the principal amount of Bonds of any other series or First Mortgage Bonds which shall have been cancelled or surrendered to the Trustee for cancellation, or for the payment or redemption of which moneys in the necessary amount shall have been irrevocably deposited in trust with the Trustee; provided, however, (1) that no Bonds shall be authenticated and delivered under this Section 4 on the basis of Bonds of any other series or First Mortgage Bonds theretofore Bonded, or theretofore acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage, and (2) that in case of the redemption of Bonds of any other series or First Mortgage Bonds all action and notice required for such redemption shall have been taken and given, or provision made therefor satisfactory to the Trustee.

Bonds shall be authenticated and delivered under this Section 4 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds

under this Section 4, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 8 of this Article III;

(c) An Officers' Certificate dated not more than 30 days prior to the delivery thereof which shall (i) describe and state the amount of Bonds or First Mortgage Bonds the cancellation or surrender for cancellation or the payment or redemption of which forms the basis of the Application; (ii) state that said Bonds or First Mortgage Bonds have not theretofore been Bonded and have not theretofore been acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage; and (iii) certify that any moneys deposited in trust as required by paragraph (d) of this Section 4 are not otherwise required to be deposited with the Trustee or are not otherwise required to be used under any provision of the Mortgage or of the First Mortgage; and

(d) Either (i) said Bonds of such prior series or First Mortgage Bonds, cancelled or for cancellation, which form the basis of the Application, together with all unmatured coupons and all unpaid matured coupons appertaining thereto, if any, funds for the payment of which have not been provided, or (ii) moneys in trust in the necessary amount for the payment or redemption thereof, and (iii) in case of such redemption, evidence that due notice of redemption has been given or has been provided for, to the satisfaction of the Trustee.

So long as the First Mortgage shall remain a lien on the mortgaged property, the requirements of this Section 4 with respect to the delivery of First Mortgage Bonds or moneys for the payment or redemption thereof to the Trustee shall be deemed to be satisfied by the delivery thereof to the trustee under the First Mortgage subject to the terms there-

(a) may vote or give consents in respect of any Securities deposited and pledged hereunder and authorize such Securities to be voted and such consents to be given and may take such other action as to the Trustee, in its discretion, shall seem advisable to protect the interests of the Trustee and of the Bondholders in respect of any Securities subject to the lien hereof; and

(b) may in respect of any such Securities join in or become party to any plan of reorganization or readjustment (whether voluntary or involuntary) of the corporation issuing such Securities and deposit such Securities under such plan, and may make any exchange, substitution, cancellation or surrender of Securities required by any such plan and take such action with respect to Securities subject to the lien hereof as may be required by such plan for the accomplishment thereof. All new Securities issued under any such plan in exchange for Securities previously deposited and pledged hereunder shall be deposited with the Trustee and held by it under and for the purposes expressed in the Mortgage.

SECTION 4. In case at any time

(a) default shall be made in the payment of the principal of or interest on any Debt Security deposited and pledged hereunder, or

(b) default shall be made in any of the covenants, terms or conditions contained in any such Debt Security or the mortgage or other instrument securing the same or pursuant to which the same shall have been issued, or

(c) the right shall arise to enforce, by foreclosure or otherwise, any such mortgage or other instrument,

then, and in any such case, upon the written request of the Railroad Company, accompanied by a Certified Resolution

hereunder below 90% of the total outstanding shares of such class; (vi) that the Securities, if any, to be issued in substitution will not be junior to the Securities to be retired; and (vii) that no Event of Default has occurred and is continuing.

(B) An Opinion of Counsel that such renewal, extension or substitution is in accordance with the provisions of the Mortgage and that any Securities so to be renewed or extended will, upon such renewal or extension, and any new Securities to be issued will, upon the issue and delivery thereof to the Railroad Company, be validly issued and outstanding and what they purport to be and validly owned by the Railroad Company; that whatever consent, authorization or approval on the part of any governmental authority is requisite for such ownership and pledge has been obtained; that all shares of Stock, if any, included in such Securities are fully paid and nonassessable; and that upon the deposit and pledge of said Securities hereunder the Mortgage will constitute a valid, enforceable and direct lien thereon, free and clear of liens prior thereto.

Upon receipt of the instruments specified in clauses (A) and (B), and a Certified Resolution requesting any such extension, renewal or substitution, the Trustee shall permit the same and take any other action necessary to effect any such extension, renewal or substitution.

SECTION 6. The Trustee may sell, assign, transfer and deliver so many shares of the Stock of any corporation whose Stock is deposited and pledged under the Mortgage as may be necessary to qualify persons to act as directors of, or in any other official relation to, such corporation. In every such case the Railroad Company shall make such arrangements with the Trustee as shall be deemed necessary by the Trustee for the protection of the trusts hereunder.

SECTION 7. In case a corporation any of the Securities of which shall be deposited and pledged under the Mortgage shall be consolidated with or merged into, or shall convey all or substantially all of its properties to, the Railroad Company, the Securities of such corporation that are deposited and pledged under the Mortgage shall be surrendered to the consolidated corporation or to the Railroad Company, as the case may be, but only if, as evidenced by an Opinion of Counsel furnished to the Trustee, (a) by virtue of such consolidation or merger and the application of the provisions of Article XII the lien of the Mortgage has extended to the property of such corporation the Securities of which are so surrendered, and (b) in the case of any Debt Securities so surrendered which are secured by a lien on the property of such corporation, the lien of the Mortgage resulting from such consolidation or merger is substantially equivalent to the lien securing such Debt Securities.

SECTION 8. In case at any time

(a) any corporation, the Securities of which shall be deposited and pledged hereunder, shall be dissolved or liquidated, or

(b) all or any of the property of any such corporation shall be sold at any judicial sale, or

(c) any of the property covered by any mortgage securing any Debt Security deposited and pledged under the Mortgage shall be sold in foreclosure proceedings or other proceedings for the enforcement of such mortgage or the Debt Security thereby secured,

then, and in any such case, if the property of such dissolved or liquidating corporation or the property sold can be acquired by crediting on the Securities so pledged under the Mortgage any sum accruing or to be received thereon out of

the proceeds of such property, and by paying not more than 10% of the price of such property in cash (or more than 10% if the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds shall so request), the Trustee in its discretion may, and if requested in writing by the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds and upon being provided with the amount of cash necessary therefor (whether such amount be more or less than 10% of the price of such property) and security or indemnity satisfactory to it against any expense or liability on its part, shall, purchase or cause to be purchased such property, either in the name or on behalf of the Trustee or of the Railroad Company or of purchasing trustees, as the Trustee may determine, and the Trustee shall use, or permit the Railroad Company to use, such Securities so far as may be permissible to make payment for such property. In the event of any such purchase, the Trustee shall take such steps as it may deem proper to cause such property either to be vested in the Railroad Company and subjected to the direct lien of the Mortgage or in some other corporation with power to acquire and operate such property. The Railroad Company covenants that, if such property is vested in some other corporation with power to acquire and operate such property, all Securities of such other corporation acquired directly or indirectly through such use of the pledged Securities will be deposited and pledged under the Mortgage.

SECTION 9. The Railroad Company covenants that, except as permitted by paragraph (b) of Section 3 of this Article X, no Railroad Subsidiary will increase the amount of its outstanding shares of Stock of any class unless after such increase the percentage of shares outstanding necessary to meet the requirements of a Railroad Subsidiary shall be pledged and deposited with the trustee under the First Mort-

gage or with the Trustee hereunder. In the event that the outstanding amount of any class of Stock of any Railroad Subsidiary shall be reduced, the Trustee, upon the written request of the Railroad Company, shall surrender for cancellation the certificates evidencing such part of the shares of such class of Stock then pledged and deposited hereunder as shall be proportionate to the amount of such reduction.

SECTION 10. The Railroad Company covenants and agrees that no Railroad Subsidiary will create or increase the amount of its debts secured by lien equal or prior in rank to the lien of any bonds of such Railroad Subsidiary pledged under the Mortgage, unless the Debt Securities for the debt so created or the increase thereof are also pledged with the Trustee hereunder or with the trustee under the First Mortgage.

SECTION 11. The Railroad Company covenants that no Railroad Subsidiary will make any sale, exchange or other disposition of its property contrary to the provisions of Part B of Section 1 of Article XI and that, except as otherwise expressly provided in the Mortgage, no Railroad Subsidiary will at any time sell, exchange or otherwise dispose of its property, real or personal, or any part thereof, except for adequate consideration and unless the Railroad Company shall first file with the Trustee the following:

(a) An Officers' Certificate dated not more than 30 days prior to the delivery thereof, stating

(1) that such Railroad Subsidiary desires to sell or exchange property, briefly described, or has contracted so to do, for a consideration described in the Certificate (which consideration may be cash or property or both), and that such consideration represents, in the opinion of the signers of the Certificate, an adequate

consideration to such Railroad Subsidiary for the property to be sold or exchanged;

(2) a brief description of the property, if any, to be received as consideration in whole or in part, and stating that such property consists of railroad lines, bridges or terminals, or other property appurtenant to or useful to the railroad lines, bridges or terminals, owned and operated by such Railroad Subsidiary; and

(3) that the property to be sold or exchanged is no longer necessary or advantageous in the business of such Railroad Subsidiary, and either (i) that the substantial integrity and efficiency of the lines of railroad, bridges and terminals of such Railroad Subsidiary will not be impaired by such sale or exchange, or (ii) that the sale or exchange is made in compliance with the provisions of Part B of Section 1 of Article XI.

(b) An Opinion of Counsel (in case the Certificate states that the consideration to the Railroad Subsidiary consists of property in whole or in part) that such property to be received by the Railroad Subsidiary is free and clear of liens other than Permitted Encumbrances.

Sales, exchanges and other dispositions of its property may be made by any Railroad Subsidiary in any calendar year without the filing of the instruments provided for in this Section 11, unless and until the value of the property disposed of by such Railroad Subsidiary in that year has exceeded or will exceed $25,000.

The Railroad Company covenants and agrees that within 15 days after the sale or disposition of any property by a Railroad Subsidiary as to which the instruments provided by this Section 11 shall be required, the Railroad Company will deposit or cause to be deposited with the Trustee an amount equal to the amount of any cash received by such Railroad Subsidiary for the property so sold, unless such Railroad Subsidiary has deposited such amount with the trustee under

of such estimated service life, whichever is the lesser. If such Equipment or any part thereof shall have been in use by the Railroad Company for a period of more than 90 days at the time of an Application for the authentication and delivery of Bonds, the Gross Expenditures for such Equipment and the principal amount of Bonds to which the Railroad Company would be entitled on account thereof shall be proportionately reduced by the period of such use by the Railroad Company; and the amount of money to be deposited with the Trustee on each January 1 and July 1 above specified shall be increased by such an amount as to make said semi-annual deposits equal in the aggregate, over a period of 15 years or a period equal to the estimated service life of such Equipment, whichever is the shorter period, diminished by the period of such use by the Railroad Company, the principal amount of Bonds which the Railroad Company may be entitled to receive.

For the purpose of this Section 2, the estimated service life of any Equipment shall be that established by the certificate of an engineer (who shall be appointed by the Board of Directors and be satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) delivered to the Trustee pursuant to the provisions of clause (f) of Section 2 of Article III when the acquisition of such Equipment is made the basis for the authentication and delivery of Bonds.

Any moneys deposited with the Trustee as and for an Equipment Sinking Fund shall be applied by the Trustee to the retirement of Bonds in accordance with the provisions of the supplemental indenture creating such Equipment Sinking Fund.

SECTION 3. Whenever the acquisition of Equipment is made the basis for the withdrawal, payment or application of any cash held by the Trustee under any provision of the

Mortgage, the Railroad Company covenants to pay to the Trustee on each January 1 and July 1 thereafter an amount of money equal to the quotient obtained by dividing the amount of cash so withdrawn, paid or applied by 30 or by twice the number of years of service life of such Equipment, whichever is the lesser. If such Equipment or any part thereof shall have been in use for a period of more than 90 days at the time of application for such withdrawal, payment or application, the Gross Expenditures for such Equipment, and the amount of cash that may be withdrawn, paid or applied, shall be reduced in the same manner and to the same extent as provided in the first paragraph of Section 2 of this Article VIII.

For the purpose of this Section 3, the estimated service life of any Equipment shall be established by the certificate of an engineer (who shall be appointed by the Board of Directors and approved by the Trustee and who may be an officer or employee of the Railroad Company) delivered to the Trustee with an Application for the withdrawal, payment or application of cash upon the basis of the acquisition of such Equipment.

Such moneys shall be held and applied by the Trustee as in the case of money deposited upon the release of mortgaged property in the manner provided in Section 7 of Article XI.

SECTION 4. As and for a Contingent Sinking Fund for the retirement of Bonds, the Railroad Company covenants that prior to or concurrently with the declaration of any dividend on its common stock it will deposit with the Trustee an amount equal to 50% of such dividend.

Moneys which are deposited with the Trustee as and for the Contingent Sinking Fund shall be applied by the Trustee,

West, in New England, North Dakota, and having a length of approximately 133.96

ITEM (83). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point in the Northeast Quarter of Section 27, Township 8 North, Range 15 East, in Harlowton, Montana, and extending in a general northeasterly and northwesterly direction through Lewistown, Montana, to a point in the South Half of Section 18, Township 26 North, Range 4 West, in Agawam, Montana, and having a length of approximately 235.81

ITEM (84). Beginning at a connection with the line described in ITEM (83) of this *Group B* at Lewistown Junction, Montana, and extending in a general easterly direction to a point in the Northeast Quarter of Section 6, Township 14 North, Range 27 East, in Winnett, Montana, and having a length of approximately..... 58.96

ITEM (85). Beginning at a connection with the line described in ITEM (83) of this *Group B* at Roy-Winifred Junction, Montana, near Lewistown, Montana, and extending in a general northeasterly direction to a point in the Southwest Quarter of Section 8, Township 18 North, Range 22 East, in Roy, Montana, and having a length of approximately 42.49

ITEM (86). Beginning at a connection with the line described in ITEM (85) of this *Group* B at Roy Junction, Montana, and extending in a general northerly direction to a point in the Southeast Quarter of Section 23, Township 21 North, Range 18 East, in Winifred, Montana, and having a length of approximately..... 23.09

ITEM (87). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point in the Southeast Quarter of Section 14, Township 6 North, Range 7 East, in Ringling Mon-

tana, and extending in a general northerly direction to a connection with the White Sulphur Springs and Yellowstone Park Railway Company's line in the Northwest Quarter of Section 6, Township 6 North, Range 8 East, near Dorsey, Montana, and having a length of approximately 3.62

ITEM (88). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point in the Northwest Quarter of Section 25, Township 2 North, Range 1 East, in Three Forks, Montana, and extending in a general southeasterly and northeasterly direction through Bozeman, Montana, to a point near Main Street in Menard, Montana, and having a length of approximately 62.73

ITEM (89). Begnining at a connection with the line described in ITEM (88) of this *Group B* at Belgrade Junction, Montana, and extending in a general northeasterly direction to Broadway Street in Belgrade, Montana, and having a length of approximately..... 5.22

ITEM (90). Beginning at a connection with the line described in ITEM (88) of this *Group B* at a point in the Southwest Quarter of Section 13, Township 2 South, Range 4 East, in Bozeman Hot Springs, Montana, and extending in a general southerly direction to a point in the Northwest Quarter of Section 11, Township 3 South, Range 4 East, in Gallatin Gateway, Montana, and having a length of approximately..... 4.99

ITEM (91). Beginning at a connection with the line described in ITEM (1) of *Group A* at Bonner Junction, Montana, and extending in a general northeasterly direction to a point in the Northwest Quarter of Section 29, Township 15 North, Range 13 West, in Cottonwood, Montana, and having a length of approximately 40.04

ITEM (92). Beginning at a connection with the line described in ITEM (1) of *Group A* near First Avenue in St. Maries, Idaho, and extending in a general southeasterly direction to a point in the

Northeast Quarter of Section 24, Township 41 North, Range 1 West, in Purdue, Idaho; also beginning at a point in the Northeast Quarter of Section 36, Township 41 North, Range 1 West, in Bovill, Idaho, and extending in a general southeasterly direction to a point in the Northwest Quarter of Section 26, Township 40 North Range 2 East, in Elk River, Idaho, the lines described in this ITEM (92) having a total length of approximately 69.93

ITEM (93). Beginning at a point in the Northeast Quarter of Section 19, Township 25 North, Range 4 East, in Dishman, Washington, and extending in a general northeasterly direction through McGuires, Idaho, to a point in the Northeast Quarter of Section 4, Township 50 North, Range 5 West; also beginning at a point in the Southeast Quarter of Section 6, Township 50 North, Range 4 West, and extending in a general northeasterly direction to a point in the Northeast Quarter of Section 9, Township 50 North, Range 4 West, near Atlas, Idaho; also beginning at a point near the south line of Section 11, Township 50 North, Range 4 West, near Gibbs, Idaho, and extending in a general northeasterly direction to a point near Third Street in Coeur d'Alene, Idaho, the lines described in this ITEM (93) having a total length of approximately 19.44

ITEM (94). Beginning at a connection with the line described in ITEM (93) of this *Group B* at a point in the Northwest Quarter of Section 4, Township 50 North, Range 5 West, in McGuires, Idaho, and extending in a general northwesterly and northerly direction to a point near Fifth Avenue in Metaline Falls, Washington, and having a length of approximately 105.24

ITEM (95). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point near Ash Street in Warden, Washington, and extending in a general northeasterly direction

ARTICLE III

Issuance of Bonds

Section 1. Upon the execution and delivery of the Mortgage, and whether before or after the recording of the Mortgage, Bonds of Series A in the aggregate principal amount of Fifty-seven Million Two Hundred Fifty-six Thousand Six Hundred Dollars ($57,256,600), and Bonds of Series B in the aggregate principal amount of Fifty-one Million Four Hundred Twenty-two Thousand One Hundred Dollars ($51,422,100), may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, without any further action on the part of the Railroad Company.

No Bonds other than those authenticated and delivered pursuant to this Section 1 shall be authenticated or delivered by the Trustee pursuant to the provisions of this Article III at any time when an Event of Default shall have occurred and be continuing or when there are unpaid accumulations of accrued interest on the Outstanding Bonds of any series.

Section 2. From time to time and in the manner provided in this Section 2, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding 75% of the Bondable Expenditures during a period beginning January 1, 1944, and ending not more than 90 days prior to the date of the Application for the authentication of such Bonds, provided, however, that no Bonds shall be authenticated and delivered on the basis

of Bondable Expenditures which have theretofore been Bonded, or in a principal amount which, when added to the amount of expenditures from the Additions and Betterments Fund and the Reserve and Retirement Fund for or on account of the Gross Expenditures during such period, would exceed the Bondable Expenditures during such period, all as shown by the Officers' Certificate relating to the authentication and delivery of such Bonds.

Bonds shall be authenticated and delivered under this Section 2 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 2, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 8 of this Article III;

(c) An Officers' Certificate, dated not more than 30 days prior to the delivery thereof, stating:

(1) In the case of the first such Certificate, the Cost of Additions and Betterments, a computation showing the deductions required by the definitions of Gross Expenditures and Bondable Expenditures in Article I and the amount of Bondable Expenditures for the period beginning January 1, 1944, and ending not more than 90 days prior to the delivery of the Certificate to the Trustee;

(2) In the case of each subsequent Certificate, the Cost of Additions and Betterments, a computation showing the deductions required by the definitions of Gross Expenditures and Bondable Expenditures in Article I and the amount of Bondable Expenditures for the period beginning with the close of the period covered by the last previous Certificate delivered to the Trustee pursuant to this subsection (c) and ending not more than 90 days prior to the delivery of the Certificate to the Trustee, and the balance of the Bondable Expenditures at the be-

ginning and at the close of the period covered by the Certificate;

(3) The amount of expenditures that have theretofore been made from the Additions and Betterments Fund and from the Reserve and Retirement Fund for or on account of Gross Expenditures;

(4) A computation showing the principal amount of Bonds that could be authenticated and delivered on the basis of the Application;

(5) A description of all property constituting Additions and Betterments acquired or constructed during the period covered by the Certificate in such reasonable detail as shall be sufficient to permit identification thereof or a statement of the amounts thereof by primary accounts according to the Uniform System of Accounts;

(6) With respect to any new Equipment described therein, the date or dates upon which each item of such Equipment was acquired by the Railroad Company or upon which construction by the Railroad Company was completed and the Cost of Additions and Betterments for the acquisition or construction thereof;

(7) If any of such Additions and Betterments are located on any leasehold, the date of expiration of the term of such lease and the Cost of the Additions and Betterments which the Railroad Company has the right to remove or to be reimbursed for upon the termination of the lease; and

(8) If any of such Additions and Betterments are subject to any Prior Lien, a computation showing that the inclusion thereof in the Application will not result in a violation of the covenant in respect of Additions and Betterments subject to Prior Liens in Section 13 of Article IX, and a description of any Prior Lien not described in any previous Certificate;

(d) All such deeds, supplemental indentures or instruments of further assurance, if any, as in the Opinion of Counsel furnished pursuant to clause (e) below may be specified as necessary or advisable to subject to the lien of the Mortgage the property included in the Additions and Betterments shown in the Officers' Certificate required by clause (c) above, or, in the case of Additions and Betterments located on leaseholds, to subject such leaseholds to such lien;

(e) An Opinion of Counsel (i) that all property included in the Additions and Betterments shown in the Officers' Certificate required by clause (c) above, except such as is located on leaseholds, is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage or will become subject to such liens upon the delivery and recording or filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, subject to no defect in title and subject to no lien thereon prior or equal to the lien of the Mortgage except the First Mortgage and liens securing Prior Lien Bonds, if any, and Permitted Encumbrances, if any, and (ii) if any such property is located on any leasehold, as shown by the Officers' Certificate, that such leasehold (except the last day of the term thereof) is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage, or will become subject to such liens upon the delivery and recording or filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, and extends for a period of time not less than 10 years beyond the latest maturity date of any Bonds or First Mortgage Bonds outstanding or for the authentication and delivery of which application is being made, or that, under the terms of such leasehold, the Railroad Company has the right to be reimbursed in respect of the expenditures for such property or the right to remove the property upon the termination thereof; provided that

such Opinion of Counsel may recite that it is based upon certificates or opinions of officers or engineers of the Railroad Company as to any factual matters not of public record; and

(f) If it shall appear from the Officers' Certificate required by clause (c) above that any Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, a certificate of an engineer (who shall be appointed by the Board of Directors and satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) establishing the estimated service life of such Equipment, and a supplemental indenture establishing a sinking fund meeting the requirements specified in Section 2 of Article VIII.

For the purposes of this Section 2 and of Section 3 of Article VIII, whenever new Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, it shall be presumed that such Bonds are issued on the basis of such Equipment to the extent of the Cost of Additions and Betterments for the acquisition or construction of new Equipment as stated in the Officers' Certificate then delivered to the Trustee pursuant to the requirements of clause (c) of this Section 2.

SECTION 3. From time to time and in the manner provided in this Section 3, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, upon the deposit by the Railroad Company with the Trustee of a sum in cash equal to the principal amount of the Bonds so to be authenticated and delivered and upon delivery by the Railroad Company to the Trustee of (a) an Application for the authentication of Bonds under this Section 3, stating the principal

amount of Bonds the authentication of which is applied for, (b) the documents specified in Section 8 of this Article III, and (c) an Officers' Certificate dated not more than 30 days prior to the delivery thereof to the Trustee which shall certify that any cash so deposited with the Trustee is not otherwise required to be deposited with the Trustee or is not otherwise required to be used under any provision of the Mortgage or of the First Mortgage.

All cash so deposited (herein sometimes referred to as "escrowed cash") shall be held by the Trustee as part of the mortgaged property and may be withdrawn by the Railroad Company upon its written order, signed by its President or a Vice President, accompanied by an Application therefor and a Certified Resolution authorizing such Application, in an amount equal to the principal amount of each Bond or fraction of a Bond to the authentication and delivery of which the Railroad Company would be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III. Upon applying for any such withdrawal, the Railroad Company shall comply with all applicable provisions of this Article III relating to the authentication and delivery of such Bonds except that the Railroad Company shall not be required to comply with any of the provisions of Section 8 of this Article III other than clause (d) (iv) (with such changes as shall be appropriate to the withdrawal of escrowed cash) and clause (e) of said Section 8. Any withdrawal of escrowed cash under this Section 3 shall be in lieu of the right of the Railroad Company to the authentication and delivery of Bonds to which the Railroad Company would otherwise be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III.

The Railroad Company shall not be entitled to withdraw any escrowed cash pursuant to the provisions of this Section 3 at any time when an Event of Default shall have occurred and be continuing.

Whenever and so long as the amount of escrowed cash at any time held by the Trustee and not withdrawn by the Railroad Company under the provisions of this Section 3 shall exceed $10,000,000, no Bonds shall be issued by the Railroad Company or authenticated by the Trustee under the provisions of this Section 3.

SECTION 4. From time to time and in the manner provided in this Section 4, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding the principal amount of Bonds of any other series or First Mortgage Bonds which shall have been cancelled or surrendered to the Trustee for cancellation, or for the payment or redemption of which moneys in the necessary amount shall have been irrevocably deposited in trust with the Trustee; provided, however, (1) that no Bonds shall be authenticated and delivered under this Section 4 on the basis of Bonds of any other series or First Mortgage Bonds theretofore Bonded, or theretofore acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage, and (2) that in case of the redemption of Bonds of any other series or First Mortgage Bonds all action and notice required for such redemption shall have been taken and given, or provision made therefor satisfactory to the Trustee.

Bonds shall be authenticated and delivered under this Section 4 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds

the Mortgage, receipt whereof is hereby acknowledged, and pursuant to the order of the Court in the aforesaid reorganization proceedings dated November 26, 1945, the Railroad Company has granted, bargained, sold, conveyed, released, confirmed, mortgaged, pledged, assigned, transferred and set over, and by these presents does grant, bargain, sell, convey, release, confirm, mortgage, pledge, assign, transfer and set over, unto the Trustee, and to its successors in the trust, and its and their assigns forever, subject to the terms of the Mortgage, all and singular the following described property, rights, privileges and franchises of the Railroad Company:

FIRST: All of the Railroad Company's right, title and interest in and to all and singular the lines of railroad now owned or operated by the Railroad Company, including specifically but not exclusively the following:

Group A: Main lines, first main track:

	Miles
ITEM (1). Beginning near Western Avenue in the City of Chicago, Illinois, and extending in a general northerly, northwesterly and westerly direction through the stations of Milwaukee, Portage and LaCrosse in the State of Wisconsin, River Junction, St. Paul and Minneapolis in the State of Minnesota, Mobridge in the State of South Dakota, Marmarth in the State of North Dakota, Miles City and Butte in the State of Montana, Plummer Junction in the State of Idaho, and Marengo, Beverly, Ellensburg and Cle Elum in the State of Washington, to a connection with the line of railway of Pacific Coast Railroad Company at the station of Maple Valley, Washington, and having a length of approximately	2,147.00

Southwest Quarter of Section 21, Township 3 North, Range 22 East, in Sturtevant, Wisconsin, and extending in a general southwesterly direction through Bardwell and Beloit in the State of Wisconsin and Rockton in the State of Illinois to a connection with the line described in ITEM (3) of this *Group A* in the Southeast Quarter of Section 27, Township 25 North, Range 6 East, in Kittredge, Illinois, and having a length of approximately 112.88

ITEM (12). Beginning at Steward Junction, Illinois, and extending in a general southerly direction to Seatonville Junction, Illinois, except for the line described in item (14) of granting clause SEVENTH at Mendota, Illinois, and except for the line described in item (17) of granting clause SEVENTH at Ladd, Illinois, the line described in this ITEM (12) having a length of approximately 36.61

ITEM (13). Beginning at Harper Avenue in Granville, Illinois, and extending in a general northeasterly direction to Church Avenue in Oglesby, Illinois, and having a length of approximately 10.51

ITEM (14). Beginning at a connection with the line described in ITEM (1) of this *Group A* at Grand Avenue Junction in the City of Milwaukee, Wisconsin, and extending in a general northwesterly direction through North Milwaukee and Horicon in the State of Wisconsin to a connection with the line described in ITEM (1) of this *Group A* at Superior Street in Portage, Wisconsin, and having a length of approximately 94.05

ITEM (15). Beginning at a connection with the line described in ITEM (14) of this *Group A* near Hampton Avenue in North Milwaukee, Wisconsin, and extending in a general northerly direction to a point in the Northwest Quarter of Section 32, Township 48 North, Range 29

West, in Champion, Michigan, and having a length of approximately 253.25

ITEM (16). Beginning near South 22nd Street in Muskego Yard in the City of Milwaukee, Wisconsin, and extending in a general westerly direction to a connection with the line described in ITEM (1) of this *Group A* near the Milwaukee and Watertown Plank Road in Elm Grove, Wisconsin, and having a length of approximately 7.45

ITEM (17). Beginning at a connection with the line described in ITEM (1) of this *Group A* near Monroe Street in New Lisbon, Wisconsin, and extending in a general northerly direction through Babcock, Wisconsin, to a point in the Southwest Quarter of Section 1, Township 39 North, Range 6 East, in Woodruff, Wisconsin, and having a length of approximately 166.46

ITEM (18). Beginning at a connection with the line described in ITEM (3) of this *Group A* in the Southeast Quarter of Section 9, Township 24 North, Range 5 East, in Ashdale, Illinois, and extending in a general southwesterly direction through Ebner, Illinois, to a point near 10th Street in East Moline, Illinois, and having a length of approximately 50.32

ITEM (19). Beginning near College Avenue in Davenport, Iowa, and extending in a general southwesterly direction to a point near Schmidt Road in West Davenport, Iowa, and having a length of approximately 1.69

ITEM (20). Beginning at a connection with the line described in ITEM (3) of this *Group A* at Green Island, Iowa, and extending in a general northerly direction through Dubuque and Marquette in the State of Iowa and La Crescent in the State of Minnesota, to a connection with the line described in ITEM (1) of this *Group A* at Bridge Switch, Minnesota, and having a length of approximately 148.27

West, in New England, North Dakota, and having a length of approximately 133.96

ITEM (83). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point in the Northeast Quarter of Section 27, Township 8 North, Range 15 East, in Harlowton, Montana, and extending in a general northeasterly and northwesterly direction through Lewistown, Montana, to a point in the South Half of Section 18, Township 26 North, Range 4 West, in Agawam, Montana, and having a length of approximately 235.81

ITEM (84). Beginning at a connection with the line described in ITEM (83) of this *Group B* at Lewistown Junction, Montana, and extending in a general easterly direction to a point in the Northeast Quarter of Section 6, Township 14 North, Range 27 East, in Winnett, Montana, and having a length of approximately..... 58.96

ITEM (85). Beginning at a connection with the line described in ITEM (83) of this *Group B* at Roy-Winifred Junction, Montana, near Lewistown, Montana, and extending in a general northeasterly direction to a point in the Southwest Quarter of Section 8, Township 18 North, Range 22 East, in Roy, Montana, and having a length of approximately 42.49

ITEM (86). Beginning at a connection with the line described in ITEM (85) of this *Group* B at Roy Junction, Montana, and extending in a general northerly direction to a point in the Southeast Quarter of Section 23, Township 21 North, Range 18 East, in Winifred, Montana, and having a length of approximately..... 23.09

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tana, and extending in a general northerly direction to a connection with the White Sulphur Springs and Yellowstone Park Railway Company's line in the Northwest Quarter of Section 6, Township 6 North, Range 8 East, near Dorsey, Montana, and having a length of approximately 3.62

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ITEM (89). Begnining at a connection with the line described in ITEM (88) of this *Group B* at Belgrade Junction, Montana, and extending in a general northeasterly direction to Broadway Street in Belgrade, Montana, and having a length of approximately..... 5.22

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ITEM (91). Beginning at a connection with the line described in ITEM (1) of *Group A* at Bonner Junction, Montana, and extending in a general northeasterly direction to a point in the Northwest Quarter of Section 29, Township 15 North, Range 13 West, in Cottonwood, Montana, and having a length of approximately 40.04

ITEM (92). Beginning at a connection with the line described in ITEM (1) of *Group A* near First Avenue in St. Maries, Idaho, and extending in a general southeasterly direction to a point in the

Northeast Quarter of Section 24, Township 41 North, Range 1 West, in Purdue, Idaho; also beginning at a point in the Northeast Quarter of Section 36, Township 41 North, Range 1 West, in Bovill, Idaho, and extending in a general southeasterly direction to a point in the Northwest Quarter of Section 26, Township 40 North Range 2 East, in Elk River, Idaho, the lines described in this ITEM (92) having a total length of approximately 69.93

ITEM (93). Beginning at a point in the Northeast Quarter of Section 19, Township 25 North, Range 4 East, in Dishman, Washington, and extending in a general northeasterly direction through McGuires, Idaho, to a point in the Northeast Quarter of Section 4, Township 50 North, Range 5 West; also beginning at a point in the Southeast Quarter of Section 6, Township 50 North, Range 4 West, and extending in a general northeasterly direction to a point in the Northeast Quarter of Section 9, Township 50 North, Range 4 West, near Atlas, Idaho; also beginning at a point near the south line of Section 11, Township 50 North, Range 4 West, near Gibbs, Idaho, and extending in a general northeasterly direction to a point near Third Street in Coeur d'Alene, Idaho, the lines described in this ITEM (93) having a total length of approximately 19.44

ITEM (94). Beginning at a connection with the line described in ITEM (93) of this *Group B* at a point in the Northwest Quarter of Section 4, Township 50 North, Range 5 West, in McGuires, Idaho, and extending in a general northwesterly and northerly direction to a point near Fifth Avenue in Metaline Falls, Washington, and having a length of approximately 105.24

ITEM (95). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point near Ash Street in Warden, Washington, and extending in a general northeasterly direction

ARTICLE III

Issuance of Bonds

Section 1. Upon the execution and delivery of the Mortgage, and whether before or after the recording of the Mortgage, Bonds of Series A in the aggregate principal amount of Fifty-seven Million Two Hundred Fifty-six Thousand Six Hundred Dollars ($57,256,600), and Bonds of Series B in the aggregate principal amount of Fifty-one Million Four Hundred Twenty-two Thousand One Hundred Dollars ($51,422,100), may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, without any further action on the part of the Railroad Company.

No Bonds other than those authenticated and delivered pursuant to this Section 1 shall be authenticated or delivered by the Trustee pursuant to the provisions of this Article III at any time when an Event of Default shall have occurred and be continuing or when there are unpaid accumulations of accrued interest on the Outstanding Bonds of any series.

Section 2. From time to time and in the manner provided in this Section 2, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding 75% of the Bondable Expenditures during a period beginning January 1, 1944, and ending not more than 90 days prior to the date of the Application for the authentication of such Bonds, provided, however, that no Bonds shall be authenticated and delivered on the basis

of Bondable Expenditures which have theretofore been Bonded, or in a principal amount which, when added to the amount of expenditures from the Additions and Betterments Fund and the Reserve and Retirement Fund for or on account of the Gross Expenditures during such period, would exceed the Bondable Expenditures during such period, all as shown by the Officers' Certificate relating to the authentication and delivery of such Bonds.

Bonds shall be authenticated and delivered under this Section 2 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 2, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 8 of this Article III;

(c) An Officers' Certificate, dated not more than 30 days prior to the delivery thereof, stating:

(1) In the case of the first such Certificate, the Cost of Additions and Betterments, a computation showing the deductions required by the definitions of Gross Expenditures and Bondable Expenditures in Article I and the amount of Bondable Expenditures for the period beginning January 1, 1944, and ending not more than 90 days prior to the delivery of the Certificate to the Trustee;

(2) In the case of each subsequent Certificate, the Cost of Additions and Betterments, a computation showing the deductions required by the definitions of Gross Expenditures and Bondable Expenditures in Article I and the amount of Bondable Expenditures for the period beginning with the close of the period covered by the last previous Certificate delivered to the Trustee pursuant to this subsection (c) and ending not more than 90 days prior to the delivery of the Certificate to the Trustee, and the balance of the Bondable Expenditures at the be-

ginning and at the close of the period covered by the Certificate;

(3) The amount of expenditures that have theretofore been made from the Additions and Betterments Fund and from the Reserve and Retirement Fund for or on account of Gross Expenditures;

(4) A computation showing the principal amount of Bonds that could be authenticated and delivered on the basis of the Application;

(5) A description of all property constituting Additions and Betterments acquired or constructed during the period covered by the Certificate in such reasonable detail as shall be sufficient to permit identification thereof or a statement of the amounts thereof by primary accounts according to the Uniform System of Accounts;

(6) With respect to any new Equipment described therein, the date or dates upon which each item of such Equipment was acquired by the Railroad Company or upon which construction by the Railroad Company was completed and the Cost of Additions and Betterments for the acquisition or construction thereof;

(7) If any of such Additions and Betterments are located on any leasehold, the date of expiration of the term of such lease and the Cost of the Additions and Betterments which the Railroad Company has the right to remove or to be reimbursed for upon the termination of the lease; and

(8) If any of such Additions and Betterments are subject to any Prior Lien, a computation showing that the inclusion thereof in the Application will not result in a violation of the covenant in respect of Additions and Betterments subject to Prior Liens in Section 13 of Article IX, and a description of any Prior Lien not described in any previous Certificate;

(d) All such deeds, supplemental indentures or instruments of further assurance, if any, as in the Opinion of Counsel furnished pursuant to clause (e) below may be specified as necessary or advisable to subject to the lien of the Mortgage the property included in the Additions and Betterments shown in the Officers' Certificate required by clause (c) above, or, in the case of Additions and Betterments located on leaseholds, to subject such leaseholds to such lien;

(e) An Opinion of Counsel (i) that all property included in the Additions and Betterments shown in the Officers' Certificate required by clause (c) above, except such as is located on leaseholds, is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage or will become subject to such liens upon the delivery and recording or filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, subject to no defect in title and subject to no lien thereon prior or equal to the lien of the Mortgage except the First Mortgage and liens securing Prior Lien Bonds, if any, and Permitted Encumbrances, if any, and (ii) if any such property is located on any leasehold, as shown by the Officers' Certificate, that such leasehold (except the last day of the term thereof) is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage, or will become subject to such liens upon the delivery and recording or filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, and extends for a period of time not less than 10 years beyond the latest maturity date of any Bonds or First Mortgage Bonds outstanding or for the authentication and delivery of which application is being made, or that, under the terms of such leasehold, the Railroad Company has the right to be reimbursed in respect of the expenditures for such property or the right to remove the property upon the termination thereof; provided that

such Opinion of Counsel may recite that it is based upon certificates or opinions of officers or engineers of the Railroad Company as to any factual matters not of public record; and

(f) If it shall appear from the Officers' Certificate required by clause (c) above that any Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, a certificate of an engineer (who shall be appointed by the Board of Directors and satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) establishing the estimated service life of such Equipment, and a supplemental indenture establishing a sinking fund meeting the requirements specified in Section 2 of Article VIII.

For the purposes of this Section 2 and of Section 3 of Article VIII, whenever new Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, it shall be presumed that such Bonds are issued on the basis of such Equipment to the extent of the Cost of Additions and Betterments for the acquisition or construction of new Equipment as stated in the Officers' Certificate then delivered to the Trustee pursuant to the requirements of clause (c) of this Section 2.

SECTION 3. From time to time and in the manner provided in this Section 3, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, upon the deposit by the Railroad Company with the Trustee of a sum in cash equal to the principal amount of the Bonds so to be authenticated and delivered and upon delivery by the Railroad Company to the Trustee of (a) an Application for the authentication of Bonds under this Section 3, stating the principal

amount of Bonds the authentication of which is applied for, (b) the documents specified in Section 8 of this Article III, and (c) an Officers' Certificate dated not more than 30 days prior to the delivery thereof to the Trustee which shall certify that any cash so deposited with the Trustee is not otherwise required to be deposited with the Trustee or is not otherwise required to be used under any provision of the Mortgage or of the First Mortgage.

All cash so deposited (herein sometimes referred to as "escrowed cash") shall be held by the Trustee as part of the mortgaged property and may be withdrawn by the Railroad Company upon its written order, signed by its President or a Vice President, accompanied by an Application therefor and a Certified Resolution authorizing such Application, in an amount equal to the principal amount of each Bond or fraction of a Bond to the authentication and delivery of which the Railroad Company would be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III. Upon applying for any such withdrawal, the Railroad Company shall comply with all applicable provisions of this Article III relating to the authentication and delivery of such Bonds except that the Railroad Company shall not be required to comply with any of the provisions of Section 8 of this Article III other than clause (d) (iv) (with such changes as shall be appropriate to the withdrawal of escrowed cash) and clause (e) of said Section 8. Any withdrawal of escrowed cash under this Section 3 shall be in lieu of the right of the Railroad Company to the authentication and delivery of Bonds to which the Railroad Company would otherwise be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III.

The Railroad Company shall not be entitled to withdraw any escrowed cash pursuant to the provisions of this Section 3 at any time when an Event of Default shall have occurred and be continuing.

Whenever and so long as the amount of escrowed cash at any time held by the Trustee and not withdrawn by the Railroad Company under the provisions of this Section 3 shall exceed $10,000,000, no Bonds shall be issued by the Railroad Company or authenticated by the Trustee under the provisions of this Section 3.

SECTION 4. From time to time and in the manner provided in this Section 4, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding the principal amount of Bonds of any other series or First Mortgage Bonds which shall have been cancelled or surrendered to the Trustee for cancellation, or for the payment or redemption of which moneys in the necessary amount shall have been irrevocably deposited in trust with the Trustee; provided, however, (1) that no Bonds shall be authenticated and delivered under this Section 4 on the basis of Bonds of any other series or First Mortgage Bonds theretofore Bonded, or theretofore acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage, and (2) that in case of the redemption of Bonds of any other series or First Mortgage Bonds all action and notice required for such redemption shall have been taken and given, or provision made therefor satisfactory to the Trustee.

Bonds shall be authenticated and delivered under this Section 4 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds

under this Section 4, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 8 of this Article III;

(c) An Officers' Certificate dated not more than 30 days prior to the delivery thereof which shall (i) describe and state the amount of Bonds or First Mortgage Bonds the cancellation or surrender for cancellation or the payment or redemption of which forms the basis of the Application; (ii) state that said Bonds or First Mortgage Bonds have not theretofore been Bonded and have not theretofore been acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage; and (iii) certify that any moneys deposited in trust as required by paragraph (d) of this Section 4 are not otherwise required to be deposited with the Trustee or are not otherwise required to be used under any provision of the Mortgage or of the First Mortgage; and

(d) Either (i) said Bonds of such prior series or First Mortgage Bonds, cancelled or for cancellation, which form the basis of the Application, together with all unmatured coupons and all unpaid matured coupons appertaining thereto, if any, funds for the payment of which have not been provided, or (ii) moneys in trust in the necessary amount for the payment or redemption thereof, and (iii) in case of such redemption, evidence that due notice of redemption has been given or has been provided for, to the satisfaction of the Trustee.

So long as the First Mortgage shall remain a lien on the mortgaged property, the requirements of this Section 4 with respect to the delivery of First Mortgage Bonds or moneys for the payment or redemption thereof to the Trustee shall be deemed to be satisfied by the delivery thereof to the trustee under the First Mortgage subject to the terms there-

(a) may vote or give consents in respect of any Securities deposited and pledged hereunder and authorize such Securities to be voted and such consents to be given and may take such other action as to the Trustee, in its discretion, shall seem advisable to protect the interests of the Trustee and of the Bondholders in respect of any Securities subject to the lien hereof; and

(b) may in respect of any such Securities join in or become party to any plan of reorganization or readjustment (whether voluntary or involuntary) of the corporation issuing such Securities and deposit such Securities under such plan, and may make any exchange, substitution, cancellation or surrender of Securities required by any such plan and take such action with respect to Securities subject to the lien hereof as may be required by such plan for the accomplishment thereof. All new Securities issued under any such plan in exchange for Securities previously deposited and pledged hereunder shall be deposited with the Trustee and held by it under and for the purposes expressed in the Mortgage.

SECTION 4. In case at any time

(a) default shall be made in the payment of the principal of or interest on any Debt Security deposited and pledged hereunder, or

(b) default shall be made in any of the covenants, terms or conditions contained in any such Debt Security or the mortgage or other instrument securing the same or pursuant to which the same shall have been issued, or

(c) the right shall arise to enforce, by foreclosure or otherwise, any such mortgage or other instrument,

then, and in any such case, upon the written request of the Railroad Company, accompanied by a Certified Resolution

hereunder below 90% of the total outstanding shares of such class; (vi) that the Securities, if any, to be issued in substitution will not be junior to the Securities to be retired; and (vii) that no Event of Default has occurred and is continuing.

(B) An Opinion of Counsel that such renewal, extension or substitution is in accordance with the provisions of the Mortgage and that any Securities so to be renewed or extended will, upon such renewal or extension, and any new Securities to be issued will, upon the issue and delivery thereof to the Railroad Company, be validly issued and outstanding and what they purport to be and validly owned by the Railroad Company; that whatever consent, authorization or approval on the part of any governmental authority is requisite for such ownership and pledge has been obtained; that all shares of Stock, if any, included in such Securities are fully paid and nonassessable; and that upon the deposit and pledge of said Securities hereunder the Mortgage will constitute a valid, enforceable and direct lien thereon, free and clear of liens prior thereto.

Upon receipt of the instruments specified in clauses (A) and (B), and a Certified Resolution requesting any such extension, renewal or substitution, the Trustee shall permit the same and take any other action necessary to effect any such extension, renewal or substitution.

SECTION 6. The Trustee may sell, assign, transfer and deliver so many shares of the Stock of any corporation whose Stock is deposited and pledged under the Mortgage as may be necessary to qualify persons to act as directors of, or in any other official relation to, such corporation. In every such case the Railroad Company shall make such arrangements with the Trustee as shall be deemed necessary by the Trustee for the protection of the trusts hereunder.

SECTION 7. In case a corporation any of the Securities of which shall be deposited and pledged under the Mortgage shall be consolidated with or merged into, or shall convey all or substantially all of its properties to, the Railroad Company, the Securities of such corporation that are deposited and pledged under the Mortgage shall be surrendered to the consolidated corporation or to the Railroad Company, as the case may be, but only if, as evidenced by an Opinion of Counsel furnished to the Trustee, (a) by virtue of such consolidation or merger and the application of the provisions of Article XII the lien of the Mortgage has extended to the property of such corporation the Securities of which are so surrendered, and (b) in the case of any Debt Securities so surrendered which are secured by a lien on the property of such corporation, the lien of the Mortgage resulting from such consolidation or merger is substantially equivalent to the lien securing such Debt Securities.

SECTION 8. In case at any time

(a) any corporation, the Securities of which shall be deposited and pledged hereunder, shall be dissolved or liquidated, or

(b) all or any of the property of any such corporation shall be sold at any judicial sale, or

(c) any of the property covered by any mortgage securing any Debt Security deposited and pledged under the Mortgage shall be sold in foreclosure proceedings or other proceedings for the enforcement of such mortgage or the Debt Security thereby secured,

then, and in any such case, if the property of such dissolved or liquidating corporation or the property sold can be acquired by crediting on the Securities so pledged under the Mortgage any sum accruing or to be received thereon out of

the proceeds of such property, and by paying not more than 10% of the price of such property in cash (or more than 10% if the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds shall so request), the Trustee in its discretion may, and if requested in writing by the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds and upon being provided with the amount of cash necessary therefor (whether such amount be more or less than 10% of the price of such property) and security or indemnity satisfactory to it against any expense or liability on its part, shall, purchase or cause to be purchased such property, either in the name or on behalf of the Trustee or of the Railroad Company or of purchasing trustees, as the Trustee may determine, and the Trustee shall use, or permit the Railroad Company to use, such Securities so far as may be permissible to make payment for such property. In the event of any such purchase, the Trustee shall take such steps as it may deem proper to cause such property either to be vested in the Railroad Company and subjected to the direct lien of the Mortgage or in some other corporation with power to acquire and operate such property. The Railroad Company covenants that, if such property is vested in some other corporation with power to acquire and operate such property, all Securities of such other corporation acquired directly or indirectly through such use of the pledged Securities will be deposited and pledged under the Mortgage.

SECTION 9. The Railroad Company covenants that, except as permitted by paragraph (b) of Section 3 of this Article X, no Railroad Subsidiary will increase the amount of its outstanding shares of Stock of any class unless after such increase the percentage of shares outstanding necessary to meet the requirements of a Railroad Subsidiary shall be pledged and deposited with the trustee under the First Mort-

gage or with the Trustee hereunder. In the event that the outstanding amount of any class of Stock of any Railroad Subsidiary shall be reduced, the Trustee, upon the written request of the Railroad Company, shall surrender for cancellation the certificates evidencing such part of the shares of such class of Stock then pledged and deposited hereunder as shall be proportionate to the amount of such reduction.

SECTION 10. The Railroad Company covenants and agrees that no Railroad Subsidiary will create or increase the amount of its debts secured by lien equal or prior in rank to the lien of any bonds of such Railroad Subsidiary pledged under the Mortgage, unless the Debt Securities for the debt so created or the increase thereof are also pledged with the Trustee hereunder or with the trustee under the First Mortgage.

SECTION 11. The Railroad Company covenants that no Railroad Subsidiary will make any sale, exchange or other disposition of its property contrary to the provisions of Part B of Section 1 of Article XI and that, except as otherwise expressly provided in the Mortgage, no Railroad Subsidiary will at any time sell, exchange or otherwise dispose of its property, real or personal, or any part thereof, except for adequate consideration and unless the Railroad Company shall first file with the Trustee the following:

(a) An Officers' Certificate dated not more than 30 days prior to the delivery thereof, stating

(1) that such Railroad Subsidiary desires to sell or exchange property, briefly described, or has contracted so to do, for a consideration described in the Certificate (which consideration may be cash or property or both), and that such consideration represents, in the opinion of the signers of the Certificate, an adequate

consideration to such Railroad Subsidiary for the property to be sold or exchanged;

(2) a brief description of the property, if any, to be received as consideration in whole or in part, and stating that such property consists of railroad lines, bridges or terminals, or other property appurtenant to or useful to the railroad lines, bridges or terminals, owned and operated by such Railroad Subsidiary; and

(3) that the property to be sold or exchanged is no longer necessary or advantageous in the business of such Railroad Subsidiary, and either (i) that the substantial integrity and efficiency of the lines of railroad, bridges and terminals of such Railroad Subsidiary will not be impaired by such sale or exchange, or (ii) that the sale or exchange is made in compliance with the provisions of Part B of Section 1 of Article XI.

(b) An Opinion of Counsel (in case the Certificate states that the consideration to the Railroad Subsidiary consists of property in whole or in part) that such property to be received by the Railroad Subsidiary is free and clear of liens other than Permitted Encumbrances.

Sales, exchanges and other dispositions of its property may be made by any Railroad Subsidiary in any calendar year without the filing of the instruments provided for in this Section 11, unless and until the value of the property disposed of by such Railroad Subsidiary in that year has exceeded or will exceed $25,000.

The Railroad Company covenants and agrees that within 15 days after the sale or disposition of any property by a Railroad Subsidiary as to which the instruments provided by this Section 11 shall be required, the Railroad Company will deposit or cause to be deposited with the Trustee an amount equal to the amount of any cash received by such Railroad Subsidiary for the property so sold, unless such Railroad Subsidiary has deposited such amount with the trustee under

West, in New England, North Dakota, and having a length of approximately 133.96

ITEM (83). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point in the Northeast Quarter of Section 27, Township 8 North, Range 15 East, in Harlowton, Montana, and extending in a general northeasterly and northwesterly direction through Lewistown, Montana, to a point in the South Half of Section 18, Township 26 North, Range 4 West, in Agawam, Montana, and having a length of approximately 235.81

ITEM (84). Beginning at a connection with the line described in ITEM (83) of this *Group B* at Lewistown Junction, Montana, and extending in a general easterly direction to a point in the Northeast Quarter of Section 6, Township 14 North, Range 27 East, in Winnett, Montana, and having a length of approximately..... 58.96

ITEM (85). Beginning at a connection with the line described in ITEM (83) of this *Group B* at Roy-Winifred Junction, Montana, near Lewistown, Montana, and extending in a general northeasterly direction to a point in the Southwest Quarter of Section 8, Township 18 North, Range 22 East, in Roy, Montana, and having a length of approximately 42.49

ITEM (86). Beginning at a connection with the line described in ITEM (85) of this *Group* B at Roy Junction, Montana, and extending in a general northerly direction to a point in the Southeast Quarter of Section 23, Township 21 North, Range 18 East, in Winifred, Montana, and having a length of approximately..... 23.09

ITEM (87). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point in the Southeast Quarter of Section 14, Township 6 North, Range 7 East, in Ringling Mon-

tana, and extending in a general northerly direction to a connection with the White Sulphur Springs and Yellowstone Park Railway Company's line in the Northwest Quarter of Section 6, Township 6 North, Range 8 East, near Dorsey, Montana, and having a length of approximately 3.62

ITEM (88). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point in the Northwest Quarter of Section 25, Township 2 North, Range 1 East, in Three Forks, Montana, and extending in a general southeasterly and northeasterly direction through Bozeman, Montana, to a point near Main Street in Menard, Montana, and having a length of approximately 62.73

ITEM (89). Begnining at a connection with the line described in ITEM (88) of this *Group B* at Belgrade Junction, Montana, and extending in a general northeasterly direction to Broadway Street in Belgrade, Montana, and having a length of approximately..... 5.22

ITEM (90). Beginning at a connection with the line described in ITEM (88) of this *Group B* at a point in the Southwest Quarter of Section 13, Township 2 South, Range 4 East, in Bozeman Hot Springs, Montana, and extending in a general southerly direction to a point in the Northwest Quarter of Section 11, Township 3 South, Range 4 East, in Gallatin Gateway, Montana, and having a length of approximately..... 4.99

ITEM (91). Beginning at a connection with the line described in ITEM (1) of *Group A* at Bonner Junction, Montana, and extending in a general northeasterly direction to a point in the Northwest Quarter of Section 29, Township 15 North, Range 13 West, in Cottonwood, Montana, and having a length of approximately 40.04

ITEM (92). Beginning at a connection with the line described in ITEM (1) of *Group A* near First Avenue in St. Maries, Idaho, and extending in a general southeasterly direction to a point in the

Northeast Quarter of Section 24, Township 41 North, Range 1 West, in Purdue, Idaho; also beginning at a point in the Northeast Quarter of Section 36, Township 41 North, Range 1 West, in Bovill, Idaho, and extending in a general southeasterly direction to a point in the Northwest Quarter of Section 26, Township 40 North Range 2 East, in Elk River, Idaho, the lines described in this ITEM (92) having a total length of approximately 69.93

ITEM (93). Beginning at a point in the Northeast Quarter of Section 19, Township 25 North, Range 4 East, in Dishman, Washington, and extending in a general northeasterly direction through McGuires, Idaho, to a point in the Northeast Quarter of Section 4, Township 50 North, Range 5 West; also beginning at a point in the Southeast Quarter of Section 6, Township 50 North, Range 4 West, and extending in a general northeasterly direction to a point in the Northeast Quarter of Section 9, Township 50 North, Range 4 West, near Atlas, Idaho; also beginning at a point near the south line of Section 11, Township 50 North, Range 4 West, near Gibbs, Idaho, and extending in a general northeasterly direction to a point near Third Street in Coeur d'Alene, Idaho, the lines described in this ITEM (93) having a total length of approximately 19.44

ITEM (94). Beginning at a connection with the line described in ITEM (93) of this *Group B* at a point in the Northwest Quarter of Section 4, Township 50 North, Range 5 West, in McGuires, Idaho, and extending in a general northwesterly and northerly direction to a point near Fifth Avenue in Metaline Falls, Washington, and having a length of approximately 105.24

ITEM (95). Beginning at a connection with the line described in ITEM (1) of *Group A* at a point near Ash Street in Warden, Washington, and extending in a general northeasterly direction

ARTICLE III

Issuance of Bonds

Section 1. Upon the execution and delivery of the Mortgage, and whether before or after the recording of the Mortgage, Bonds of Series A in the aggregate principal amount of Fifty-seven Million Two Hundred Fifty-six Thousand Six Hundred Dollars ($57,256,600), and Bonds of Series B in the aggregate principal amount of Fifty-one Million Four Hundred Twenty-two Thousand One Hundred Dollars ($51,422,100), may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, without any further action on the part of the Railroad Company.

No Bonds other than those authenticated and delivered pursuant to this Section 1 shall be authenticated or delivered by the Trustee pursuant to the provisions of this Article III at any time when an Event of Default shall have occurred and be continuing or when there are unpaid accumulations of accrued interest on the Outstanding Bonds of any series.

Section 2. From time to time and in the manner provided in this Section 2, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding 75% of the Bondable Expenditures during a period beginning January 1, 1944, and ending not more than 90 days prior to the date of the Application for the authentication of such Bonds, provided, however, that no Bonds shall be authenticated and delivered on the basis

of Bondable Expenditures which have theretofore been Bonded, or in a principal amount which, when added to the amount of expenditures from the Additions and Betterments Fund and the Reserve and Retirement Fund for or on account of the Gross Expenditures during such period, would exceed the Bondable Expenditures during such period, all as shown by the Officers' Certificate relating to the authentication and delivery of such Bonds.

Bonds shall be authenticated and delivered under this Section 2 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 2, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 8 of this Article III;

(c) An Officers' Certificate, dated not more than 30 days prior to the delivery thereof, stating:

(1) In the case of the first such Certificate, the Cost of Additions and Betterments, a computation showing the deductions required by the definitions of Gross Expenditures and Bondable Expenditures in Article I and the amount of Bondable Expenditures for the period beginning January 1, 1944, and ending not more than 90 days prior to the delivery of the Certificate to the Trustee;

(2) In the case of each subsequent Certificate, the Cost of Additions and Betterments, a computation showing the deductions required by the definitions of Gross Expenditures and Bondable Expenditures in Article I and the amount of Bondable Expenditures for the period beginning with the close of the period covered by the last previous Certificate delivered to the Trustee pursuant to this subsection (c) and ending not more than 90 days prior to the delivery of the Certificate to the Trustee, and the balance of the Bondable Expenditures at the be-

ginning and at the close of the period covered by the Certificate;

(3) The amount of expenditures that have theretofore been made from the Additions and Betterments Fund and from the Reserve and Retirement Fund for or on account of Gross Expenditures;

(4) A computation showing the principal amount of Bonds that could be authenticated and delivered on the basis of the Application;

(5) A description of all property constituting Additions and Betterments acquired or constructed during the period covered by the Certificate in such reasonable detail as shall be sufficient to permit identification thereof or a statement of the amounts thereof by primary accounts according to the Uniform System of Accounts;

(6) With respect to any new Equipment described therein, the date or dates upon which each item of such Equipment was acquired by the Railroad Company or upon which construction by the Railroad Company was completed and the Cost of Additions and Betterments for the acquisition or construction thereof;

(7) If any of such Additions and Betterments are located on any leasehold, the date of expiration of the term of such lease and the Cost of the Additions and Betterments which the Railroad Company has the right to remove or to be reimbursed for upon the termination of the lease; and

(8) If any of such Additions and Betterments are subject to any Prior Lien, a computation showing that the inclusion thereof in the Application will not result in a violation of the covenant in respect of Additions and Betterments subject to Prior Liens in Section 13 of Article IX, and a description of any Prior Lien not described in any previous Certificate;

(d) All such deeds, supplemental indentures or instruments of further assurance, if any, as in the Opinion of Counsel furnished pursuant to clause (e) below may be specified as necessary or advisable to subject to the lien of the Mortgage the property included in the Additions and Betterments shown in the Officers' Certificate required by clause (c) above, or, in the case of Additions and Betterments located on leaseholds, to subject such leaseholds to such lien;

(e) An Opinion of Counsel (i) that all property included in the Additions and Betterments shown in the Officers' Certificate required by clause (c) above, except such as is located on leaseholds, is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage or will become subject to such liens upon the delivery and recording or filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, subject to no defect in title and subject to no lien thereon prior or equal to the lien of the Mortgage except the First Mortgage and liens securing Prior Lien Bonds, if any, and Permitted Encumbrances, if any, and (ii) if any such property is located on any leasehold, as shown by the Officers' Certificate, that such leasehold (except the last day of the term thereof) is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage, or will become subject to such liens upon the delivery and recording or filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, and extends for a period of time not less than 10 years beyond the latest maturity date of any Bonds or First Mortgage Bonds outstanding or for the authentication and delivery of which application is being made, or that, under the terms of such leasehold, the Railroad Company has the right to be reimbursed in respect of the expenditures for such property or the right to remove the property upon the termination thereof; provided that

such Opinion of Counsel may recite that it is based upon certificates or opinions of officers or engineers of the Railroad Company as to any factual matters not of public record; and

(f) If it shall appear from the Officers' Certificate required by clause (c) above that any Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, a certificate of an engineer (who shall be appointed by the Board of Directors and satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) establishing the estimated service life of such Equipment, and a supplemental indenture establishing a sinking fund meeting the requirements specified in Section 2 of Article VIII.

For the purposes of this Section 2 and of Section 3 of Article VIII, whenever new Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, it shall be presumed that such Bonds are issued on the basis of such Equipment to the extent of the Cost of Additions and Betterments for the acquisition or construction of new Equipment as stated in the Officers' Certificate then delivered to the Trustee pursuant to the requirements of clause (c) of this Section 2.

SECTION 3. From time to time and in the manner provided in this Section 3, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, upon the deposit by the Railroad Company with the Trustee of a sum in cash equal to the principal amount of the Bonds so to be authenticated and delivered and upon delivery by the Railroad Company to the Trustee of (a) an Application for the authentication of Bonds under this Section 3, stating the principal

amount of Bonds the authentication of which is applied for, (b) the documents specified in Section 8 of this Article III, and (c) an Officers' Certificate dated not more than 30 days prior to the delivery thereof to the Trustee which shall certify that any cash so deposited with the Trustee is not otherwise required to be deposited with the Trustee or is not otherwise required to be used under any provision of the Mortgage or of the First Mortgage.

All cash so deposited (herein sometimes referred to as "escrowed cash") shall be held by the Trustee as part of the mortgaged property and may be withdrawn by the Railroad Company upon its written order, signed by its President or a Vice President, accompanied by an Application therefor and a Certified Resolution authorizing such Application, in an amount equal to the principal amount of each Bond or fraction of a Bond to the authentication and delivery of which the Railroad Company would be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III. Upon applying for any such withdrawal, the Railroad Company shall comply with all applicable provisions of this Article III relating to the authentication and delivery of such Bonds except that the Railroad Company shall not be required to comply with any of the provisions of Section 8 of this Article III other than clause (d) (iv) (with such changes as shall be appropriate to the withdrawal of escrowed cash) and clause (e) of said Section 8. Any withdrawal of escrowed cash under this Section 3 shall be in lieu of the right of the Railroad Company to the authentication and delivery of Bonds to which the Railroad Company would otherwise be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III.

The Railroad Company shall not be entitled to withdraw any escrowed cash pursuant to the provisions of this Section 3 at any time when an Event of Default shall have occurred and be continuing.

Whenever and so long as the amount of escrowed cash at any time held by the Trustee and not withdrawn by the Railroad Company under the provisions of this Section 3 shall exceed $10,000,000, no Bonds shall be issued by the Railroad Company or authenticated by the Trustee under the provisions of this Section 3.

SECTION 4. From time to time and in the manner provided in this Section 4, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding the principal amount of Bonds of any other series or First Mortgage Bonds which shall have been cancelled or surrendered to the Trustee for cancellation, or for the payment or redemption of which moneys in the necessary amount shall have been irrevocably deposited in trust with the Trustee; provided, however, (1) that no Bonds shall be authenticated and delivered under this Section 4 on the basis of Bonds of any other series or First Mortgage Bonds theretofore Bonded, or theretofore acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage, and (2) that in case of the redemption of Bonds of any other series or First Mortgage Bonds all action and notice required for such redemption shall have been taken and given, or provision made therefor satisfactory to the Trustee.

Bonds shall be authenticated and delivered under this Section 4 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds

under this Section 4, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 8 of this Article III;

(c) An Officers' Certificate dated not more than 30 days prior to the delivery thereof which shall (i) describe and state the amount of Bonds or First Mortgage Bonds the cancellation or surrender for cancellation or the payment or redemption of which forms the basis of the Application; (ii) state that said Bonds or First Mortgage Bonds have not theretofore been Bonded and have not theretofore been acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage; and (iii) certify that any moneys deposited in trust as required by paragraph (d) of this Section 4 are not otherwise required to be deposited with the Trustee or are not otherwise required to be used under any provision of the Mortgage or of the First Mortgage; and

(d) Either (i) said Bonds of such prior series or First Mortgage Bonds, cancelled or for cancellation, which form the basis of the Application, together with all unmatured coupons and all unpaid matured coupons appertaining thereto, if any, funds for the payment of which have not been provided, or (ii) moneys in trust in the necessary amount for the payment or redemption thereof, and (iii) in case of such redemption, evidence that due notice of redemption has been given or has been provided for, to the satisfaction of the Trustee.

So long as the First Mortgage shall remain a lien on the mortgaged property, the requirements of this Section 4 with respect to the delivery of First Mortgage Bonds or moneys for the payment or redemption thereof to the Trustee shall be deemed to be satisfied by the delivery thereof to the trustee under the First Mortgage subject to the terms there-

(a) may vote or give consents in respect of any Securities deposited and pledged hereunder and authorize such Securities to be voted and such consents to be given and may take such other action as to the Trustee, in its discretion, shall seem advisable to protect the interests of the Trustee and of the Bondholders in respect of any Securities subject to the lien hereof; and

(b) may in respect of any such Securities join in or become party to any plan of reorganization or readjustment (whether voluntary or involuntary) of the corporation issuing such Securities and deposit such Securities under such plan, and may make any exchange, substitution, cancellation or surrender of Securities required by any such plan and take such action with respect to Securities subject to the lien hereof as may be required by such plan for the accomplishment thereof. All new Securities issued under any such plan in exchange for Securities previously deposited and pledged hereunder shall be deposited with the Trustee and held by it under and for the purposes expressed in the Mortgage.

SECTION 4. In case at any time

(a) default shall be made in the payment of the principal of or interest on any Debt Security deposited and pledged hereunder, or

(b) default shall be made in any of the covenants, terms or conditions contained in any such Debt Security or the mortgage or other instrument securing the same or pursuant to which the same shall have been issued, or

(c) the right shall arise to enforce, by foreclosure or otherwise, any such mortgage or other instrument,

then, and in any such case, upon the written request of the Railroad Company, accompanied by a Certified Resolution

hereunder below 90% of the total outstanding shares of such class; (vi) that the Securities, if any, to be issued in substitution will not be junior to the Securities to be retired; and (vii) that no Event of Default has occurred and is continuing.

(B) An Opinion of Counsel that such renewal, extension or substitution is in accordance with the provisions of the Mortgage and that any Securities so to be renewed or extended will, upon such renewal or extension, and any new Securities to be issued will, upon the issue and delivery thereof to the Railroad Company, be validly issued and outstanding and what they purport to be and validly owned by the Railroad Company; that whatever consent, authorization or approval on the part of any governmental authority is requisite for such ownership and pledge has been obtained; that all shares of Stock, if any, included in such Securities are fully paid and nonassessable; and that upon the deposit and pledge of said Securities hereunder the Mortgage will constitute a valid, enforceable and direct lien thereon, free and clear of liens prior thereto.

Upon receipt of the instruments specified in clauses (A) and (B), and a Certified Resolution requesting any such extension, renewal or substitution, the Trustee shall permit the same and take any other action necessary to effect any such extension, renewal or substitution.

SECTION 6. The Trustee may sell, assign, transfer and deliver so many shares of the Stock of any corporation whose Stock is deposited and pledged under the Mortgage as may be necessary to qualify persons to act as directors of, or in any other official relation to, such corporation. In every such case the Railroad Company shall make such arrangements with the Trustee as shall be deemed necessary by the Trustee for the protection of the trusts hereunder.

SECTION 7. In case a corporation any of the Securities of which shall be deposited and pledged under the Mortgage shall be consolidated with or merged into, or shall convey all or substantially all of its properties to, the Railroad Company, the Securities of such corporation that are deposited and pledged under the Mortgage shall be surrendered to the consolidated corporation or to the Railroad Company, as the case may be, but only if, as evidenced by an Opinion of Counsel furnished to the Trustee, (a) by virtue of such consolidation or merger and the application of the provisions of Article XII the lien of the Mortgage has extended to the property of such corporation the Securities of which are so surrendered, and (b) in the case of any Debt Securities so surrendered which are secured by a lien on the property of such corporation, the lien of the Mortgage resulting from such consolidation or merger is substantially equivalent to the lien securing such Debt Securities.

SECTION 8. In case at any time

(a) any corporation, the Securities of which shall be deposited and pledged hereunder, shall be dissolved or liquidated, or

(b) all or any of the property of any such corporation shall be sold at any judicial sale, or

(c) any of the property covered by any mortgage securing any Debt Security deposited and pledged under the Mortgage shall be sold in foreclosure proceedings or other proceedings for the enforcement of such mortgage or the Debt Security thereby secured,

then, and in any such case, if the property of such dissolved or liquidating corporation or the property sold can be acquired by crediting on the Securities so pledged under the Mortgage any sum accruing or to be received thereon out of

the proceeds of such property, and by paying not more than 10% of the price of such property in cash (or more than 10% if the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds shall so request), the Trustee in its discretion may, and if requested in writing by the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds and upon being provided with the amount of cash necessary therefor (whether such amount be more or less than 10% of the price of such property) and security or indemnity satisfactory to it against any expense or liability on its part, shall, purchase or cause to be purchased such property, either in the name or on behalf of the Trustee or of the Railroad Company or of purchasing trustees, as the Trustee may determine, and the Trustee shall use, or permit the Railroad Company to use, such Securities so far as may be permissible to make payment for such property. In the event of any such purchase, the Trustee shall take such steps as it may deem proper to cause such property either to be vested in the Railroad Company and subjected to the direct lien of the Mortgage or in some other corporation with power to acquire and operate such property. The Railroad Company covenants that, if such property is vested in some other corporation with power to acquire and operate such property, all Securities of such other corporation acquired directly or indirectly through such use of the pledged Securities will be deposited and pledged under the Mortgage.

SECTION 9. The Railroad Company covenants that, except as permitted by paragraph (b) of Section 3 of this Article X, no Railroad Subsidiary will increase the amount of its outstanding shares of Stock of any class unless after such increase the percentage of shares outstanding necessary to meet the requirements of a Railroad Subsidiary shall be pledged and deposited with the trustee under the First Mort-

gage or with the Trustee hereunder. In the event that the outstanding amount of any class of Stock of any Railroad Subsidiary shall be reduced, the Trustee, upon the written request of the Railroad Company, shall surrender for cancellation the certificates evidencing such part of the shares of such class of Stock then pledged and deposited hereunder as shall be proportionate to the amount of such reduction.

SECTION 10. The Railroad Company covenants and agrees that no Railroad Subsidiary will create or increase the amount of its debts secured by lien equal or prior in rank to the lien of any bonds of such Railroad Subsidiary pledged under the Mortgage, unless the Debt Securities for the debt so created or the increase thereof are also pledged with the Trustee hereunder or with the trustee under the First Mortgage.

SECTION 11. The Railroad Company covenants that no Railroad Subsidiary will make any sale, exchange or other disposition of its property contrary to the provisions of Part B of Section 1 of Article XI and that, except as otherwise expressly provided in the Mortgage, no Railroad Subsidiary will at any time sell, exchange or otherwise dispose of its property, real or personal, or any part thereof, except for adequate consideration and unless the Railroad Company shall first file with the Trustee the following:

(a) An Officers' Certificate dated not more than 30 days prior to the delivery thereof, stating

(1) that such Railroad Subsidiary desires to sell or exchange property, briefly described, or has contracted so to do, for a consideration described in the Certificate (which consideration may be cash or property or both), and that such consideration represents, in the opinion of the signers of the Certificate, an adequate

consideration to such Railroad Subsidiary for the property to be sold or exchanged;

(2) a brief description of the property, if any, to be received as consideration in whole or in part, and stating that such property consists of railroad lines, bridges or terminals, or other property appurtenant to or useful to the railroad lines, bridges or terminals, owned and operated by such Railroad Subsidiary; and

(3) that the property to be sold or exchanged is no longer necessary or advantageous in the business of such Railroad Subsidiary, and either (i) that the substantial integrity and efficiency of the lines of railroad, bridges and terminals of such Railroad Subsidiary will not be impaired by such sale or exchange, or (ii) that the sale or exchange is made in compliance with the provisions of Part B of Section 1 of Article XI.

(b) An Opinion of Counsel (in case the Certificate states that the consideration to the Railroad Subsidiary consists of property in whole or in part) that such property to be received by the Railroad Subsidiary is free and clear of liens other than Permitted Encumbrances.

Sales, exchanges and other dispositions of its property may be made by any Railroad Subsidiary in any calendar year without the filing of the instruments provided for in this Section 11, unless and until the value of the property disposed of by such Railroad Subsidiary in that year has exceeded or will exceed $25,000.

The Railroad Company covenants and agrees that within 15 days after the sale or disposition of any property by a Railroad Subsidiary as to which the instruments provided by this Section 11 shall be required, the Railroad Company will deposit or cause to be deposited with the Trustee an amount equal to the amount of any cash received by such Railroad Subsidiary for the property so sold, unless such Railroad Subsidiary has deposited such amount with the trustee under

of such estimated service life, whichever is the lesser. If such Equipment or any part thereof shall have been in use by the Railroad Company for a period of more than 90 days at the time of an Application for the authentication and delivery of Bonds, the Gross Expenditures for such Equipment and the principal amount of Bonds to which the Railroad Company would be entitled on account thereof shall be proportionately reduced by the period of such use by the Railroad Company; and the amount of money to be deposited with the Trustee on each January 1 and July 1 above specified shall be increased by such an amount as to make said semi-annual deposits equal in the aggregate, over a period of 15 years or a period equal to the estimated service life of such Equipment, whichever is the shorter period, diminished by the period of such use by the Railroad Company, the principal amount of Bonds which the Railroad Company may be entitled to receive.

For the purpose of this Section 2, the estimated service life of any Equipment shall be that established by the certificate of an engineer (who shall be appointed by the Board of Directors and be satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) delivered to the Trustee pursuant to the provisions of clause (f) of Section 2 of Article III when the acquisition of such Equipment is made the basis for the authentication and delivery of Bonds.

Any moneys deposited with the Trustee as and for an Equipment Sinking Fund shall be applied by the Trustee to the retirement of Bonds in accordance with the provisions of the supplemental indenture creating such Equipment Sinking Fund.

SECTION 3. Whenever the acquisition of Equipment is made the basis for the withdrawal, payment or application of any cash held by the Trustee under any provision of the

Mortgage, the Railroad Company covenants to pay to the Trustee on each January 1 and July 1 thereafter an amount of money equal to the quotient obtained by dividing the amount of cash so withdrawn, paid or applied by 30 or by twice the number of years of service life of such Equipment, whichever is the lesser. If such Equipment or any part thereof shall have been in use for a period of more than 90 days at the time of application for such withdrawal, payment or application, the Gross Expenditures for such Equipment, and the amount of cash that may be withdrawn, paid or applied, shall be reduced in the same manner and to the same extent as provided in the first paragraph of Section 2 of this Article VIII.

For the purpose of this Section 3, the estimated service life of any Equipment shall be established by the certificate of an engineer (who shall be appointed by the Board of Directors and approved by the Trustee and who may be an officer or employee of the Railroad Company) delivered to the Trustee with an Application for the withdrawal, payment or application of cash upon the basis of the acquisition of such Equipment.

Such moneys shall be held and applied by the Trustee as in the case of money deposited upon the release of mortgaged property in the manner provided in Section 7 of Article XI.

SECTION 4. As and for a Contingent Sinking Fund for the retirement of Bonds, the Railroad Company covenants that prior to or concurrently with the declaration of any dividend on its common stock it will deposit with the Trustee an amount equal to 50% of such dividend.

Moneys which are deposited with the Trustee as and for the Contingent Sinking Fund shall be applied by the Trustee,

so long as no Event of Default has occurred and is continuing, to the purchase or redemption of Bonds in accordance with the provisions of this Section 4.

So long as Bonds of Series A and Series B are outstanding under the Mortgage, such moneys shall be applied as nearly as may be in equal parts to purchase or redeem Bonds of each such series. If the Bonds of either of such series shall no longer be outstanding, all of such moneys shall be applied to the purchase or redemption of Bonds of the other series. If no Bonds of either of such series shall be outstanding, such moneys shall be applied to the purchase or redemption of Bonds of such other series as shall be determined by the supplemental indentures creating such other series.

The Trustee may purchase such Bonds in the open market at the lowest price or prices at which, in its sole discretion, it shall deem such Bonds reasonably obtainable; or, if the Trustee, in its sole discretion, shall deem it advisable, it may advertise for proposals to sell such Bonds to it, reserving the right to reject any or all such proposals in whole or in part, and may purchase such Bonds at the lowest price or prices asked in such proposals if it deems such purchases advisable; but no such Bonds shall be purchased in the open market or in response to proposals, as aforesaid, at a price, including interest, in excess of the amount, including interest, which would be payable in case of redemption thereof for the Contingent Sinking Fund at the earliest applicable redemption date.

At the expiration of 6 months after the making of any deposit pursuant to this Section 4, if the balance remaining in the Contingent Sinking Fund applicable to the purchase or redemption of Bonds of any series equals or exceeds $50,000 the Trustee shall apply such balance to the redemption of Bonds of such series on the next interest payment date at the redemption price (exclusive of premium) then

applicable to Bonds of such series. The Trustee shall give notice of such redemption in the name of the Railroad Company in the manner and in accordance with the applicable provisions of Article IV; and the Trustee is hereby appointed the agent of the Railroad Company for such purpose. The Railroad Company covenants that whenever any redemption of Bonds shall be required under the provisions of this Section 4, it will at the request of the Trustee take all action necessary to redeem such Bonds on the date specified by the Trustee.

The Railroad Company covenants that in connection with any redemption of Bonds under this Section 4 it will deposit with the Trustee, in addition to funds theretofore deposited in the Contingent Sinking Fund, moneys sufficient to pay on or before the date fixed for redemption all interest required to be paid thereon to the date fixed for redemption.

All advertising and publishing costs and other expenses incurred in the purchase or redemption of such Bonds, and all amounts paid on account of interest on the purchase of such Bonds, shall be paid by the Railroad Company, or, if paid by the Trustee, shall be repaid by the Railroad Company to the Trustee upon demand.

All Bonds purchased or redeemed out of the Contingent Sinking Fund shall be cancelled and shall not be made the basis for the authentication and delivery of any Bonds or the withdrawal, payment or application of any cash under any provision of the Mortgage.

ARTICLE IX

General Covenants

The Railroad Company covenants as follows:

Section 1. The Railroad Company will duly and punctually pay or cause to be paid the principal of (and premium, if any) and interest on the Bonds at the times and at the place or places and in the manner and to the extent specified therein and in the coupons.

Section 2. The Railroad Company will maintain in the City of Chicago, Illinois, and in the Borough of Manhattan, City of New York, New York, an office or agency where payment of the principal of and interest on Bonds may be made, where notices, presentations and demands to or upon the Railroad Company in respect of Bonds or coupons appertaining thereto or in respect of the Mortgage may be given or made, where Bonds may be registered, transferred and exchanged, and where such Bonds as are convertible may be presented and surrendered for conversion. The Railroad Company will also maintain a similar office or agency in each other city where the principal of or interest on any of the Bonds is payable, as provided in Article II, or where any Bond may be converted. The Railroad Company will give to the Trustee notice of the location of all such offices or agencies and of any change of location thereof. In case the Railroad Company shall fail to maintain any such office or agency or shall fail to give notice of the location or of any change in the location thereof, notices, presentations and demands may be given or made at the principal office of the Trustee.

If the Railroad Company shall appoint a paying agent other than the Trustee, it will cause such paying agent to

execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 2:

(a) that it will hold all sums held by it as such agent for the payment of the principal of (and premium, if any) or interest on any of the Bonds (whether such sums have been paid to it by or on behalf of the Railroad Company or any other obligor on the Bonds) in trust for the benefit of the holders of such Bonds or the coupons for such interest, as the case may be; and

(b) that it will give to the Trustee notice of any failure by the Railroad Company (or by any other obligor on such Bonds) to make any payment of the principal of (and premium, if any) or interest on such Bonds when the same shall be due and payable which shall come to its notice or knowledge as such paying agent.

If the Railroad Company shall act as its own paying agent in respect of the Bonds of any series, it will, on or before each date on which the principal of (and premium, if any) or interest on such Bonds is due and payable, set aside, segregate and hold in trust for the benefit of the holders of such Bonds or the appurtenant coupons, as the case may be, a sum sufficient to pay such principal (and premium, if any) and interest so becoming due and payable and will notify the Trustee of any failure to take such action.

The Railroad Company may, at any time, for the purpose of obtaining a release or satisfaction of the Mortgage or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by it or by any paying agent pursuant to this Section 2, such sums thereafter to be held by the Trustee upon the same trusts as in this Section 2 provided.

The agreement to hold sums in trust as provided in this Section 2 is subject to the provisions of Section 4 of Article XIX.

SECTION 3. The Railroad Company will execute and deliver, or will cause to be executed and delivered, all such further deeds, mortgages, assignments and transfers as may be required for the better mortgaging, assigning and confirming to the Trustee of the property hereby mortgaged, conveyed or assigned, or intended so to be, or which the Railroad Company may hereafter become bound to convey or assign to the Trustee.

The Railroad Company will deliver to the Trustee on or before April 1 in each year, beginning with the year 1946, an Opinion of Counsel that no further deeds, mortgages, assignments or transfers are required to be executed and delivered by the Railroad Company under the provisions of this Section 3, except such instruments as shall be specified in such opinion.

SECTION 4. The Railroad Company owns and is lawfully possessed of the lines of railroad, property and franchises referred to in the granting clauses hereof, and is duly authorized to operate and does operate said lines of railroad, and covenants and agrees to execute any and all instruments and do any and all acts or things necessary or proper to perfect its title to the same or any thereof, and, subject to the provisions of Article XII hereof, to take all steps and do all acts necessary to continue and maintain its corporate existence and authority to operate its lines of railroad.

SECTION 5. The Railroad Company, from time to time as they shall become due, will make, or cause to be made, any and all payments required to be made under and by the terms of any Equipment Obligation, including those described in the granting clauses hereof, and will do or cause to be done all and every such further acts as may be necessary to assure

to the Railroad Company the use of the Equipment to which such Equipment Obligation relates and the ultimate acquisition of complete title thereto.

Nothing in this Section 5 contained and nothing in any other provision of the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Railroad Company, which is hereby expressly reserved, to extend, prior to the maturity of any Equipment Obligation, the balance of the rental or other payments remaining to be paid thereunder or secured thereby or to refinance the same by entering into a new Equipment Obligation.

SECTION 6. The Railroad Company will well and truly pay and discharge or cause to be paid and discharged upon presentation thereof for payment when due the principal of all obligations having a lien on the mortgaged property or any part thereof prior to the lien of the Mortgage; and until paid or discharged at maturity or otherwise it will pay or cause to be paid the interest payable thereon at the time and at the place or places set forth therein or in the coupons attached thereto; and it will prevent any default or other thing from happening whereby the right might arise to enforce by foreclosure or otherwise any such obligations; provided, however, that the Railroad Company may extend or renew any such obligations.

In all cases in which, pursuant to the requirements of any mortgage or other instrument constituting a lien prior to the lien of the Mortgage, cash, securities, obligations or rights which would otherwise be required to be deposited with the Trustee are deposited with the trustee or mortgagee under such mortgage or other instrument, the Railroad Company will forthwith, upon the discharge and cancellation of such mortgage or other instrument (subject to the obligation of

the Railroad Company, if any, to cause the same to be deposited under any other such mortgage or other instrument), cause to be deposited with the Trustee any and all such cash, securities, obligations or rights remaining at the time of such discharge and cancellation with the trustee or mortgagee of the mortgage or other instrument so discharged and cancelled. The Railroad Company hereby authorizes and directs the trustee or mortgagee under each such mortgage or other instrument, upon such discharge and cancellation thereof, to deposit with the Trustee all such cash, securities, obligations or rights so remaining. The Railroad Company covenants to deliver a copy of the Mortgage to the trustee or mortgagee under each such mortgage or other instrument and furnish the Trustee with evidence of such delivery.

SECTION 7. The Railroad Company, from time to time, will pay and discharge, or cause to be paid and discharged, all taxes, assessments and governmental charges (the lien whereof would be prior to the lien of the Mortgage) lawfully imposed upon the mortgaged property or upon any part thereof, or upon the income and profits thereof, and also all taxes, assessments and governmental charges lawfully imposed upon the lien or interest of the Trustee in respect of the mortgaged property or the income thereof, so that the lien and priority of the Mortgage shall be fully preserved at the cost of the Railroad Company without expense to the Trustee or the Bondholders; provided, however, that the Railroad Company shall not be required to pay any such taxes, assessments or governmental charges (i) so long as in good faith the validity or the amount thereof shall be contested by appropriate legal proceedings, unless thereby, in the judgment of the Trustee, the security afforded by the Mortgage will be materially impaired or endangered, or (ii) on property it has abandoned pursuant to permission granted by the Interstate

Commerce Commission or other public regulatory body having jurisdiction in the premises, or (iii) on property it has abandoned where no public regulatory body has jurisdiction if the property abandoned is no longer necessary for the maintenance or operation of the lines of railroad subject to the lien of the Mortgage.

SECTION 8. The Railroad Company, from time to time as the same shall become due and payable, will observe and perform all of its obligations, and will pay and discharge all sums payable, under or by virtue of any lease or trackage agreement held by it and subject to the lien of the Mortgage and which is reasonably necessary for the maintenance and operation of the lines of railroad subject to the lien of the Mortgage, and will not suffer or permit any default for which such lease or trackage agreement may be terminated, so that, subject to the provisions of Articles XI and XII hereof, the interest of the Railroad Company in all such leasehold estates or trackage agreements shall be preserved unimpaired as security for the Bonds and coupons hereby secured.

Nothing in this Section 8 contained shall require the Railroad Company to make any such payments or to observe any such obligations so long as the Railroad Company in good faith shall contest its liability for any such payments or its duty to observe any such obligations, unless in the opinion of the Trustee such action will materially impair or endanger the interests of the Bondholders.

SECTION 9. Subject to the provisions of Articles XI and XII, the Railroad Company covenants and agrees that the Mortgage is and always will be kept a lien upon all of the mortgaged property, subject only to the liens prior thereto specified or referred to in the granting clauses hereof, the

right, charge, lien or title of Equipment Obligations, Permitted Encumbrances, and purchase money liens on property acquired after the date hereof and liens thereon existing at the time of such acquisition, and that it will not voluntarily create, or suffer to be created or to arise, any other lien or charge having priority to, preference over or parity with the lien of the Mortgage upon the mortgaged property, or any part thereof, or upon the income thereof; and that, within 6 months after the same shall be payable, it will pay or cause to be discharged, or will make adequate provision for the satisfaction or discharge of, all lawful claims and demands of mechanics, laborers and others, which, if unpaid, might by law be given precedence over the Mortgage as a lien or charge upon the mortgaged property or any part thereof, or the income thereof; provided, however, that the Railroad Company shall not be required to pay any such debt, lien or charge so long as it shall in good faith, by appropriate legal proceedings, contest the validity thereof or the amount thereof unless thereby, in the opinion of the Trustee, the interests of the Bondholders will be materially impaired or endangered.

SECTION 10. Subject to the provisions of Articles XI and XII, and to the extent needful and proper for the efficient and economic operation of its properties, the Railroad Company will at all times diligently maintain, preserve and keep all of the rights and franchises granted to it or conferred upon it, maintain, preserve and keep its railroads, fixtures and appurtenances in good repair, working order and condition and from time to time make all needful and proper repairs thereto and renewals and replacements thereof, and keep the lines of railroad subject to the Mortgage supplied with Equipment, machinery, tools and other supplies, maintain the same in good order and condition, reasonable wear and tear excepted, and from time to time make all needful

ginning and at the close of the period covered by the Certificate;

(3) The amount of expenditures that have theretofore been made from the Additions and Betterments Fund and from the Reserve and Retirement Fund for or on account of Gross Expenditures;

(4) A computation showing the principal amount of Bonds that could be authenticated and delivered on the basis of the Application;

(5) A description of all property constituting Additions and Betterments acquired or constructed during the period covered by the Certificate in such reasonable detail as shall be sufficient to permit identification thereof or a statement of the amounts thereof by primary accounts according to the Uniform System of Accounts;

(6) With respect to any new Equipment described therein, the date or dates upon which each item of such Equipment was acquired by the Railroad Company or upon which construction by the Railroad Company was completed and the Cost of Additions and Betterments for the acquisition or construction thereof;

(7) If any of such Additions and Betterments are located on any leasehold, the date of expiration of the term of such lease and the Cost of the Additions and Betterments which the Railroad Company has the right to remove or to be reimbursed for upon the termination of the lease; and

(8) If any of such Additions and Betterments are subject to any Prior Lien, a computation showing that the inclusion thereof in the Application will not result in a violation of the covenant in respect of Additions and Betterments subject to Prior Liens in Section 13 of Article IX, and a description of any Prior Lien not described in any previous Certificate;

(d) All such deeds, supplemental indentures or instruments of further assurance, if any, as in the Opinion of Counsel furnished pursuant to clause (e) below may be specified as necessary or advisable to subject to the lien of the Mortgage the property included in the Additions and Betterments shown in the Officers' Certificate required by clause (c) above, or, in the case of Additions and Betterments located on leaseholds, to subject such leaseholds to such lien;

(e) An Opinion of Counsel (i) that all property included in the Additions and Betterments shown in the Officers' Certificate required by clause (c) above, except such as is located on leaseholds, is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage or will become subject to such liens upon the delivery and recording or filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, subject to no defect in title and subject to no lien thereon prior or equal to the lien of the Mortgage except the First Mortgage and liens securing Prior Lien Bonds, if any, and Permitted Encumbrances, if any, and (ii) if any such property is located on any leasehold, as shown by the Officers' Certificate, that such leasehold (except the last day of the term thereof) is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage, or will become subject to such liens upon the delivery and recording or filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, and extends for a period of time not less than 10 years beyond the latest maturity date of any Bonds or First Mortgage Bonds outstanding or for the authentication and delivery of which application is being made, or that, under the terms of such leasehold, the Railroad Company has the right to be reimbursed in respect of the expenditures for such property or the right to remove the property upon the termination thereof; provided that

such Opinion of Counsel may recite that it is based upon certificates or opinions of officers or engineers of the Railroad Company as to any factual matters not of public record; and

(f) If it shall appear from the Officers' Certificate required by clause (c) above that any Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, a certificate of an engineer (who shall be appointed by the Board of Directors and satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) establishing the estimated service life of such Equipment, and a supplemental indenture establishing a sinking fund meeting the requirements specified in Section 2 of Article VIII.

For the purposes of this Section 2 and of Section 3 of Article VIII, whenever new Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, it shall be presumed that such Bonds are issued on the basis of such Equipment to the extent of the Cost of Additions and Betterments for the acquisition or construction of new Equipment as stated in the Officers' Certificate then delivered to the Trustee pursuant to the requirements of clause (c) of this Section 2.

SECTION 3. From time to time and in the manner provided in this Section 3, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, upon the deposit by the Railroad Company with the Trustee of a sum in cash equal to the principal amount of the Bonds so to be authenticated and delivered and upon delivery by the Railroad Company to the Trustee of (a) an Application for the authentication of Bonds under this Section 3, stating the principal

amount of Bonds the authentication of which is applied for, (b) the documents specified in Section 8 of this Article III, and (c) an Officers' Certificate dated not more than 30 days prior to the delivery thereof to the Trustee which shall certify that any cash so deposited with the Trustee is not otherwise required to be deposited with the Trustee or is not otherwise required to be used under any provision of the Mortgage or of the First Mortgage.

All cash so deposited (herein sometimes referred to as "escrowed cash") shall be held by the Trustee as part of the mortgaged property and may be withdrawn by the Railroad Company upon its written order, signed by its President or a Vice President, accompanied by an Application therefor and a Certified Resolution authorizing such Application, in an amount equal to the principal amount of each Bond or fraction of a Bond to the authentication and delivery of which the Railroad Company would be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III. Upon applying for any such withdrawal, the Railroad Company shall comply with all applicable provisions of this Article III relating to the authentication and delivery of such Bonds except that the Railroad Company shall not be required to comply with any of the provisions of Section 8 of this Article III other than clause (d) (iv) (with such changes as shall be appropriate to the withdrawal of escrowed cash) and clause (e) of said Section 8. Any withdrawal of escrowed cash under this Section 3 shall be in lieu of the right of the Railroad Company to the authentication and delivery of Bonds to which the Railroad Company would otherwise be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III.

The Railroad Company shall not be entitled to withdraw any escrowed cash pursuant to the provisions of this Section 3 at any time when an Event of Default shall have occurred and be continuing.

Whenever and so long as the amount of escrowed cash at any time held by the Trustee and not withdrawn by the Railroad Company under the provisions of this Section 3 shall exceed $10,000,000, no Bonds shall be issued by the Railroad Company or authenticated by the Trustee under the provisions of this Section 3.

SECTION 4. From time to time and in the manner provided in this Section 4, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding the principal amount of Bonds of any other series or First Mortgage Bonds which shall have been cancelled or surrendered to the Trustee for cancellation, or for the payment or redemption of which moneys in the necessary amount shall have been irrevocably deposited in trust with the Trustee; provided, however, (1) that no Bonds shall be authenticated and delivered under this Section 4 on the basis of Bonds of any other series or First Mortgage Bonds theretofore Bonded, or theretofore acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage, and (2) that in case of the redemption of Bonds of any other series or First Mortgage Bonds all action and notice required for such redemption shall have been taken and given, or provision made therefor satisfactory to the Trustee.

Bonds shall be authenticated and delivered under this Section 4 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds

under this Section 4, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 8 of this Article III;

(c) An Officers' Certificate dated not more than 30 days prior to the delivery thereof which shall (i) describe and state the amount of Bonds or First Mortgage Bonds the cancellation or surrender for cancellation or the payment or redemption of which forms the basis of the Application; (ii) state that said Bonds or First Mortgage Bonds have not theretofore been Bonded and have not theretofore been acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage; and (iii) certify that any moneys deposited in trust as required by paragraph (d) of this Section 4 are not otherwise required to be deposited with the Trustee or are not otherwise required to be used under any provision of the Mortgage or of the First Mortgage; and

(d) Either (i) said Bonds of such prior series or First Mortgage Bonds, cancelled or for cancellation, which form the basis of the Application, together with all unmatured coupons and all unpaid matured coupons appertaining thereto, if any, funds for the payment of which have not been provided, or (ii) moneys in trust in the necessary amount for the payment or redemption thereof, and (iii) in case of such redemption, evidence that due notice of redemption has been given or has been provided for, to the satisfaction of the Trustee.

So long as the First Mortgage shall remain a lien on the mortgaged property, the requirements of this Section 4 with respect to the delivery of First Mortgage Bonds or moneys for the payment or redemption thereof to the Trustee shall be deemed to be satisfied by the delivery thereof to the trustee under the First Mortgage subject to the terms there-

(a) may vote or give consents in respect of any Securities deposited and pledged hereunder and authorize such Securities to be voted and such consents to be given and may take such other action as to the Trustee, in its discretion, shall seem advisable to protect the interests of the Trustee and of the Bondholders in respect of any Securities subject to the lien hereof; and

(b) may in respect of any such Securities join in or become party to any plan of reorganization or readjustment (whether voluntary or involuntary) of the corporation issuing such Securities and deposit such Securities under such plan, and may make any exchange, substitution, cancellation or surrender of Securities required by any such plan and take such action with respect to Securities subject to the lien hereof as may be required by such plan for the accomplishment thereof. All new Securities issued under any such plan in exchange for Securities previously deposited and pledged hereunder shall be deposited with the Trustee and held by it under and for the purposes expressed in the Mortgage.

SECTION 4. In case at any time

(a) default shall be made in the payment of the principal of or interest on any Debt Security deposited and pledged hereunder, or

(b) default shall be made in any of the covenants, terms or conditions contained in any such Debt Security or the mortgage or other instrument securing the same or pursuant to which the same shall have been issued, or

(c) the right shall arise to enforce, by foreclosure or otherwise, any such mortgage or other instrument,

then, and in any such case, upon the written request of the Railroad Company, accompanied by a Certified Resolution

hereunder below 90% of the total outstanding shares of such class; (vi) that the Securities, if any, to be issued in substitution will not be junior to the Securities to be retired; and (vii) that no Event of Default has occurred and is continuing.

(B) An Opinion of Counsel that such renewal, extension or substitution is in accordance with the provisions of the Mortgage and that any Securities so to be renewed or extended will, upon such renewal or extension, and any new Securities to be issued will, upon the issue and delivery thereof to the Railroad Company, be validly issued and outstanding and what they purport to be and validly owned by the Railroad Company; that whatever consent, authorization or approval on the part of any governmental authority is requisite for such ownership and pledge has been obtained; that all shares of Stock, if any, included in such Securities are fully paid and nonassessable; and that upon the deposit and pledge of said Securities hereunder the Mortgage will constitute a valid, enforceable and direct lien thereon, free and clear of liens prior thereto.

Upon receipt of the instruments specified in clauses (A) and (B), and a Certified Resolution requesting any such extension, renewal or substitution, the Trustee shall permit the same and take any other action necessary to effect any such extension, renewal or substitution.

SECTION 6. The Trustee may sell, assign, transfer and deliver so many shares of the Stock of any corporation whose Stock is deposited and pledged under the Mortgage as may be necessary to qualify persons to act as directors of, or in any other official relation to, such corporation. In every such case the Railroad Company shall make such arrangements with the Trustee as shall be deemed necessary by the Trustee for the protection of the trusts hereunder.

SECTION 7. In case a corporation any of the Securities of which shall be deposited and pledged under the Mortgage shall be consolidated with or merged into, or shall convey all or substantially all of its properties to, the Railroad Company, the Securities of such corporation that are deposited and pledged under the Mortgage shall be surrendered to the consolidated corporation or to the Railroad Company, as the case may be, but only if, as evidenced by an Opinion of Counsel furnished to the Trustee, (a) by virtue of such consolidation or merger and the application of the provisions of Article XII the lien of the Mortgage has extended to the property of such corporation the Securities of which are so surrendered, and (b) in the case of any Debt Securities so surrendered which are secured by a lien on the property of such corporation, the lien of the Mortgage resulting from such consolidation or merger is substantially equivalent to the lien securing such Debt Securities.

SECTION 8. In case at any time

(a) any corporation, the Securities of which shall be deposited and pledged hereunder, shall be dissolved or liquidated, or

(b) all or any of the property of any such corporation shall be sold at any judicial sale, or

(c) any of the property covered by any mortgage securing any Debt Security deposited and pledged under the Mortgage shall be sold in foreclosure proceedings or other proceedings for the enforcement of such mortgage or the Debt Security thereby secured,

then, and in any such case, if the property of such dissolved or liquidating corporation or the property sold can be acquired by crediting on the Securities so pledged under the Mortgage any sum accruing or to be received thereon out of

the proceeds of such property, and by paying not more than 10% of the price of such property in cash (or more than 10% if the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds shall so request), the Trustee in its discretion may, and if requested in writing by the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds and upon being provided with the amount of cash necessary therefor (whether such amount be more or less than 10% of the price of such property) and security or indemnity satisfactory to it against any expense or liability on its part, shall, purchase or cause to be purchased such property, either in the name or on behalf of the Trustee or of the Railroad Company or of purchasing trustees, as the Trustee may determine, and the Trustee shall use, or permit the Railroad Company to use, such Securities so far as may be permissible to make payment for such property. In the event of any such purchase, the Trustee shall take such steps as it may deem proper to cause such property either to be vested in the Railroad Company and subjected to the direct lien of the Mortgage or in some other corporation with power to acquire and operate such property. The Railroad Company covenants that, if such property is vested in some other corporation with power to acquire and operate such property, all Securities of such other corporation acquired directly or indirectly through such use of the pledged Securities will be deposited and pledged under the Mortgage.

SECTION 9. The Railroad Company covenants that, except as permitted by paragraph (b) of Section 3 of this Article X, no Railroad Subsidiary will increase the amount of its outstanding shares of Stock of any class unless after such increase the percentage of shares outstanding necessary to meet the requirements of a Railroad Subsidiary shall be pledged and deposited with the trustee under the First Mort-

gage or with the Trustee hereunder. In the event that the outstanding amount of any class of Stock of any Railroad Subsidiary shall be reduced, the Trustee, upon the written request of the Railroad Company, shall surrender for cancellation the certificates evidencing such part of the shares of such class of Stock then pledged and deposited hereunder as shall be proportionate to the amount of such reduction.

SECTION 10. The Railroad Company covenants and agrees that no Railroad Subsidiary will create or increase the amount of its debts secured by lien equal or prior in rank to the lien of any bonds of such Railroad Subsidiary pledged under the Mortgage, unless the Debt Securities for the debt so created or the increase thereof are also pledged with the Trustee hereunder or with the trustee under the First Mortgage.

SECTION 11. The Railroad Company covenants that no Railroad Subsidiary will make any sale, exchange or other disposition of its property contrary to the provisions of Part B of Section 1 of Article XI and that, except as otherwise expressly provided in the Mortgage, no Railroad Subsidiary will at any time sell, exchange or otherwise dispose of its property, real or personal, or any part thereof, except for adequate consideration and unless the Railroad Company shall first file with the Trustee the following:

(a) An Officers' Certificate dated not more than 30 days prior to the delivery thereof, stating

(1) that such Railroad Subsidiary desires to sell or exchange property, briefly described, or has contracted so to do, for a consideration described in the Certificate (which consideration may be cash or property or both), and that such consideration represents, in the opinion of the signers of the Certificate, an adequate

consideration to such Railroad Subsidiary for the property to be sold or exchanged;

(2) a brief description of the property, if any, to be received as consideration in whole or in part, and stating that such property consists of railroad lines, bridges or terminals, or other property appurtenant to or useful to the railroad lines, bridges or terminals, owned and operated by such Railroad Subsidiary; and

(3) that the property to be sold or exchanged is no longer necessary or advantageous in the business of such Railroad Subsidiary, and either (i) that the substantial integrity and efficiency of the lines of railroad, bridges and terminals of such Railroad Subsidiary will not be impaired by such sale or exchange, or (ii) that the sale or exchange is made in compliance with the provisions of Part B of Section 1 of Article XI.

(b) An Opinion of Counsel (in case the Certificate states that the consideration to the Railroad Subsidiary consists of property in whole or in part) that such property to be received by the Railroad Subsidiary is free and clear of liens other than Permitted Encumbrances.

Sales, exchanges and other dispositions of its property may be made by any Railroad Subsidiary in any calendar year without the filing of the instruments provided for in this Section 11, unless and until the value of the property disposed of by such Railroad Subsidiary in that year has exceeded or will exceed $25,000.

The Railroad Company covenants and agrees that within 15 days after the sale or disposition of any property by a Railroad Subsidiary as to which the instruments provided by this Section 11 shall be required, the Railroad Company will deposit or cause to be deposited with the Trustee an amount equal to the amount of any cash received by such Railroad Subsidiary for the property so sold, unless such Railroad Subsidiary has deposited such amount with the trustee under

of such estimated service life, whichever is the lesser. If such Equipment or any part thereof shall have been in use by the Railroad Company for a period of more than 90 days at the time of an Application for the authentication and delivery of Bonds, the Gross Expenditures for such Equipment and the principal amount of Bonds to which the Railroad Company would be entitled on account thereof shall be proportionately reduced by the period of such use by the Railroad Company; and the amount of money to be deposited with the Trustee on each January 1 and July 1 above specified shall be increased by such an amount as to make said semi-annual deposits equal in the aggregate, over a period of 15 years or a period equal to the estimated service life of such Equipment, whichever is the shorter period, diminished by the period of such use by the Railroad Company, the principal amount of Bonds which the Railroad Company may be entitled to receive.

For the purpose of this Section 2, the estimated service life of any Equipment shall be that established by the certificate of an engineer (who shall be appointed by the Board of Directors and be satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) delivered to the Trustee pursuant to the provisions of clause (f) of Section 2 of Article III when the acquisition of such Equipment is made the basis for the authentication and delivery of Bonds.

Any moneys deposited with the Trustee as and for an Equipment Sinking Fund shall be applied by the Trustee to the retirement of Bonds in accordance with the provisions of the supplemental indenture creating such Equipment Sinking Fund.

SECTION 3. Whenever the acquisition of Equipment is made the basis for the withdrawal, payment or application of any cash held by the Trustee under any provision of the

Mortgage, the Railroad Company covenants to pay to the Trustee on each January 1 and July 1 thereafter an amount of money equal to the quotient obtained by dividing the amount of cash so withdrawn, paid or applied by 30 or by twice the number of years of service life of such Equipment, whichever is the lesser. If such Equipment or any part thereof shall have been in use for a period of more than 90 days at the time of application for such withdrawal, payment or application, the Gross Expenditures for such Equipment, and the amount of cash that may be withdrawn, paid or applied, shall be reduced in the same manner and to the same extent as provided in the first paragraph of Section 2 of this Article VIII.

For the purpose of this Section 3, the estimated service life of any Equipment shall be established by the certificate of an engineer (who shall be appointed by the Board of Directors and approved by the Trustee and who may be an officer or employee of the Railroad Company) delivered to the Trustee with an Application for the withdrawal, payment or application of cash upon the basis of the acquisition of such Equipment.

Such moneys shall be held and applied by the Trustee as in the case of money deposited upon the release of mortgaged property in the manner provided in Section 7 of Article XI.

SECTION 4. As and for a Contingent Sinking Fund for the retirement of Bonds, the Railroad Company covenants that prior to or concurrently with the declaration of any dividend on its common stock it will deposit with the Trustee an amount equal to 50% of such dividend.

Moneys which are deposited with the Trustee as and for the Contingent Sinking Fund shall be applied by the Trustee,

so long as no Event of Default has occurred and is continuing, to the purchase or redemption of Bonds in accordance with the provisions of this Section 4.

So long as Bonds of Series A and Series B are outstanding under the Mortgage, such moneys shall be applied as nearly as may be in equal parts to purchase or redeem Bonds of each such series. If the Bonds of either of such series shall no longer be outstanding, all of such moneys shall be applied to the purchase or redemption of Bonds of the other series. If no Bonds of either of such series shall be outstanding, such moneys shall be applied to the purchase or redemption of Bonds of such other series as shall be determined by the supplemental indentures creating such other series.

The Trustee may purchase such Bonds in the open market at the lowest price or prices at which, in its sole discretion, it shall deem such Bonds reasonably obtainable; or, if the Trustee, in its sole discretion, shall deem it advisable, it may advertise for proposals to sell such Bonds to it, reserving the right to reject any or all such proposals in whole or in part, and may purchase such Bonds at the lowest price or prices asked in such proposals if it deems such purchases advisable; but no such Bonds shall be purchased in the open market or in response to proposals, as aforesaid, at a price, including interest, in excess of the amount, including interest, which would be payable in case of redemption thereof for the Contingent Sinking Fund at the earliest applicable redemption date.

At the expiration of 6 months after the making of any deposit pursuant to this Section 4, if the balance remaining in the Contingent Sinking Fund applicable to the purchase or redemption of Bonds of any series equals or exceeds $50,000 the Trustee shall apply such balance to the redemption of Bonds of such series on the next interest payment date at the redemption price (exclusive of premium) then

applicable to Bonds of such series. The Trustee shall give notice of such redemption in the name of the Railroad Company in the manner and in accordance with the applicable provisions of Article IV; and the Trustee is hereby appointed the agent of the Railroad Company for such purpose. The Railroad Company covenants that whenever any redemption of Bonds shall be required under the provisions of this Section 4, it will at the request of the Trustee take all action necessary to redeem such Bonds on the date specified by the Trustee.

The Railroad Company covenants that in connection with any redemption of Bonds under this Section 4 it will deposit with the Trustee, in addition to funds theretofore deposited in the Contingent Sinking Fund, moneys sufficient to pay on or before the date fixed for redemption all interest required to be paid thereon to the date fixed for redemption.

All advertising and publishing costs and other expenses incurred in the purchase or redemption of such Bonds, and all amounts paid on account of interest on the purchase of such Bonds, shall be paid by the Railroad Company, or, if paid by the Trustee, shall be repaid by the Railroad Company to the Trustee upon demand.

All Bonds purchased or redeemed out of the Contingent Sinking Fund shall be cancelled and shall not be made the basis for the authentication and delivery of any Bonds or the withdrawal, payment or application of any cash under any provision of the Mortgage.

ARTICLE IX

General Covenants

The Railroad Company covenants as follows:

Section 1. The Railroad Company will duly and punctually pay or cause to be paid the principal of (and premium, if any) and interest on the Bonds at the times and at the place or places and in the manner and to the extent specified therein and in the coupons.

Section 2. The Railroad Company will maintain in the City of Chicago, Illinois, and in the Borough of Manhattan, City of New York, New York, an office or agency where payment of the principal of and interest on Bonds may be made, where notices, presentations and demands to or upon the Railroad Company in respect of Bonds or coupons appertaining thereto or in respect of the Mortgage may be given or made, where Bonds may be registered, transferred and exchanged, and where such Bonds as are convertible may be presented and surrendered for conversion. The Railroad Company will also maintain a similar office or agency in each other city where the principal of or interest on any of the Bonds is payable, as provided in Article II, or where any Bond may be converted. The Railroad Company will give to the Trustee notice of the location of all such offices or agencies and of any change of location thereof. In case the Railroad Company shall fail to maintain any such office or agency or shall fail to give notice of the location or of any change in the location thereof, notices, presentations and demands may be given or made at the principal office of the Trustee.

If the Railroad Company shall appoint a paying agent other than the Trustee, it will cause such paying agent to

execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 2:

(a) that it will hold all sums held by it as such agent for the payment of the principal of (and premium, if any) or interest on any of the Bonds (whether such sums have been paid to it by or on behalf of the Railroad Company or any other obligor on the Bonds) in trust for the benefit of the holders of such Bonds or the coupons for such interest, as the case may be; and

(b) that it will give to the Trustee notice of any failure by the Railroad Company (or by any other obligor on such Bonds) to make any payment of the principal of (and premium, if any) or interest on such Bonds when the same shall be due and payable which shall come to its notice or knowledge as such paying agent.

If the Railroad Company shall act as its own paying agent in respect of the Bonds of any series, it will, on or before each date on which the principal of (and premium, if any) or interest on such Bonds is due and payable, set aside, segregate and hold in trust for the benefit of the holders of such Bonds or the appurtenant coupons, as the case may be, a sum sufficient to pay such principal (and premium, if any) and interest so becoming due and payable and will notify the Trustee of any failure to take such action.

The Railroad Company may, at any time, for the purpose of obtaining a release or satisfaction of the Mortgage or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by it or by any paying agent pursuant to this Section 2, such sums thereafter to be held by the Trustee upon the same trusts as in this Section 2 provided.

The agreement to hold sums in trust as provided in this Section 2 is subject to the provisions of Section 4 of Article XIX.

SECTION 3. The Railroad Company will execute and deliver, or will cause to be executed and delivered, all such further deeds, mortgages, assignments and transfers as may be required for the better mortgaging, assigning and confirming to the Trustee of the property hereby mortgaged, conveyed or assigned, or intended so to be, or which the Railroad Company may hereafter become bound to convey or assign to the Trustee.

The Railroad Company will deliver to the Trustee on or before April 1 in each year, beginning with the year 1946, an Opinion of Counsel that no further deeds, mortgages, assignments or transfers are required to be executed and delivered by the Railroad Company under the provisions of this Section 3, except such instruments as shall be specified in such opinion.

SECTION 4. The Railroad Company owns and is lawfully possessed of the lines of railroad, property and franchises referred to in the granting clauses hereof, and is duly authorized to operate and does operate said lines of railroad, and covenants and agrees to execute any and all instruments and do any and all acts or things necessary or proper to perfect its title to the same or any thereof, and, subject to the provisions of Article XII hereof, to take all steps and do all acts necessary to continue and maintain its corporate existence and authority to operate its lines of railroad.

SECTION 5. The Railroad Company, from time to time as they shall become due, will make, or cause to be made, any and all payments required to be made under and by the terms of any Equipment Obligation, including those described in the granting clauses hereof, and will do or cause to be done all and every such further acts as may be necessary to assure

to the Railroad Company the use of the Equipment to which such Equipment Obligation relates and the ultimate acquisition of complete title thereto.

Nothing in this Section 5 contained and nothing in any other provision of the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Railroad Company, which is hereby expressly reserved, to extend, prior to the maturity of any Equipment Obligation, the balance of the rental or other payments remaining to be paid thereunder or secured thereby or to refinance the same by entering into a new Equipment Obligation.

SECTION 6. The Railroad Company will well and truly pay and discharge or cause to be paid and discharged upon presentation thereof for payment when due the principal of all obligations having a lien on the mortgaged property or any part thereof prior to the lien of the Mortgage; and until paid or discharged at maturity or otherwise it will pay or cause to be paid the interest payable thereon at the time and at the place or places set forth therein or in the coupons attached thereto; and it will prevent any default or other thing from happening whereby the right might arise to enforce by foreclosure or otherwise any such obligations; provided, however, that the Railroad Company may extend or renew any such obligations.

In all cases in which, pursuant to the requirements of any mortgage or other instrument constituting a lien prior to the lien of the Mortgage, cash, securities, obligations or rights which would otherwise be required to be deposited with the Trustee are deposited with the trustee or mortgagee under such mortgage or other instrument, the Railroad Company will forthwith, upon the discharge and cancellation of such mortgage or other instrument (subject to the obligation of

the Railroad Company, if any, to cause the same to be deposited under any other such mortgage or other instrument), cause to be deposited with the Trustee any and all such cash, securities, obligations or rights remaining at the time of such discharge and cancellation with the trustee or mortgagee of the mortgage or other instrument so discharged and cancelled. The Railroad Company hereby authorizes and directs the trustee or mortgagee under each such mortgage or other instrument, upon such discharge and cancellation thereof, to deposit with the Trustee all such cash, securities, obligations or rights so remaining. The Railroad Company covenants to deliver a copy of the Mortgage to the trustee or mortgagee under each such mortgage or other instrument and furnish the Trustee with evidence of such delivery.

SECTION 7. The Railroad Company, from time to time, will pay and discharge, or cause to be paid and discharged, all taxes, assessments and governmental charges (the lien whereof would be prior to the lien of the Mortgage) lawfully imposed upon the mortgaged property or upon any part thereof, or upon the income and profits thereof, and also all taxes, assessments and governmental charges lawfully imposed upon the lien or interest of the Trustee in respect of the mortgaged property or the income thereof, so that the lien and priority of the Mortgage shall be fully preserved at the cost of the Railroad Company without expense to the Trustee or the Bondholders; provided, however, that the Railroad Company shall not be required to pay any such taxes, assessments or governmental charges (i) so long as in good faith the validity or the amount thereof shall be contested by appropriate legal proceedings, unless thereby, in the judgment of the Trustee, the security afforded by the Mortgage will be materially impaired or endangered, or (ii) on property it has abandoned pursuant to permission granted by the Interstate

Commerce Commission or other public regulatory body having jurisdiction in the premises, or (iii) on property it has abandoned where no public regulatory body has jurisdiction if the property abandoned is no longer necessary for the maintenance or operation of the lines of railroad subject to the lien of the Mortgage.

SECTION 8. The Railroad Company, from time to time as the same shall become due and payable, will observe and perform all of its obligations, and will pay and discharge all sums payable, under or by virtue of any lease or trackage agreement held by it and subject to the lien of the Mortgage and which is reasonably necessary for the maintenance and operation of the lines of railroad subject to the lien of the Mortgage, and will not suffer or permit any default for which such lease or trackage agreement may be terminated, so that, subject to the provisions of Articles XI and XII hereof, the interest of the Railroad Company in all such leasehold estates or trackage agreements shall be preserved unimpaired as security for the Bonds and coupons hereby secured.

Nothing in this Section 8 contained shall require the Railroad Company to make any such payments or to observe any such obligations so long as the Railroad Company in good faith shall contest its liability for any such payments or its duty to observe any such obligations, unless in the opinion of the Trustee such action will materially impair or endanger the interests of the Bondholders.

SECTION 9. Subject to the provisions of Articles XI and XII, the Railroad Company covenants and agrees that the Mortgage is and always will be kept a lien upon all of the mortgaged property, subject only to the liens prior thereto specified or referred to in the granting clauses hereof, the

right, charge, lien or title of Equipment Obligations, Permitted Encumbrances, and purchase money liens on property acquired after the date hereof and liens thereon existing at the time of such acquisition, and that it will not voluntarily create, or suffer to be created or to arise, any other lien or charge having priority to, preference over or parity with the lien of the Mortgage upon the mortgaged property, or any part thereof, or upon the income thereof; and that, within 6 months after the same shall be payable, it will pay or cause to be discharged, or will make adequate provision for the satisfaction or discharge of, all lawful claims and demands of mechanics, laborers and others, which, if unpaid, might by law be given precedence over the Mortgage as a lien or charge upon the mortgaged property or any part thereof, or the income thereof; provided, however, that the Railroad Company shall not be required to pay any such debt, lien or charge so long as it shall in good faith, by appropriate legal proceedings, contest the validity thereof or the amount thereof unless thereby, in the opinion of the Trustee, the interests of the Bondholders will be materially impaired or endangered.

SECTION 10. Subject to the provisions of Articles XI and XII, and to the extent needful and proper for the efficient and economic operation of its properties, the Railroad Company will at all times diligently maintain, preserve and keep all of the rights and franchises granted to it or conferred upon it, maintain, preserve and keep its railroads, fixtures and appurtenances in good repair, working order and condition and from time to time make all needful and proper repairs thereto and renewals and replacements thereof, and keep the lines of railroad subject to the Mortgage supplied with Equipment, machinery, tools and other supplies, maintain the same in good order and condition, reasonable wear and tear excepted, and from time to time make all needful

and proper repairs thereto and renewals and replacements thereof.

SECTION 11. Subject to the terms and provisions of Articles XI and XII, the Railroad Company will maintain its property, rights and franchises and continue the full enjoyment thereof so as to maintain the general continuity of its lines of railroad between the principal points served by it as of the date of the execution and delivery of the Mortgage and from time to time thereafter.

SECTION 12. The Railroad Company will forthwith upon acquisition deposit and pledge with the Trustee, as further security for the Bonds, all Securities hereafter acquired by it except (i) Special Securities, (ii) Debt Securities hereafter acquired by the Railroad Company in reimbursement of expenditures for Additions and Betterments to the properties of Chicago, Terre Haute and Southeastern Railway Company, and (iii) Securities deposited with the trustee or mortgagee of any Prior Lien or required to be so deposited by the terms of such Prior Lien; and that upon cancellation or release of any Prior Lien, all such Securities then held by the trustee or mortgagee thereunder will be forthwith deposited and pledged with the Trustee unless then required to be deposited or pledged or held under another lien prior to the lien of the Mortgage.

So long as the First Mortgage shall remain a lien on the mortgaged property, the deposit and pledge by the Railroad Company of such Securities with the trustee of the First Mortgage pursuant to the provisions of Section 12 of Article IX of the First Mortgage, as evidenced by a statement of the trustee of the First Mortgage certifying to such pledge and deposit filed with the Trustee, shall constitute a compliance by the Railroad Company with the provisions of this Section 12.

SECTION 13. The Railroad Company will not procure the authentication and delivery of any Bonds hereunder, the release of any property herefrom, or the withdrawal, payment or application of any cash held by the Trustee under any provision of the Mortgage, except upon compliance by the Railroad Company with the applicable provisions of the Mortgage; and will not issue any other obligations or securities except common stock for the purpose of capitalizing, or reimbursing the Railroad Company for, any expenditures from the Reserve and Retirement Fund or the Additions and Betterments Fund.

The Railroad Company will not procure the authentication and delivery of any Bonds hereunder, the release of any property herefrom, or the withdrawal, payment or application of any cash held by the Trustee under any provision of the Mortgage, on the basis of Additions and Betterments subject to any Prior Lien if after giving effect thereto the Cost of Additions and Betterments then subject to liens securing Prior Lien Bonds would exceed 10% of the aggregate of the principal amount of such Prior Lien Bonds and the principal amount of Bonds then outstanding.

SECTION 14. The Railroad Company will not increase or permit to be increase in principal amount any of its obligations (other than Bonds, First Mortgage Bonds, Equipment Obligations and Permitted Encumbrances) which are at the time of the making or assuming of such obligations secured by a lien on the mortgaged property, or any part thereof, prior to or on a parity with the lien of the Mortgage unless the obligations representing such increase are forthwith deposited and pledged with the trustee of the First Mortgage or with the Trustee to be held subject to the provisions of Article X.

SECTION 15. The Railroad Company will maintain a record of all Equipment and will furnish to the Trustee at least once in each period of 3 years following the date of the execution and delivery of the Mortgage a statement of the number of units by classes of said Equipment, and showing separately the Equipment that is held under or subject to Equipment Obligations and the expenditures therefor, and specifying the amount and maturities of all such Equipment Obligations.

SECTION 16. The Railroad Company will cause the Mortgage and every supplemental indenture or instrument purporting to create a lien upon the mortgaged property to secure the Bonds, to be recorded and filed and re-recorded and refiled to the extent necessary to make effective and maintain the lien intended to be created thereby, and will, on or before April 1 in each year, beginning with the year 1946, furnish to the Trustee an Opinion of Counsel stating either that in the opinion of such counsel the Mortgage and all supplemental indentures or other instruments supplemental thereto have been properly recorded and filed and re-recorded and refiled, as the case may be, so as to make effective and maintain the lien intended to be created thereby, or that in the opinion of such counsel no such action is necessary to make such lien effective and to maintain the same.

SECTION 17. The Railroad Company will cause all of the property at any time subject to the lien of the Mortgage and which is of a character usually insured by railroad companies to be kept insured in such manner and to such extent as is customary and usual in the operation of railroad companies in the territory served by the Railroad Company. On or before April 1, 1946, and on or before April 1 in each year thereafter, and at any other time upon the request of the Trustee, the Railroad Company will furnish to the Trus-

tee an Officers' Certificate stating in general the character and extent of the insurance then maintained by the Railroad Company and stating that the same complies in all respects with the requirements of this Section 17.

If the proceeds from any insurance on the mortgaged property shall exceed the sum of $100,000 in respect of any one loss, such proceeds shall, subject to the requirements of the First Mortgage or any Prior Lien or Equipment Obligation on such property, be paid by the Railroad Company to the Trustee, accompanied by an Officers' Certificate as required by Section 22 of this Article IX, and shall be held and disposed of by the Trustee as in the case of moneys deposited upon the release of mortgaged property as provided in Section 7 of Article XI.

If such proceeds be $100,000 or less in respect of any one loss, they shall be applied by the Railroad Company to the repair, restoration or replacement of the property damaged or destroyed or to the acquisition or construction of Additions and Betterments. Any property acquired by the Railroad Company out of the proceeds of insurance as aforesaid and any and all repairs, restorations, replacements, Additions and Betterments acquired or constructed out of such proceeds, subject to the requirements of the First Mortgage or any Prior Lien or Equipment Obligation on the property with respect to which such insurance was collected, shall become and be subject to the Mortgage as fully as though specifically mortgaged or assigned hereby, but, in the case of property repaired or restored, only in the same manner and to the same extent as the property damaged or destroyed with respect to which such insurance was collected.

SECTION 18. The Railroad Company will permit the Trustee, through its agents, to inspect the mortgaged property

or any portion thereof at any time and from time to time, and will comply with all reasonable requests of the Trustee to furnish such information as the Railroad Company may have with respect to the mortgaged property.

SECTION 19. If any Additions and Betterments located on any leasehold shall have been Bonded, there shall be deposited with the Trustee, accompanied by an Officers' Certificate as required by Section 22 of this Article IX, upon the termination of such leasehold, subject to the requirements of the First Mortgage, all amounts paid to the Railroad Company pursuant to the terms of such lease in reimbursement therefor. All amounts so received by the Trustee shall be held and disposed of as in the case of moneys deposited upon the release of mortgaged property as provided in Section 7 of Article XI.

SECTION 20. As and when there shall be delivered to the trustee under the First Mortgage pursuant to any provision thereof, any report, statement, certificate, opinion, copy of resolution, deed, conveyance, assignment or other document or proof, the Railroad Company will deliver a counterpart thereof to the Trustee, unless the same document or proof has been delivered to the Trustee pursuant to the provisions of the Mortgage.

SECTION 21. The Railroad Company will not pledge or hypothecate any Bonds or First Mortgage Bonds to secure any indebtedness created, assumed or guaranteed, directly or indirectly, by the Railroad Company (a) in an aggregate principal amount in excess of 150% of the principal amount of such indebtedness, and (b) unless and until the Railroad Company shall deliver to the Trustee a Certified Resolution

such Opinion of Counsel may recite that it is based upon certificates or opinions of officers or engineers of the Railroad Company as to any factual matters not of public record; and

(f) If it shall appear from the Officers' Certificate required by clause (c) above that any Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, a certificate of an engineer (who shall be appointed by the Board of Directors and satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) establishing the estimated service life of such Equipment, and a supplemental indenture establishing a sinking fund meeting the requirements specified in Section 2 of Article VIII.

For the purposes of this Section 2 and of Section 3 of Article VIII, whenever new Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, it shall be presumed that such Bonds are issued on the basis of such Equipment to the extent of the Cost of Additions and Betterments for the acquisition or construction of new Equipment as stated in the Officers' Certificate then delivered to the Trustee pursuant to the requirements of clause (c) of this Section 2.

SECTION 3. From time to time and in the manner provided in this Section 3, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, upon the deposit by the Railroad Company with the Trustee of a sum in cash equal to the principal amount of the Bonds so to be authenticated and delivered and upon delivery by the Railroad Company to the Trustee of (a) an Application for the authentication of Bonds under this Section 3, stating the principal

amount of Bonds the authentication of which is applied for, (b) the documents specified in Section 8 of this Article III, and (c) an Officers' Certificate dated not more than 30 days prior to the delivery thereof to the Trustee which shall certify that any cash so deposited with the Trustee is not otherwise required to be deposited with the Trustee or is not otherwise required to be used under any provision of the Mortgage or of the First Mortgage.

All cash so deposited (herein sometimes referred to as "escrowed cash") shall be held by the Trustee as part of the mortgaged property and may be withdrawn by the Railroad Company upon its written order, signed by its President or a Vice President, accompanied by an Application therefor and a Certified Resolution authorizing such Application, in an amount equal to the principal amount of each Bond or fraction of a Bond to the authentication and delivery of which the Railroad Company would be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III. Upon applying for any such withdrawal, the Railroad Company shall comply with all applicable provisions of this Article III relating to the authentication and delivery of such Bonds except that the Railroad Company shall not be required to comply with any of the provisions of Section 8 of this Article III other than clause (d) (iv) (with such changes as shall be appropriate to the withdrawal of escrowed cash) and clause (e) of said Section 8. Any withdrawal of escrowed cash under this Section 3 shall be in lieu of the right of the Railroad Company to the authentication and delivery of Bonds to which the Railroad Company would otherwise be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III.

The Railroad Company shall not be entitled to withdraw any escrowed cash pursuant to the provisions of this Section 3 at any time when an Event of Default shall have occurred and be continuing.

Whenever and so long as the amount of escrowed cash at any time held by the Trustee and not withdrawn by the Railroad Company under the provisions of this Section 3 shall exceed $10,000,000, no Bonds shall be issued by the Railroad Company or authenticated by the Trustee under the provisions of this Section 3.

SECTION 4. From time to time and in the manner provided in this Section 4, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding the principal amount of Bonds of any other series or First Mortgage Bonds which shall have been cancelled or surrendered to the Trustee for cancellation, or for the payment or redemption of which moneys in the necessary amount shall have been irrevocably deposited in trust with the Trustee; provided, however, (1) that no Bonds shall be authenticated and delivered under this Section 4 on the basis of Bonds of any other series or First Mortgage Bonds theretofore Bonded, or theretofore acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage, and (2) that in case of the redemption of Bonds of any other series or First Mortgage Bonds all action and notice required for such redemption shall have been taken and given, or provision made therefor satisfactory to the Trustee.

Bonds shall be authenticated and delivered under this Section 4 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds

under this Section 4, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 8 of this Article III;

(c) An Officers' Certificate dated not more than 30 days prior to the delivery thereof which shall (i) describe and state the amount of Bonds or First Mortgage Bonds the cancellation or surrender for cancellation or the payment or redemption of which forms the basis of the Application; (ii) state that said Bonds or First Mortgage Bonds have not theretofore been Bonded and have not theretofore been acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage; and (iii) certify that any moneys deposited in trust as required by paragraph (d) of this Section 4 are not otherwise required to be deposited with the Trustee or are not otherwise required to be used under any provision of the Mortgage or of the First Mortgage; and

(d) Either (i) said Bonds of such prior series or First Mortgage Bonds, cancelled or for cancellation, which form the basis of the Application, together with all unmatured coupons and all unpaid matured coupons appertaining thereto, if any, funds for the payment of which have not been provided, or (ii) moneys in trust in the necessary amount for the payment or redemption thereof, and (iii) in case of such redemption, evidence that due notice of redemption has been given or has been provided for, to the satisfaction of the Trustee.

So long as the First Mortgage shall remain a lien on the mortgaged property, the requirements of this Section 4 with respect to the delivery of First Mortgage Bonds or moneys for the payment or redemption thereof to the Trustee shall be deemed to be satisfied by the delivery thereof to the trustee under the First Mortgage subject to the terms there-

(a) may vote or give consents in respect of any Securities deposited and pledged hereunder and authorize such Securities to be voted and such consents to be given and may take such other action as to the Trustee, in its discretion, shall seem advisable to protect the interests of the Trustee and of the Bondholders in respect of any Securities subject to the lien hereof; and

(b) may in respect of any such Securities join in or become party to any plan of reorganization or readjustment (whether voluntary or involuntary) of the corporation issuing such Securities and deposit such Securities under such plan, and may make any exchange, substitution, cancellation or surrender of Securities required by any such plan and take such action with respect to Securities subject to the lien hereof as may be required by such plan for the accomplishment thereof. All new Securities issued under any such plan in exchange for Securities previously deposited and pledged hereunder shall be deposited with the Trustee and held by it under and for the purposes expressed in the Mortgage.

SECTION 4. In case at any time

(a) default shall be made in the payment of the principal of or interest on any Debt Security deposited and pledged hereunder, or

(b) default shall be made in any of the covenants, terms or conditions contained in any such Debt Security or the mortgage or other instrument securing the same or pursuant to which the same shall have been issued, or

(c) the right shall arise to enforce, by foreclosure or otherwise, any such mortgage or other instrument,

then, and in any such case, upon the written request of the Railroad Company, accompanied by a Certified Resolution

hereunder below 90% of the total outstanding shares of such class; (vi) that the Securities, if any, to be issued in substitution will not be junior to the Securities to be retired; and (vii) that no Event of Default has occurred and is continuing.

(B) An Opinion of Counsel that such renewal, extension or substitution is in accordance with the provisions of the Mortgage and that any Securities so to be renewed or extended will, upon such renewal or extension, and any new Securities to be issued will, upon the issue and delivery thereof to the Railroad Company, be validly issued and outstanding and what they purport to be and validly owned by the Railroad Company; that whatever consent, authorization or approval on the part of any governmental authority is requisite for such ownership and pledge has been obtained; that all shares of Stock, if any, included in such Securities are fully paid and nonassessable; and that upon the deposit and pledge of said Securities hereunder the Mortgage will constitute a valid, enforceable and direct lien thereon, free and clear of liens prior thereto.

Upon receipt of the instruments specified in clauses (A) and (B), and a Certified Resolution requesting any such extension, renewal or substitution, the Trustee shall permit the same and take any other action necessary to effect any such extension, renewal or substitution.

SECTION 6. The Trustee may sell, assign, transfer and deliver so many shares of the Stock of any corporation whose Stock is deposited and pledged under the Mortgage as may be necessary to qualify persons to act as directors of, or in any other official relation to, such corporation. In every such case the Railroad Company shall make such arrangements with the Trustee as shall be deemed necessary by the Trustee for the protection of the trusts hereunder.

SECTION 7. In case a corporation any of the Securities of which shall be deposited and pledged under the Mortgage shall be consolidated with or merged into, or shall convey all or substantially all of its properties to, the Railroad Company, the Securities of such corporation that are deposited and pledged under the Mortgage shall be surrendered to the consolidated corporation or to the Railroad Company, as the case may be, but only if, as evidenced by an Opinion of Counsel furnished to the Trustee, (a) by virtue of such consolidation or merger and the application of the provisions of Article XII the lien of the Mortgage has extended to the property of such corporation the Securities of which are so surrendered, and (b) in the case of any Debt Securities so surrendered which are secured by a lien on the property of such corporation, the lien of the Mortgage resulting from such consolidation or merger is substantially equivalent to the lien securing such Debt Securities.

SECTION 8. In case at any time

(a) any corporation, the Securities of which shall be deposited and pledged hereunder, shall be dissolved or liquidated, or

(b) all or any of the property of any such corporation shall be sold at any judicial sale, or

(c) any of the property covered by any mortgage securing any Debt Security deposited and pledged under the Mortgage shall be sold in foreclosure proceedings or other proceedings for the enforcement of such mortgage or the Debt Security thereby secured,

then, and in any such case, if the property of such dissolved or liquidating corporation or the property sold can be acquired by crediting on the Securities so pledged under the Mortgage any sum accruing or to be received thereon out of

the proceeds of such property, and by paying not more than 10% of the price of such property in cash (or more than 10% if the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds shall so request), the Trustee in its discretion may, and if requested in writing by the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds and upon being provided with the amount of cash necessary therefor (whether such amount be more or less than 10% of the price of such property) and security or indemnity satisfactory to it against any expense or liability on its part, shall, purchase or cause to be purchased such property, either in the name or on behalf of the Trustee or of the Railroad Company or of purchasing trustees, as the Trustee may determine, and the Trustee shall use, or permit the Railroad Company to use, such Securities so far as may be permissible to make payment for such property. In the event of any such purchase, the Trustee shall take such steps as it may deem proper to cause such property either to be vested in the Railroad Company and subjected to the direct lien of the Mortgage or in some other corporation with power to acquire and operate such property. The Railroad Company covenants that, if such property is vested in some other corporation with power to acquire and operate such property, all Securities of such other corporation acquired directly or indirectly through such use of the pledged Securities will be deposited and pledged under the Mortgage.

SECTION 9. The Railroad Company covenants that, except as permitted by paragraph (b) of Section 3 of this Article X, no Railroad Subsidiary will increase the amount of its outstanding shares of Stock of any class unless after such increase the percentage of shares outstanding necessary to meet the requirements of a Railroad Subsidiary shall be pledged and deposited with the trustee under the First Mort-

gage or with the Trustee hereunder. In the event that the outstanding amount of any class of Stock of any Railroad Subsidiary shall be reduced, the Trustee, upon the written request of the Railroad Company, shall surrender for cancellation the certificates evidencing such part of the shares of such class of Stock then pledged and deposited hereunder as shall be proportionate to the amount of such reduction.

SECTION 10. The Railroad Company covenants and agrees that no Railroad Subsidiary will create or increase the amount of its debts secured by lien equal or prior in rank to the lien of any bonds of such Railroad Subsidiary pledged under the Mortgage, unless the Debt Securities for the debt so created or the increase thereof are also pledged with the Trustee hereunder or with the trustee under the First Mortgage.

SECTION 11. The Railroad Company covenants that no Railroad Subsidiary will make any sale, exchange or other disposition of its property contrary to the provisions of Part B of Section 1 of Article XI and that, except as otherwise expressly provided in the Mortgage, no Railroad Subsidiary will at any time sell, exchange or otherwise dispose of its property, real or personal, or any part thereof, except for adequate consideration and unless the Railroad Company shall first file with the Trustee the following:

(a) An Officers' Certificate dated not more than 30 days prior to the delivery thereof, stating

(1) that such Railroad Subsidiary desires to sell or exchange property, briefly described, or has contracted so to do, for a consideration described in the Certificate (which consideration may be cash or property or both), and that such consideration represents, in the opinion of the signers of the Certificate, an adequate

consideration to such Railroad Subsidiary for the property to be sold or exchanged;

(2) a brief description of the property, if any, to be received as consideration in whole or in part, and stating that such property consists of railroad lines, bridges or terminals, or other property appurtenant to or useful to the railroad lines, bridges or terminals, owned and operated by such Railroad Subsidiary; and

(3) that the property to be sold or exchanged is no longer necessary or advantageous in the business of such Railroad Subsidiary, and either (i) that the substantial integrity and efficiency of the lines of railroad, bridges and terminals of such Railroad Subsidiary will not be impaired by such sale or exchange, or (ii) that the sale or exchange is made in compliance with the provisions of Part B of Section 1 of Article XI.

(b) An Opinion of Counsel (in case the Certificate states that the consideration to the Railroad Subsidiary consists of property in whole or in part) that such property to be received by the Railroad Subsidiary is free and clear of liens other than Permitted Encumbrances.

Sales, exchanges and other dispositions of its property may be made by any Railroad Subsidiary in any calendar year without the filing of the instruments provided for in this Section 11, unless and until the value of the property disposed of by such Railroad Subsidiary in that year has exceeded or will exceed $25,000.

The Railroad Company covenants and agrees that within 15 days after the sale or disposition of any property by a Railroad Subsidiary as to which the instruments provided by this Section 11 shall be required, the Railroad Company will deposit or cause to be deposited with the Trustee an amount equal to the amount of any cash received by such Railroad Subsidiary for the property so sold, unless such Railroad Subsidiary has deposited such amount with the trustee under

of such estimated service life, whichever is the lesser. If such Equipment or any part thereof shall have been in use by the Railroad Company for a period of more than 90 days at the time of an Application for the authentication and delivery of Bonds, the Gross Expenditures for such Equipment and the principal amount of Bonds to which the Railroad Company would be entitled on account thereof shall be proportionately reduced by the period of such use by the Railroad Company; and the amount of money to be deposited with the Trustee on each January 1 and July 1 above specified shall be increased by such an amount as to make said semi-annual deposits equal in the aggregate, over a period of 15 years or a period equal to the estimated service life of such Equipment, whichever is the shorter period, diminished by the period of such use by the Railroad Company, the principal amount of Bonds which the Railroad Company may be entitled to receive.

For the purpose of this Section 2, the estimated service life of any Equipment shall be that established by the certificate of an engineer (who shall be appointed by the Board of Directors and be satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) delivered to the Trustee pursuant to the provisions of clause (f) of Section 2 of Article III when the acquisition of such Equipment is made the basis for the authentication and delivery of Bonds.

Any moneys deposited with the Trustee as and for an Equipment Sinking Fund shall be applied by the Trustee to the retirement of Bonds in accordance with the provisions of the supplemental indenture creating such Equipment Sinking Fund.

SECTION 3. Whenever the acquisition of Equipment is made the basis for the withdrawal, payment or application of any cash held by the Trustee under any provision of the

Mortgage, the Railroad Company covenants to pay to the Trustee on each January 1 and July 1 thereafter an amount of money equal to the quotient obtained by dividing the amount of cash so withdrawn, paid or applied by 30 or by twice the number of years of service life of such Equipment, whichever is the lesser. If such Equipment or any part thereof shall have been in use for a period of more than 90 days at the time of application for such withdrawal, payment or application, the Gross Expenditures for such Equipment, and the amount of cash that may be withdrawn, paid or applied, shall be reduced in the same manner and to the same extent as provided in the first paragraph of Section 2 of this Article VIII.

For the purpose of this Section 3, the estimated service life of any Equipment shall be established by the certificate of an engineer (who shall be appointed by the Board of Directors and approved by the Trustee and who may be an officer or employee of the Railroad Company) delivered to the Trustee with an Application for the withdrawal, payment or application of cash upon the basis of the acquisition of such Equipment.

Such moneys shall be held and applied by the Trustee as in the case of money deposited upon the release of mortgaged property in the manner provided in Section 7 of Article XI.

SECTION 4. As and for a Contingent Sinking Fund for the retirement of Bonds, the Railroad Company covenants that prior to or concurrently with the declaration of any dividend on its common stock it will deposit with the Trustee an amount equal to 50% of such dividend.

Moneys which are deposited with the Trustee as and for the Contingent Sinking Fund shall be applied by the Trustee,

so long as no Event of Default has occurred and is continuing, to the purchase or redemption of Bonds in accordance with the provisions of this Section 4.

So long as Bonds of Series A and Series B are outstanding under the Mortgage, such moneys shall be applied as nearly as may be in equal parts to purchase or redeem Bonds of each such series. If the Bonds of either of such series shall no longer be outstanding, all of such moneys shall be applied to the purchase or redemption of Bonds of the other series. If no Bonds of either of such series shall be outstanding, such moneys shall be applied to the purchase or redemption of Bonds of such other series as shall be determined by the supplemental indentures creating such other series.

The Trustee may purchase such Bonds in the open market at the lowest price or prices at which, in its sole discretion, it shall deem such Bonds reasonably obtainable; or, if the Trustee, in its sole discretion, shall deem it advisable, it may advertise for proposals to sell such Bonds to it, reserving the right to reject any or all such proposals in whole or in part, and may purchase such Bonds at the lowest price or prices asked in such proposals if it deems such purchases advisable; but no such Bonds shall be purchased in the open market or in response to proposals, as aforesaid, at a price, including interest, in excess of the amount, including interest, which would be payable in case of redemption thereof for the Contingent Sinking Fund at the earliest applicable redemption date.

At the expiration of 6 months after the making of any deposit pursuant to this Section 4, if the balance remaining in the Contingent Sinking Fund applicable to the purchase or redemption of Bonds of any series equals or exceeds $50,000 the Trustee shall apply such balance to the redemption of Bonds of such series on the next interest payment date at the redemption price (exclusive of premium) then

applicable to Bonds of such series. The Trustee shall give notice of such redemption in the name of the Railroad Company in the manner and in accordance with the applicable provisions of Article IV; and the Trustee is hereby appointed the agent of the Railroad Company for such purpose. The Railroad Company covenants that whenever any redemption of Bonds shall be required under the provisions of this Section 4, it will at the request of the Trustee take all action necessary to redeem such Bonds on the date specified by the Trustee.

The Railroad Company covenants that in connection with any redemption of Bonds under this Section 4 it will deposit with the Trustee, in addition to funds theretofore deposited in the Contingent Sinking Fund, moneys sufficient to pay on or before the date fixed for redemption all interest required to be paid thereon to the date fixed for redemption.

All advertising and publishing costs and other expenses incurred in the purchase or redemption of such Bonds, and all amounts paid on account of interest on the purchase of such Bonds, shall be paid by the Railroad Company, or, if paid by the Trustee, shall be repaid by the Railroad Company to the Trustee upon demand.

All Bonds purchased or redeemed out of the Contingent Sinking Fund shall be cancelled and shall not be made the basis for the authentication and delivery of any Bonds or the withdrawal, payment or application of any cash under any provision of the Mortgage.

ARTICLE IX

General Covenants

The Railroad Company covenants as follows:

Section 1. The Railroad Company will duly and punctually pay or cause to be paid the principal of (and premium, if any) and interest on the Bonds at the times and at the place or places and in the manner and to the extent specified therein and in the coupons.

Section 2. The Railroad Company will maintain in the City of Chicago, Illinois, and in the Borough of Manhattan, City of New York, New York, an office or agency where payment of the principal of and interest on Bonds may be made, where notices, presentations and demands to or upon the Railroad Company in respect of Bonds or coupons appertaining thereto or in respect of the Mortgage may be given or made, where Bonds may be registered, transferred and exchanged, and where such Bonds as are convertible may be presented and surrendered for conversion. The Railroad Company will also maintain a similar office or agency in each other city where the principal of or interest on any of the Bonds is payable, as provided in Article II, or where any Bond may be converted. The Railroad Company will give to the Trustee notice of the location of all such offices or agencies and of any change of location thereof. In case the Railroad Company shall fail to maintain any such office or agency or shall fail to give notice of the location or of any change in the location thereof, notices, presentations and demands may be given or made at the principal office of the Trustee.

If the Railroad Company shall appoint a paying agent other than the Trustee, it will cause such paying agent to

execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 2:

(a) that it will hold all sums held by it as such agent for the payment of the principal of (and premium, if any) or interest on any of the Bonds (whether such sums have been paid to it by or on behalf of the Railroad Company or any other obligor on the Bonds) in trust for the benefit of the holders of such Bonds or the coupons for such interest, as the case may be; and

(b) that it will give to the Trustee notice of any failure by the Railroad Company (or by any other obligor on such Bonds) to make any payment of the principal of (and premium, if any) or interest on such Bonds when the same shall be due and payable which shall come to its notice or knowledge as such paying agent.

If the Railroad Company shall act as its own paying agent in respect of the Bonds of any series, it will, on or before each date on which the principal of (and premium, if any) or interest on such Bonds is due and payable, set aside, segregate and hold in trust for the benefit of the holders of such Bonds or the appurtenant coupons, as the case may be, a sum sufficient to pay such principal (and premium, if any) and interest so becoming due and payable and will notify the Trustee of any failure to take such action.

The Railroad Company may, at any time, for the purpose of obtaining a release or satisfaction of the Mortgage or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by it or by any paying agent pursuant to this Section 2, such sums thereafter to be held by the Trustee upon the same trusts as in this Section 2 provided.

The agreement to hold sums in trust as provided in this Section 2 is subject to the provisions of Section 4 of Article XIX.

ARTICLE III

Issuance of Bonds

Section 1. Upon the execution and delivery of the Mortgage, and whether before or after the recording of the Mortgage, Bonds of Series A in the aggregate principal amount of Fifty-seven Million Two Hundred Fifty-six Thousand Six Hundred Dollars ($57,256,600), and Bonds of Series B in the aggregate principal amount of Fifty-one Million Four Hundred Twenty-two Thousand One Hundred Dollars ($51,422,100), may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, without any further action on the part of the Railroad Company.

No Bonds other than those authenticated and delivered pursuant to this Section 1 shall be authenticated or delivered by the Trustee pursuant to the provisions of this Article III at any time when an Event of Default shall have occurred and be continuing or when there are unpaid accumulations of accrued interest on the Outstanding Bonds of any series.

Section 2. From time to time and in the manner provided in this Section 2, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding 75% of the Bondable Expenditures during a period beginning January 1, 1944, and ending not more than 90 days prior to the date of the Application for the authentication of such Bonds, provided, however, that no Bonds shall be authenticated and delivered on the basis

of Bondable Expenditures which have theretofore been Bonded, or in a principal amount which, when added to the amount of expenditures from the Additions and Betterments Fund and the Reserve and Retirement Fund for or on account of the Gross Expenditures during such period, would exceed the Bondable Expenditures during such period, all as shown by the Officers' Certificate relating to the authentication and delivery of such Bonds.

Bonds shall be authenticated and delivered under this Section 2 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 2, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 8 of this Article III;

(c) An Officers' Certificate, dated not more than 30 days prior to the delivery thereof, stating:

(1) In the case of the first such Certificate, the Cost of Additions and Betterments, a computation showing the deductions required by the definitions of Gross Expenditures and Bondable Expenditures in Article I and the amount of Bondable Expenditures for the period beginning January 1, 1944, and ending not more than 90 days prior to the delivery of the Certificate to the Trustee;

(2) In the case of each subsequent Certificate, the Cost of Additions and Betterments, a computation showing the deductions required by the definitions of Gross Expenditures and Bondable Expenditures in Article I and the amount of Bondable Expenditures for the period beginning with the close of the period covered by the last previous Certificate delivered to the Trustee pursuant to this subsection (c) and ending not more than 90 days prior to the delivery of the Certificate to the Trustee, and the balance of the Bondable Expenditures at the be-

ginning and at the close of the period covered by the Certificate;

(3) The amount of expenditures that have theretofore been made from the Additions and Betterments Fund and from the Reserve and Retirement Fund for or on account of Gross Expenditures;

(4) A computation showing the principal amount of Bonds that could be authenticated and delivered on the basis of the Application;

(5) A description of all property constituting Additions and Betterments acquired or constructed during the period covered by the Certificate in such reasonable detail as shall be sufficient to permit identification thereof or a statement of the amounts thereof by primary accounts according to the Uniform System of Accounts;

(6) With respect to any new Equipment described therein, the date or dates upon which each item of such Equipment was acquired by the Railroad Company or upon which construction by the Railroad Company was completed and the Cost of Additions and Betterments for the acquisition or construction thereof;

(7) If any of such Additions and Betterments are located on any leasehold, the date of expiration of the term of such lease and the Cost of the Additions and Betterments which the Railroad Company has the right to remove or to be reimbursed for upon the termination of the lease; and

(8) If any of such Additions and Betterments are subject to any Prior Lien, a computation showing that the inclusion thereof in the Application will not result in a violation of the covenant in respect of Additions and Betterments subject to Prior Liens in Section 13 of Article IX, and a description of any Prior Lien not described in any previous Certificate;

(d) All such deeds, supplemental indentures or instruments of further assurance, if any, as in the Opinion of Counsel furnished pursuant to clause (e) below may be specified as necessary or advisable to subject to the lien of the Mortgage the property included in the Additions and Betterments shown in the Officers' Certificate required by clause (c) above, or, in the case of Additions and Betterments located on leaseholds, to subject such leaseholds to such lien;

(e) An Opinion of Counsel (i) that all property included in the Additions and Betterments shown in the Officers' Certificate required by clause (c) above, except such as is located on leaseholds, is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage or will become subject to such liens upon the delivery and recording or filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, subject to no defect in title and subject to no lien thereon prior or equal to the lien of the Mortgage except the First Mortgage and liens securing Prior Lien Bonds, if any, and Permitted Encumbrances, if any, and (ii) if any such property is located on any leasehold, as shown by the Officers' Certificate, that such leasehold (except the last day of the term thereof) is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage, or will become subject to such liens upon the delivery and recording or filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, and extends for a period of time not less than 10 years beyond the latest maturity date of any Bonds or First Mortgage Bonds outstanding or for the authentication and delivery of which application is being made, or that, under the terms of such leasehold, the Railroad Company has the right to be reimbursed in respect of the expenditures for such property or the right to remove the property upon the termination thereof; provided that

such Opinion of Counsel may recite that it is based upon certificates or opinions of officers or engineers of the Railroad Company as to any factual matters not of public record; and

(f) If it shall appear from the Officers' Certificate required by clause (c) above that any Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, a certificate of an engineer (who shall be appointed by the Board of Directors and satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) establishing the estimated service life of such Equipment, and a supplemental indenture establishing a sinking fund meeting the requirements specified in Section 2 of Article VIII.

For the purposes of this Section 2 and of Section 3 of Article VIII, whenever new Equipment is included in the Additions and Betterments then being made the basis for the authentication and delivery of Bonds, it shall be presumed that such Bonds are issued on the basis of such Equipment to the extent of the Cost of Additions and Betterments for the acquisition or construction of new Equipment as stated in the Officers' Certificate then delivered to the Trustee pursuant to the requirements of clause (c) of this Section 2.

SECTION 3. From time to time and in the manner provided in this Section 3, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, upon the deposit by the Railroad Company with the Trustee of a sum in cash equal to the principal amount of the Bonds so to be authenticated and delivered and upon delivery by the Railroad Company to the Trustee of (a) an Application for the authentication of Bonds under this Section 3, stating the principal

amount of Bonds the authentication of which is applied for, (b) the documents specified in Section 8 of this Article III, and (c) an Officers' Certificate dated not more than 30 days prior to the delivery thereof to the Trustee which shall certify that any cash so deposited with the Trustee is not otherwise required to be deposited with the Trustee or is not otherwise required to be used under any provision of the Mortgage or of the First Mortgage.

All cash so deposited (herein sometimes referred to as "escrowed cash") shall be held by the Trustee as part of the mortgaged property and may be withdrawn by the Railroad Company upon its written order, signed by its President or a Vice President, accompanied by an Application therefor and a Certified Resolution authorizing such Application, in an amount equal to the principal amount of each Bond or fraction of a Bond to the authentication and delivery of which the Railroad Company would be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III. Upon applying for any such withdrawal, the Railroad Company shall comply with all applicable provisions of this Article III relating to the authentication and delivery of such Bonds except that the Railroad Company shall not be required to comply with any of the provisions of Section 8 of this Article III other than clause (d) (iv) (with such changes as shall be appropriate to the withdrawal of escrowed cash) and clause (e) of said Section 8. Any withdrawal of escrowed cash under this Section 3 shall be in lieu of the right of the Railroad Company to the authentication and delivery of Bonds to which the Railroad Company would otherwise be entitled under the provisions of Sections 2, 4, 5, 6 or 7 of this Article III.

The Railroad Company shall not be entitled to withdraw any escrowed cash pursuant to the provisions of this Section 3 at any time when an Event of Default shall have occurred and be continuing.

Whenever and so long as the amount of escrowed cash at any time held by the Trustee and not withdrawn by the Railroad Company under the provisions of this Section 3 shall exceed $10,000,000, no Bonds shall be issued by the Railroad Company or authenticated by the Trustee under the provisions of this Section 3.

SECTION 4. From time to time and in the manner provided in this Section 4, Bonds of one or more series other than Series A and Series B may be executed by the Railroad Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Railroad Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding the principal amount of Bonds of any other series or First Mortgage Bonds which shall have been cancelled or surrendered to the Trustee for cancellation, or for the payment or redemption of which moneys in the necessary amount shall have been irrevocably deposited in trust with the Trustee; provided, however, (1) that no Bonds shall be authenticated and delivered under this Section 4 on the basis of Bonds of any other series or First Mortgage Bonds theretofore Bonded, or theretofore acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage, and (2) that in case of the redemption of Bonds of any other series or First Mortgage Bonds all action and notice required for such redemption shall have been taken and given, or provision made therefor satisfactory to the Trustee.

Bonds shall be authenticated and delivered under this Section 4 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds

under this Section 4, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 8 of this Article III;

(c) An Officers' Certificate dated not more than 30 days prior to the delivery thereof which shall (i) describe and state the amount of Bonds or First Mortgage Bonds the cancellation or surrender for cancellation or the payment or redemption of which forms the basis of the Application; (ii) state that said Bonds or First Mortgage Bonds have not theretofore been Bonded and have not theretofore been acquired, retired, cancelled or paid by means of expenditures from the Reserve and Retirement Fund or through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage; and (iii) certify that any moneys deposited in trust as required by paragraph (d) of this Section 4 are not otherwise required to be deposited with the Trustee or are not otherwise required to be used under any provision of the Mortgage or of the First Mortgage; and

(d) Either (i) said Bonds of such prior series or First Mortgage Bonds, cancelled or for cancellation, which form the basis of the Application, together with all unmatured coupons and all unpaid matured coupons appertaining thereto, if any, funds for the payment of which have not been provided, or (ii) moneys in trust in the necessary amount for the payment or redemption thereof, and (iii) in case of such redemption, evidence that due notice of redemption has been given or has been provided for, to the satisfaction of the Trustee.

So long as the First Mortgage shall remain a lien on the mortgaged property, the requirements of this Section 4 with respect to the delivery of First Mortgage Bonds or moneys for the payment or redemption thereof to the Trustee shall be deemed to be satisfied by the delivery thereof to the trustee under the First Mortgage subject to the terms there-

(a) may vote or give consents in respect of any Securities deposited and pledged hereunder and authorize such Securities to be voted and such consents to be given and may take such other action as to the Trustee, in its discretion, shall seem advisable to protect the interests of the Trustee and of the Bondholders in respect of any Securities subject to the lien hereof; and

(b) may in respect of any such Securities join in or become party to any plan of reorganization or readjustment (whether voluntary or involuntary) of the corporation issuing such Securities and deposit such Securities under such plan, and may make any exchange, substitution, cancellation or surrender of Securities required by any such plan and take such action with respect to Securities subject to the lien hereof as may be required by such plan for the accomplishment thereof. All new Securities issued under any such plan in exchange for Securities previously deposited and pledged hereunder shall be deposited with the Trustee and held by it under and for the purposes expressed in the Mortgage.

SECTION 4. In case at any time

(a) default shall be made in the payment of the principal of or interest on any Debt Security deposited and pledged hereunder, or

(b) default shall be made in any of the covenants, terms or conditions contained in any such Debt Security or the mortgage or other instrument securing the same or pursuant to which the same shall have been issued, or

(c) the right shall arise to enforce, by foreclosure or otherwise, any such mortgage or other instrument,

then, and in any such case, upon the written request of the Railroad Company, accompanied by a Certified Resolution

hereunder below 90% of the total outstanding shares of such class; (vi) that the Securities, if any, to be issued in substitution will not be junior to the Securities to be retired; and (vii) that no Event of Default has occurred and is continuing.

(B) An Opinion of Counsel that such renewal, extension or substitution is in accordance with the provisions of the Mortgage and that any Securities so to be renewed or extended will, upon such renewal or extension, and any new Securities to be issued will, upon the issue and delivery thereof to the Railroad Company, be validly issued and outstanding and what they purport to be and validly owned by the Railroad Company; that whatever consent, authorization or approval on the part of any governmental authority is requisite for such ownership and pledge has been obtained; that all shares of Stock, if any, included in such Securities are fully paid and nonassessable; and that upon the deposit and pledge of said Securities hereunder the Mortgage will constitute a valid, enforceable and direct lien thereon, free and clear of liens prior thereto.

Upon receipt of the instruments specified in clauses (A) and (B), and a Certified Resolution requesting any such extension, renewal or substitution, the Trustee shall permit the same and take any other action necessary to effect any such extension, renewal or substitution.

SECTION 6. The Trustee may sell, assign, transfer and deliver so many shares of the Stock of any corporation whose Stock is deposited and pledged under the Mortgage as may be necessary to qualify persons to act as directors of, or in any other official relation to, such corporation. In every such case the Railroad Company shall make such arrangements with the Trustee as shall be deemed necessary by the Trustee for the protection of the trusts hereunder.

SECTION 7. In case a corporation any of the Securities of which shall be deposited and pledged under the Mortgage shall be consolidated with or merged into, or shall convey all or substantially all of its properties to, the Railroad Company, the Securities of such corporation that are deposited and pledged under the Mortgage shall be surrendered to the consolidated corporation or to the Railroad Company, as the case may be, but only if, as evidenced by an Opinion of Counsel furnished to the Trustee, (a) by virtue of such consolidation or merger and the application of the provisions of Article XII the lien of the Mortgage has extended to the property of such corporation the Securities of which are so surrendered, and (b) in the case of any Debt Securities so surrendered which are secured by a lien on the property of such corporation, the lien of the Mortgage resulting from such consolidation or merger is substantially equivalent to the lien securing such Debt Securities.

SECTION 8. In case at any time

(a) any corporation, the Securities of which shall be deposited and pledged hereunder, shall be dissolved or liquidated, or

(b) all or any of the property of any such corporation shall be sold at any judicial sale, or

(c) any of the property covered by any mortgage securing any Debt Security deposited and pledged under the Mortgage shall be sold in foreclosure proceedings or other proceedings for the enforcement of such mortgage or the Debt Security thereby secured,

then, and in any such case, if the property of such dissolved or liquidating corporation or the property sold can be acquired by crediting on the Securities so pledged under the Mortgage any sum accruing or to be received thereon out of

the proceeds of such property, and by paying not more than 10% of the price of such property in cash (or more than 10% if the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds shall so request), the Trustee in its discretion may, and if requested in writing by the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds and upon being provided with the amount of cash necessary therefor (whether such amount be more or less than 10% of the price of such property) and security or indemnity satisfactory to it against any expense or liability on its part, shall, purchase or cause to be purchased such property, either in the name or on behalf of the Trustee or of the Railroad Company or of purchasing trustees, as the Trustee may determine, and the Trustee shall use, or permit the Railroad Company to use, such Securities so far as may be permissible to make payment for such property. In the event of any such purchase, the Trustee shall take such steps as it may deem proper to cause such property either to be vested in the Railroad Company and subjected to the direct lien of the Mortgage or in some other corporation with power to acquire and operate such property. The Railroad Company covenants that, if such property is vested in some other corporation with power to acquire and operate such property, all Securities of such other corporation acquired directly or indirectly through such use of the pledged Securities will be deposited and pledged under the Mortgage.

SECTION 9. The Railroad Company covenants that, except as permitted by paragraph (b) of Section 3 of this Article X, no Railroad Subsidiary will increase the amount of its outstanding shares of Stock of any class unless after such increase the percentage of shares outstanding necessary to meet the requirements of a Railroad Subsidiary shall be pledged and deposited with the trustee under the First Mort-

gage or with the Trustee hereunder. In the event that the outstanding amount of any class of Stock of any Railroad Subsidiary shall be reduced, the Trustee, upon the written request of the Railroad Company, shall surrender for cancellation the certificates evidencing such part of the shares of such class of Stock then pledged and deposited hereunder as shall be proportionate to the amount of such reduction.

SECTION 10. The Railroad Company covenants and agrees that no Railroad Subsidiary will create or increase the amount of its debts secured by lien equal or prior in rank to the lien of any bonds of such Railroad Subsidiary pledged under the Mortgage, unless the Debt Securities for the debt so created or the increase thereof are also pledged with the Trustee hereunder or with the trustee under the First Mortgage.

SECTION 11. The Railroad Company covenants that no Railroad Subsidiary will make any sale, exchange or other disposition of its property contrary to the provisions of Part B of Section 1 of Article XI and that, except as otherwise expressly provided in the Mortgage, no Railroad Subsidiary will at any time sell, exchange or otherwise dispose of its property, real or personal, or any part thereof, except for adequate consideration and unless the Railroad Company shall first file with the Trustee the following:

(a) An Officers' Certificate dated not more than 30 days prior to the delivery thereof, stating

(1) that such Railroad Subsidiary desires to sell or exchange property, briefly described, or has contracted so to do, for a consideration described in the Certificate (which consideration may be cash or property or both), and that such consideration represents, in the opinion of the signers of the Certificate, an adequate

consideration to such Railroad Subsidiary for the property to be sold or exchanged;

(2) a brief description of the property, if any, to be received as consideration in whole or in part, and stating that such property consists of railroad lines, bridges or terminals, or other property appurtenant to or useful to the railroad lines, bridges or terminals, owned and operated by such Railroad Subsidiary; and

(3) that the property to be sold or exchanged is no longer necessary or advantageous in the business of such Railroad Subsidiary, and either (i) that the substantial integrity and efficiency of the lines of railroad, bridges and terminals of such Railroad Subsidiary will not be impaired by such sale or exchange, or (ii) that the sale or exchange is made in compliance with the provisions of Part B of Section 1 of Article XI.

(b) An Opinion of Counsel (in case the Certificate states that the consideration to the Railroad Subsidiary consists of property in whole or in part) that such property to be received by the Railroad Subsidiary is free and clear of liens other than Permitted Encumbrances.

Sales, exchanges and other dispositions of its property may be made by any Railroad Subsidiary in any calendar year without the filing of the instruments provided for in this Section 11, unless and until the value of the property disposed of by such Railroad Subsidiary in that year has exceeded or will exceed $25,000.

The Railroad Company covenants and agrees that within 15 days after the sale or disposition of any property by a Railroad Subsidiary as to which the instruments provided by this Section 11 shall be required, the Railroad Company will deposit or cause to be deposited with the Trustee an amount equal to the amount of any cash received by such Railroad Subsidiary for the property so sold, unless such Railroad Subsidiary has deposited such amount with the trustee under

of such estimated service life, whichever is the lesser. If such Equipment or any part thereof shall have been in use by the Railroad Company for a period of more than 90 days at the time of an Application for the authentication and delivery of Bonds, the Gross Expenditures for such Equipment and the principal amount of Bonds to which the Railroad Company would be entitled on account thereof shall be proportionately reduced by the period of such use by the Railroad Company; and the amount of money to be deposited with the Trustee on each January 1 and July 1 above specified shall be increased by such an amount as to make said semi-annual deposits equal in the aggregate, over a period of 15 years or a period equal to the estimated service life of such Equipment, whichever is the shorter period, diminished by the period of such use by the Railroad Company, the principal amount of Bonds which the Railroad Company may be entitled to receive.

For the purpose of this Section 2, the estimated service life of any Equipment shall be that established by the certificate of an engineer (who shall be appointed by the Board of Directors and be satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) delivered to the Trustee pursuant to the provisions of clause (f) of Section 2 of Article III when the acquisition of such Equipment is made the basis for the authentication and delivery of Bonds.

Any moneys deposited with the Trustee as and for an Equipment Sinking Fund shall be applied by the Trustee to the retirement of Bonds in accordance with the provisions of the supplemental indenture creating such Equipment Sinking Fund.

SECTION 3. Whenever the acquisition of Equipment is made the basis for the withdrawal, payment or application of any cash held by the Trustee under any provision of the

Mortgage, the Railroad Company covenants to pay to the Trustee on each January 1 and July 1 thereafter an amount of money equal to the quotient obtained by dividing the amount of cash so withdrawn, paid or applied by 30 or by twice the number of years of service life of such Equipment, whichever is the lesser. If such Equipment or any part thereof shall have been in use for a period of more than 90 days at the time of application for such withdrawal, payment or application, the Gross Expenditures for such Equipment, and the amount of cash that may be withdrawn, paid or applied, shall be reduced in the same manner and to the same extent as provided in the first paragraph of Section 2 of this Article VIII.

For the purpose of this Section 3, the estimated service life of any Equipment shall be established by the certificate of an engineer (who shall be appointed by the Board of Directors and approved by the Trustee and who may be an officer or employee of the Railroad Company) delivered to the Trustee with an Application for the withdrawal, payment or application of cash upon the basis of the acquisition of such Equipment.

Such moneys shall be held and applied by the Trustee as in the case of money deposited upon the release of mortgaged property in the manner provided in Section 7 of Article XI.

SECTION 4. As and for a Contingent Sinking Fund for the retirement of Bonds, the Railroad Company covenants that prior to or concurrently with the declaration of any dividend on its common stock it will deposit with the Trustee an amount equal to 50% of such dividend.

Moneys which are deposited with the Trustee as and for the Contingent Sinking Fund shall be applied by the Trustee,

so long as no Event of Default has occurred and is continuing, to the purchase or redemption of Bonds in accordance with the provisions of this Section 4.

So long as Bonds of Series A and Series B are outstanding under the Mortgage, such moneys shall be applied as nearly as may be in equal parts to purchase or redeem Bonds of each such series. If the Bonds of either of such series shall no longer be outstanding, all of such moneys shall be applied to the purchase or redemption of Bonds of the other series. If no Bonds of either of such series shall be outstanding, such moneys shall be applied to the purchase or redemption of Bonds of such other series as shall be determined by the supplemental indentures creating such other series.

The Trustee may purchase such Bonds in the open market at the lowest price or prices at which, in its sole discretion, it shall deem such Bonds reasonably obtainable; or, if the Trustee, in its sole discretion, shall deem it advisable, it may advertise for proposals to sell such Bonds to it, reserving the right to reject any or all such proposals in whole or in part, and may purchase such Bonds at the lowest price or prices asked in such proposals if it deems such purchases advisable; but no such Bonds shall be purchased in the open market or in response to proposals, as aforesaid, at a price, including interest, in excess of the amount, including interest, which would be payable in case of redemption thereof for the Contingent Sinking Fund at the earliest applicable redemption date.

At the expiration of 6 months after the making of any deposit pursuant to this Section 4, if the balance remaining in the Contingent Sinking Fund applicable to the purchase or redemption of Bonds of any series equals or exceeds $50,000 the Trustee shall apply such balance to the redemption of Bonds of such series on the next interest payment date at the redemption price (exclusive of premium) then

applicable to Bonds of such series. The Trustee shall give notice of such redemption in the name of the Railroad Company in the manner and in accordance with the applicable provisions of Article IV; and the Trustee is hereby appointed the agent of the Railroad Company for such purpose. The Railroad Company covenants that whenever any redemption of Bonds shall be required under the provisions of this Section 4, it will at the request of the Trustee take all action necessary to redeem such Bonds on the date specified by the Trustee.

The Railroad Company covenants that in connection with any redemption of Bonds under this Section 4 it will deposit with the Trustee, in addition to funds theretofore deposited in the Contingent Sinking Fund, moneys sufficient to pay on or before the date fixed for redemption all interest required to be paid thereon to the date fixed for redemption.

All advertising and publishing costs and other expenses incurred in the purchase or redemption of such Bonds, and all amounts paid on account of interest on the purchase of such Bonds, shall be paid by the Railroad Company, or, if paid by the Trustee, shall be repaid by the Railroad Company to the Trustee upon demand.

All Bonds purchased or redeemed out of the Contingent Sinking Fund shall be cancelled and shall not be made the basis for the authentication and delivery of any Bonds or the withdrawal, payment or application of any cash under any provision of the Mortgage.

ARTICLE IX

General Covenants

The Railroad Company covenants as follows:

Section 1. The Railroad Company will duly and punctually pay or cause to be paid the principal of (and premium, if any) and interest on the Bonds at the times and at the place or places and in the manner and to the extent specified therein and in the coupons.

Section 2. The Railroad Company will maintain in the City of Chicago, Illinois, and in the Borough of Manhattan, City of New York, New York, an office or agency where payment of the principal of and interest on Bonds may be made, where notices, presentations and demands to or upon the Railroad Company in respect of Bonds or coupons appertaining thereto or in respect of the Mortgage may be given or made, where Bonds may be registered, transferred and exchanged, and where such Bonds as are convertible may be presented and surrendered for conversion. The Railroad Company will also maintain a similar office or agency in each other city where the principal of or interest on any of the Bonds is payable, as provided in Article II, or where any Bond may be converted. The Railroad Company will give to the Trustee notice of the location of all such offices or agencies and of any change of location thereof. In case the Railroad Company shall fail to maintain any such office or agency or shall fail to give notice of the location or of any change in the location thereof, notices, presentations and demands may be given or made at the principal office of the Trustee.

If the Railroad Company shall appoint a paying agent other than the Trustee, it will cause such paying agent to

execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 2:

(a) that it will hold all sums held by it as such agent for the payment of the principal of (and premium, if any) or interest on any of the Bonds (whether such sums have been paid to it by or on behalf of the Railroad Company or any other obligor on the Bonds) in trust for the benefit of the holders of such Bonds or the coupons for such interest, as the case may be; and

(b) that it will give to the Trustee notice of any failure by the Railroad Company (or by any other obligor on such Bonds) to make any payment of the principal of (and premium, if any) or interest on such Bonds when the same shall be due and payable which shall come to its notice or knowledge as such paying agent.

If the Railroad Company shall act as its own paying agent in respect of the Bonds of any series, it will, on or before each date on which the principal of (and premium, if any) or interest on such Bonds is due and payable, set aside, segregate and hold in trust for the benefit of the holders of such Bonds or the appurtenant coupons, as the case may be, a sum sufficient to pay such principal (and premium, if any) and interest so becoming due and payable and will notify the Trustee of any failure to take such action.

The Railroad Company may, at any time, for the purpose of obtaining a release or satisfaction of the Mortgage or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by it or by any paying agent pursuant to this Section 2, such sums thereafter to be held by the Trustee upon the same trusts as in this Section 2 provided.

The agreement to hold sums in trust as provided in this Section 2 is subject to the provisions of Section 4 of Article XIX.

SECTION 3. The Railroad Company will execute and deliver, or will cause to be executed and delivered, all such further deeds, mortgages, assignments and transfers as may be required for the better mortgaging, assigning and confirming to the Trustee of the property hereby mortgaged, conveyed or assigned, or intended so to be, or which the Railroad Company may hereafter become bound to convey or assign to the Trustee.

The Railroad Company will deliver to the Trustee on or before April 1 in each year, beginning with the year 1946, an Opinion of Counsel that no further deeds, mortgages, assignments or transfers are required to be executed and delivered by the Railroad Company under the provisions of this Section 3, except such instruments as shall be specified in such opinion.

SECTION 4. The Railroad Company owns and is lawfully possessed of the lines of railroad, property and franchises referred to in the granting clauses hereof, and is duly authorized to operate and does operate said lines of railroad, and covenants and agrees to execute any and all instruments and do any and all acts or things necessary or proper to perfect its title to the same or any thereof, and, subject to the provisions of Article XII hereof, to take all steps and do all acts necessary to continue and maintain its corporate existence and authority to operate its lines of railroad.

SECTION 5. The Railroad Company, from time to time as they shall become due, will make, or cause to be made, any and all payments required to be made under and by the terms of any Equipment Obligation, including those described in the granting clauses hereof, and will do or cause to be done all and every such further acts as may be necessary to assure

to the Railroad Company the use of the Equipment to which such Equipment Obligation relates and the ultimate acquisition of complete title thereto.

Nothing in this Section 5 contained and nothing in any other provision of the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Railroad Company, which is hereby expressly reserved, to extend, prior to the maturity of any Equipment Obligation, the balance of the rental or other payments remaining to be paid thereunder or secured thereby or to refinance the same by entering into a new Equipment Obligation.

SECTION 6. The Railroad Company will well and truly pay and discharge or cause to be paid and discharged upon presentation thereof for payment when due the principal of all obligations having a lien on the mortgaged property or any part thereof prior to the lien of the Mortgage; and until paid or discharged at maturity or otherwise it will pay or cause to be paid the interest payable thereon at the time and at the place or places set forth therein or in the coupons attached thereto; and it will prevent any default or other thing from happening whereby the right might arise to enforce by foreclosure or otherwise any such obligations; provided, however, that the Railroad Company may extend or renew any such obligations.

In all cases in which, pursuant to the requirements of any mortgage or other instrument constituting a lien prior to the lien of the Mortgage, cash, securities, obligations or rights which would otherwise be required to be deposited with the Trustee are deposited with the trustee or mortgagee under such mortgage or other instrument, the Railroad Company will forthwith, upon the discharge and cancellation of such mortgage or other instrument (subject to the obligation of

the Railroad Company, if any, to cause the same to be deposited under any other such mortgage or other instrument), cause to be deposited with the Trustee any and all such cash, securities, obligations or rights remaining at the time of such discharge and cancellation with the trustee or mortgagee of the mortgage or other instrument so discharged and cancelled. The Railroad Company hereby authorizes and directs the trustee or mortgagee under each such mortgage or other instrument, upon such discharge and cancellation thereof, to deposit with the Trustee all such cash, securities, obligations or rights so remaining. The Railroad Company covenants to deliver a copy of the Mortgage to the trustee or mortgagee under each such mortgage or other instrument and furnish the Trustee with evidence of such delivery.

SECTION 7. The Railroad Company, from time to time, will pay and discharge, or cause to be paid and discharged, all taxes, assessments and governmental charges (the lien whereof would be prior to the lien of the Mortgage) lawfully imposed upon the mortgaged property or upon any part thereof, or upon the income and profits thereof, and also all taxes, assessments and governmental charges lawfully imposed upon the lien or interest of the Trustee in respect of the mortgaged property or the income thereof, so that the lien and priority of the Mortgage shall be fully preserved at the cost of the Railroad Company without expense to the Trustee or the Bondholders; provided, however, that the Railroad Company shall not be required to pay any such taxes, assessments or governmental charges (i) so long as in good faith the validity or the amount thereof shall be contested by appropriate legal proceedings, unless thereby, in the judgment of the Trustee, the security afforded by the Mortgage will be materially impaired or endangered, or (ii) on property it has abandoned pursuant to permission granted by the Interstate

Commerce Commission or other public regulatory body having jurisdiction in the premises, or (iii) on property it has abandoned where no public regulatory body has jurisdiction if the property abandoned is no longer necessary for the maintenance or operation of the lines of railroad subject to the lien of the Mortgage.

SECTION 8. The Railroad Company, from time to time as the same shall become due and payable, will observe and perform all of its obligations, and will pay and discharge all sums payable, under or by virtue of any lease or trackage agreement held by it and subject to the lien of the Mortgage and which is reasonably necessary for the maintenance and operation of the lines of railroad subject to the lien of the Mortgage, and will not suffer or permit any default for which such lease or trackage agreement may be terminated, so that, subject to the provisions of Articles XI and XII hereof, the interest of the Railroad Company in all such leasehold estates or trackage agreements shall be preserved unimpaired as security for the Bonds and coupons hereby secured.

Nothing in this Section 8 contained shall require the Railroad Company to make any such payments or to observe any such obligations so long as the Railroad Company in good faith shall contest its liability for any such payments or its duty to observe any such obligations, unless in the opinion of the Trustee such action will materially impair or endanger the interests of the Bondholders.

SECTION 9. Subject to the provisions of Articles XI and XII, the Railroad Company covenants and agrees that the Mortgage is and always will be kept a lien upon all of the mortgaged property, subject only to the liens prior thereto specified or referred to in the granting clauses hereof, the

right, charge, lien or title of Equipment Obligations, Permitted Encumbrances, and purchase money liens on property acquired after the date hereof and liens thereon existing at the time of such acquisition, and that it will not voluntarily create, or suffer to be created or to arise, any other lien or charge having priority to, preference over or parity with the lien of the Mortgage upon the mortgaged property, or any part thereof, or upon the income thereof; and that, within 6 months after the same shall be payable, it will pay or cause to be discharged, or will make adequate provision for the satisfaction or discharge of, all lawful claims and demands of mechanics, laborers and others, which, if unpaid, might by law be given precedence over the Mortgage as a lien or charge upon the mortgaged property or any part thereof, or the income thereof; provided, however, that the Railroad Company shall not be required to pay any such debt, lien or charge so long as it shall in good faith, by appropriate legal proceedings, contest the validity thereof or the amount thereof unless thereby, in the opinion of the Trustee, the interests of the Bondholders will be materially impaired or endangered.

SECTION 10. Subject to the provisions of Articles XI and XII, and to the extent needful and proper for the efficient and economic operation of its properties, the Railroad Company will at all times diligently maintain, preserve and keep all of the rights and franchises granted to it or conferred upon it, maintain, preserve and keep its railroads, fixtures and appurtenances in good repair, working order and condition and from time to time make all needful and proper repairs thereto and renewals and replacements thereof, and keep the lines of railroad subject to the Mortgage supplied with Equipment, machinery, tools and other supplies, maintain the same in good order and condition, reasonable wear and tear excepted, and from time to time make all needful

and proper repairs thereto and renewals and replacements thereof.

SECTION 11. Subject to the terms and provisions of Articles XI and XII, the Railroad Company will maintain its property, rights and franchises and continue the full enjoyment thereof so as to maintain the general continuity of its lines of railroad between the principal points served by it as of the date of the execution and delivery of the Mortgage and from time to time thereafter.

SECTION 12. The Railroad Company will forthwith upon acquisition deposit and pledge with the Trustee, as further security for the Bonds, all Securities hereafter acquired by it except (i) Special Securities, (ii) Debt Securities hereafter acquired by the Railroad Company in reimbursement of expenditures for Additions and Betterments to the properties of Chicago, Terre Haute and Southeastern Railway Company, and (iii) Securities deposited with the trustee or mortgagee of any Prior Lien or required to be so deposited by the terms of such Prior Lien; and that upon cancellation or release of any Prior Lien, all such Securities then held by the trustee or mortgagee thereunder will be forthwith deposited and pledged with the Trustee unless then required to be deposited or pledged or held under another lien prior to the lien of the Mortgage.

So long as the First Mortgage shall remain a lien on the mortgaged property, the deposit and pledge by the Railroad Company of such Securities with the trustee of the First Mortgage pursuant to the provisions of Section 12 of Article IX of the First Mortgage, as evidenced by a statement of the trustee of the First Mortgage certifying to such pledge and deposit filed with the Trustee, shall constitute a compliance by the Railroad Company with the provisions of this Section 12.

SECTION 13. The Railroad Company will not procure the authentication and delivery of any Bonds hereunder, the release of any property herefrom, or the withdrawal, payment or application of any cash held by the Trustee under any provision of the Mortgage, except upon compliance by the Railroad Company with the applicable provisions of the Mortgage; and will not issue any other obligations or securities except common stock for the purpose of capitalizing, or reimbursing the Railroad Company for, any expenditures from the Reserve and Retirement Fund or the Additions and Betterments Fund.

The Railroad Company will not procure the authentication and delivery of any Bonds hereunder, the release of any property herefrom, or the withdrawal, payment or application of any cash held by the Trustee under any provision of the Mortgage, on the basis of Additions and Betterments subject to any Prior Lien if after giving effect thereto the Cost of Additions and Betterments then subject to liens securing Prior Lien Bonds would exceed 10% of the aggregate of the principal amount of such Prior Lien Bonds and the principal amount of Bonds then outstanding.

SECTION 14. The Railroad Company will not increase or permit to be increase in principal amount any of its obligations (other than Bonds, First Mortgage Bonds, Equipment Obligations and Permitted Encumbrances) which are at the time of the making or assuming of such obligations secured by a lien on the mortgaged property, or any part thereof, prior to or on a parity with the lien of the Mortgage unless the obligations representing such increase are forthwith deposited and pledged with the trustee of the First Mortgage or with the Trustee to be held subject to the provisions of Article X.

SECTION 15. The Railroad Company will maintain a record of all Equipment and will furnish to the Trustee at least once in each period of 3 years following the date of the execution and delivery of the Mortgage a statement of the number of units by classes of said Equipment, and showing separately the Equipment that is held under or subject to Equipment Obligations and the expenditures therefor, and specifying the amount and maturities of all such Equipment Obligations.

SECTION 16. The Railroad Company will cause the Mortgage and every supplemental indenture or instrument purporting to create a lien upon the mortgaged property to secure the Bonds, to be recorded and filed and re-recorded and refiled to the extent necessary to make effective and maintain the lien intended to be created thereby, and will, on or before April 1 in each year, beginning with the year 1946, furnish to the Trustee an Opinion of Counsel stating either that in the opinion of such counsel the Mortgage and all supplemental indentures or other instruments supplemental thereto have been properly recorded and filed and re-recorded and refiled, as the case may be, so as to make effective and maintain the lien intended to be created thereby, or that in the opinion of such counsel no such action is necessary to make such lien effective and to maintain the same.

SECTION 17. The Railroad Company will cause all of the property at any time subject to the lien of the Mortgage and which is of a character usually insured by railroad companies to be kept insured in such manner and to such extent as is customary and usual in the operation of railroad companies in the territory served by the Railroad Company. On or before April 1, 1946, and on or before April 1 in each year thereafter, and at any other time upon the request of the Trustee, the Railroad Company will furnish to the Trus-

tee an Officers' Certificate stating in general the character and extent of the insurance then maintained by the Railroad Company and stating that the same complies in all respects with the requirements of this Section 17.

If the proceeds from any insurance on the mortgaged property shall exceed the sum of $100,000 in respect of any one loss, such proceeds shall, subject to the requirements of the First Mortgage or any Prior Lien or Equipment Obligation on such property, be paid by the Railroad Company to the Trustee, accompanied by an Officers' Certificate as required by Section 22 of this Article IX, and shall be held and disposed of by the Trustee as in the case of moneys deposited upon the release of mortgaged property as provided in Section 7 of Article XI.

If such proceeds be $100,000 or less in respect of any one loss, they shall be applied by the Railroad Company to the repair, restoration or replacement of the property damaged or destroyed or to the acquisition or construction of Additions and Betterments. Any property acquired by the Railroad Company out of the proceeds of insurance as aforesaid and any and all repairs, restorations, replacements, Additions and Betterments acquired or constructed out of such proceeds, subject to the requirements of the First Mortgage or any Prior Lien or Equipment Obligation on the property with respect to which such insurance was collected, shall become and be subject to the Mortgage as fully as though specifically mortgaged or assigned hereby, but, in the case of property repaired or restored, only in the same manner and to the same extent as the property damaged or destroyed with respect to which such insurance was collected.

SECTION 18. The Railroad Company will permit the Trustee, through its agents, to inspect the mortgaged property

or any portion thereof at any time and from time to time, and will comply with all reasonable requests of the Trustee to furnish such information as the Railroad Company may have with respect to the mortgaged property.

SECTION 19. If any Additions and Betterments located on any leasehold shall have been Bonded, there shall be deposited with the Trustee, accompanied by an Officers' Certificate as required by Section 22 of this Article IX, upon the termination of such leasehold, subject to the requirements of the First Mortgage, all amounts paid to the Railroad Company pursuant to the terms of such lease in reimbursement therefor. All amounts so received by the Trustee shall be held and disposed of as in the case of moneys deposited upon the release of mortgaged property as provided in Section 7 of Article XI.

SECTION 20. As and when there shall be delivered to the trustee under the First Mortgage pursuant to any provision thereof, any report, statement, certificate, opinion, copy of resolution, deed, conveyance, assignment or other document or proof, the Railroad Company will deliver a counterpart thereof to the Trustee, unless the same document or proof has been delivered to the Trustee pursuant to the provisions of the Mortgage.

SECTION 21. The Railroad Company will not pledge or hypothecate any Bonds or First Mortgage Bonds to secure any indebtedness created, assumed or guaranteed, directly or indirectly, by the Railroad Company (a) in an aggregate principal amount in excess of 150% of the principal amount of such indebtedness, and (b) unless and until the Railroad Company shall deliver to the Trustee a Certified Resolution

authorizing such pledge or hypothecation, which Resolution shall have been adopted by the affirmative action of not less than two-thirds of the whole Board of Directors.

SECTION 22. Whenever the Railroad Company shall deposit with the Trustee the proceeds of any insurance as provided in Section 17 of this Article IX or the amounts paid to the Railroad Company in reimbursement for Additions and Betterments upon termination of any leasehold as provided in Section 19 of this Article IX, such deposit shall be accompanied by an Officers' Certificate, dated not more than 30 days prior to the delivery thereof to the Trustee, stating the circumstances of such deposit and the source of the moneys then being deposited.

SECTION 23. The Railroad Company will deliver to the Trustee at the time of the distribution thereof a copy of each annual report and financial statement distributed by the Railroad Company to its shareholders, beginning with the annual report for the year 1945.

SECTION 24. The Railroad Company covenants that all funds made available to it after January 1, 1944, from all or any of the following sources shall, unless deposited with the trustee or mortgagee under a Prior Lien pursuant to the requirements of such Prior Lien, be applied only to provide for Gross Expenditures: (i) proceeds of insurance on the mortgaged property not deposited or required to be deposited with the Trustee, (ii) salvage recovered from mortgaged property retired, (iii) proceeds of property sold in accordance with the provisions of Article XI and not deposited or required to be deposited with the Trustee, and (iv) service losses charged to depreciation and amortization reserves on account of depreciable road property retired and replaced.

SECTION 25. The Railroad Company covenants that it will, on or before March 15 of each year, beginning with the year 1946, publish a notice stating the amount of interest payable on the Bonds of Series A or that no interest is payable on the Bonds of Series A, and the amount of interest payable on the Bonds of Series B or that no interest is payable on the Bonds of Series B, on the succeeding April 1, once in a Daily Newspaper in the Borough of Manhattan, City of New York, New York, and once in a Daily Newspaper in the City of Chicago, Illinois. A copy of such notice shall be mailed by or on behalf of the Railroad Company to all registered holders of coupon Bonds registered as to principal and of registered Bonds without coupons, at their last addresses as they shall appear upon the bond registry books.

ARTICLE X

Pledged Securities

Section 1. Securities deposited and pledged under the Mortgage, if not already in bearer form, or issued in the name of the Trustee, shall be duly endorsed in blank for transfer or accompanied by appropriate instruments of assignment and transfer in blank. Any Securities deposited and pledged under the Mortgage may if the Trustee so determines, and shall if the Railroad Company so requests, be stamped by the Trustee with an appropriate legend to the effect that the same are held in trust for the purposes declared in the Mortgage. The Trustee shall not be obligated to examine or pass upon the validity or genuineness of any Securities and their accompanying assignments tendered for deposit and pledge with it, including any mentioned and described in the granting clauses hereof, but if questioned the Trustee shall be entitled to rely upon Opinions of Counsel that any Securities so deposited and pledged are genuine and valid and what they purport to be and that any endorsements or assignments thereof are effective, genuine and valid.

All Debt Securities deposited and pledged under the Mortgage may be in temporary or definitive form, and shall be accompanied by all appropriate coupons appertaining thereto, if any, and, if susceptible of registration as to principal or interest, may if the Trustee so determines, and shall if the Railroad Company so requests, be registered, or exchanged for Debt Securities issued, in the name of the Trustee or its nominee.

SECTION 2. Unless and until an Event of Default shall have occurred and be continuing, and except as in the Mortgage otherwise expressly provided:

(a) The Railroad Company shall be entitled to collect and retain for its own use all earned cash dividends which may be declared on any Stock deposited and pledged hereunder and all sums which may become due and payable for interest upon Debt Securities so deposited and pledged; and the Trustee, upon the written request of the Railroad Company, shall deliver to the Railroad Company necessary and suitable assignments and orders for the payment to it or upon its order of all such earned cash dividends and shall deliver to it all coupons pertaining to any such Debt Securities, or suitable assignments and orders for the payment to it or upon its order of all such interest, as and when such coupons or interest shall become due and payable or at any time within 30 days prior thereto; the Trustee, upon the written request of the Railroad Company, shall pay over to the Railroad Company all sums which may be received by the Trustee representing interest and earned cash dividends; and the Trustee, upon written notice from the Railroad Company that any instalment of interest has been paid on any Debt Security payable to bearer but without interest coupons, shall note or permit to be noted thereon the fact of such payment;

(b) The Trustee (except with consent of the Railroad Company or as otherwise expressly authorized by the Mortgage), shall not be entitled to enforce payment of the interest on any Debt Security deposited and pledged hereunder, or to enforce any provision of or exercise any right under any mortgage or other instrument pursuant to which such Debt Security was issued or by which the same is secured;

provided, however, and it is hereby declared and agreed that, except as in the Mortgage otherwise expressly provided:

(1) The Railroad Company shall not be entitled to collect and the Trustee shall not pay over to the Railroad Company, and if collected by the Railroad Company it shall forthwith pay over to the Trustee, with respect to any Securities deposited and pledged or required to be deposited and pledged hereunder, (i) the principal, in whole or in part, of any Debt Security; (ii) any interest on any Debt Security which shall have been paid out of the proceeds of any sale or condemnation of, or the proceeds of insurance on, the property covered by a mortgage or other lien securing such Debt Security, or out of the proceeds of sale of any property of the corporation liable upon such Debt Security in case of the dissolution, liquidation or winding up of such corporation, or out of any other proceeds of capital assets, it being the intent of the Mortgage that the Railroad Company shall be entitled to receive only interest paid out of revenues, rents, earnings, profits, or income; (iii) any amounts paid on redemption of any Security, other than on account of accrued interest or dividends; (iv) any liquidation dividends consequent upon the dissolution, or total or partial liquidation or winding up, or reduction of Stock, of any corporation; and (v) any other dividends, whether payable in Stock, cash or property, except only earned cash dividends;

(2) The Railroad Company shall not collect any such dividends, coupons or interest by legal proceedings or by the enforcement of any security therefor, except upon at least 30 days' prior written notice to the Trustee;

(3) Until actually paid, cancelled or discharged, each coupon or right to interest or dividends shall remain subject to the lien of the Mortgage, and the Railroad Company shall not sell, assign or transfer any such coupon or right to interest or dividends;

(4) The Railroad Company may release and discharge, in whole or in part, any and all claims for interest on any Railroad Subsidiary Bonds deposited and

pledged hereunder, when and as such interest becomes due; and

(5) The Trustee shall be entitled to assume that all such interest has been or will be paid out of revenues, rents, earnings, profits, or income and that all dividends paid in cash are or will be earned cash dividends, unless and until the Trustee is notified in writing to the contrary by the payor, its agent, the Railroad Company or one or more Bondholders.

SECTION 3. Unless and until an Event of Default shall have occurred and be continuing, the Railroad Company shall have the right to vote and give consents in respect of all Securities deposited and pledged hereunder for all purposes not contrary to the provisions of the Mortgage or inconsistent therewith, and to consent to, ratify or waive notice of any and all meetings, with the same force and effect as though such Securities were not subject to the lien hereof; and the Trustee, in respect of Securities issued in its name or in the name of its nominee or nominees, shall upon the written request of the Railroad Company give suitable waivers of notice and consents and deliver to the Railroad Company, or to its nominee or nominees, suitable powers of attorney or proxies with or without power of substitution and either generally or for such one or more objects as such proxy shall specify. The Railroad Company covenants that it will not vote or permit to be voted or give or permit to be given any consent in respect of any such Securities for any purpose contrary to the provisions of the Mortgage or of the First Mortgage or inconsistent therewith.

The Trustee, with the written consent of the Railroad Company, evidenced by a Certified Resolution delivered to the Trustee, and without such consent if an Event of Default shall have occurred and be continuing

separate bank account or invested in direct or guaranteed obligations of the United States of America, and shall be expended to provide for, or to reimburse the treasury of the Railroad Company for, the following purposes and in the following order, subject to the provisions of Section 3 of this Article VII:

(a) To pay, *first* the principal of Equipment Obligations as they severally mature, *next* the current annual instalments required to be paid into Equipment Sinking Funds established for the retirement of First Mortgage Bonds pursuant to the provisions of Section 3 of Article VIII of the First Mortgage, and *next* the current instalments required to be paid into any sinking funds established for the retirement of Bonds pursuant to the provissions of Section 2 of Article VIII of the Mortgage;

(b) To pay in cash all or any part of the cost of acquiring or constructing new Equipment to the extent not financed by Equipment Obligations;

(c) To pay all or any part of the cost of replacing Equipment that has become worn-out, lost, destroyed or rendered unfit for use and that is required to be replaced by the terms of an Equipment Obligation pertaining thereto;

(d) To provide for, or to reimburse the Railroad Company for, all or any part of the Gross Expenditures representing the replacement of physical property retired;

(e) To provide for, or to reimburse the Railroad Company for, the cost of additions and betterments to Equipment required to maintain the operating efficiency of the Railroad Company's railway system unimpaired, but only to the extent that the expenditures therefor are properly chargeable to Capital Accounts;

(f) To provide for, or to reimburse the Railroad Company for, any other Gross Expenditures;

(g) The balance, if any, remaining in the Reserve and Retirement Fund at the close of any calendar year, after

the final determination of the amount to be paid into such Fund in respect of such calendar year and the amount expended or appropriated in respect of expenditures from the Fund during such calendar year, may in the discretion of the Board of Directors, and shall if and to the extent such balance exceeds $5,000,000, be deposited with the trustee of the First Mortgage on or before March 1 of the next succeeding calendar year as and for an addition to the Contingent Sinking Fund to be applied by said trustee to the retirement of First Mortgage Bonds in accordance with the provisions of Section 2 of Article VIII of the First Mortgage;

provided, however, that (i) the Reserve and Retirement Fund shall not be expended for any of the purposes described in clauses (b), (c), (d) and (e) unless the amount then in the Fund, plus the amounts estimated to be payable into the Fund in respect of the remainder of the then current calendar year, exceeds the aggregate of the amounts required to be paid out of the Fund in respect of the remainder of such year for the purposes described in clause (a), and then only to the extent of such excess; (ii) the Reserve and Retirement Fund shall not be expended for the purpose described in clause (f) unless the amount of such excess is more than $5,000,000, and then only to the extent of such excess over $5,000,000; (iii) the Reserve and Retirement Fund shall not be expended for any of the purposes described in clauses (b), (c), (d), (e) and (f) except to the extent not theretofore Bonded or Otherwise Financed; and (iv) all payments into the Reserve and Retirement Fund on account of the amortization of Equipment in accordance with the provisions of Section 124 of the Internal Revenue Code, as amended by the Revenue Act of 1942 and the Tax Adjustment Act of 1945, shall be expended only for the payments as they mature of the principal of Equipment Obligations through which the acquisitions of such Equipment were financed and shall not be included in any

(a) may vote or give consents in respect of any Securities deposited and pledged hereunder and authorize such Securities to be voted and such consents to be given and may take such other action as to the Trustee, in its discretion, shall seem advisable to protect the interests of the Trustee and of the Bondholders in respect of any Securities subject to the lien hereof; and

(b) may in respect of any such Securities join in or become party to any plan of reorganization or readjustment (whether voluntary or involuntary) of the corporation issuing such Securities and deposit such Securities under such plan, and may make any exchange, substitution, cancellation or surrender of Securities required by any such plan and take such action with respect to Securities subject to the lien hereof as may be required by such plan for the accomplishment thereof. All new Securities issued under any such plan in exchange for Securities previously deposited and pledged hereunder shall be deposited with the Trustee and held by it under and for the purposes expressed in the Mortgage.

SECTION 4. In case at any time

(a) default shall be made in the payment of the principal of or interest on any Debt Security deposited and pledged hereunder, or

(b) default shall be made in any of the covenants, terms or conditions contained in any such Debt Security or the mortgage or other instrument securing the same or pursuant to which the same shall have been issued, or

(c) the right shall arise to enforce, by foreclosure or otherwise, any such mortgage or other instrument,

then, and in any such case, upon the written request of the Railroad Company, accompanied by a Certified Resolution

hereunder below 90% of the total outstanding shares of such class; (vi) that the Securities, if any, to be issued in substitution will not be junior to the Securities to be retired; and (vii) that no Event of Default has occurred and is continuing.

(B) An Opinion of Counsel that such renewal, extension or substitution is in accordance with the provisions of the Mortgage and that any Securities so to be renewed or extended will, upon such renewal or extension, and any new Securities to be issued will, upon the issue and delivery thereof to the Railroad Company, be validly issued and outstanding and what they purport to be and validly owned by the Railroad Company; that whatever consent, authorization or approval on the part of any governmental authority is requisite for such ownership and pledge has been obtained; that all shares of Stock, if any, included in such Securities are fully paid and nonassessable; and that upon the deposit and pledge of said Securities hereunder the Mortgage will constitute a valid, enforceable and direct lien thereon, free and clear of liens prior thereto.

Upon receipt of the instruments specified in clauses (A) and (B), and a Certified Resolution requesting any such extension, renewal or substitution, the Trustee shall permit the same and take any other action necessary to effect any such extension, renewal or substitution.

SECTION 6. The Trustee may sell, assign, transfer and deliver so many shares of the Stock of any corporation whose Stock is deposited and pledged under the Mortgage as may be necessary to qualify persons to act as directors of, or in any other official relation to, such corporation. In every such case the Railroad Company shall make such arrangements with the Trustee as shall be deemed necessary by the Trustee for the protection of the trusts hereunder.

SECTION 7. In case a corporation any of the Securities of which shall be deposited and pledged under the Mortgage shall be consolidated with or merged into, or shall convey all or substantially all of its properties to, the Railroad Company, the Securities of such corporation that are deposited and pledged under the Mortgage shall be surrendered to the consolidated corporation or to the Railroad Company, as the case may be, but only if, as evidenced by an Opinion of Counsel furnished to the Trustee, (a) by virtue of such consolidation or merger and the application of the provisions of Article XII the lien of the Mortgage has extended to the property of such corporation the Securities of which are so surrendered, and (b) in the case of any Debt Securities so surrendered which are secured by a lien on the property of such corporation, the lien of the Mortgage resulting from such consolidation or merger is substantially equivalent to the lien securing such Debt Securities.

SECTION 8. In case at any time

(a) any corporation, the Securities of which shall be deposited and pledged hereunder, shall be dissolved or liquidated, or

(b) all or any of the property of any such corporation shall be sold at any judicial sale, or

(c) any of the property covered by any mortgage securing any Debt Security deposited and pledged under the Mortgage shall be sold in foreclosure proceedings or other proceedings for the enforcement of such mortgage or the Debt Security thereby secured,

then, and in any such case, if the property of such dissolved or liquidating corporation or the property sold can be acquired by crediting on the Securities so pledged under the Mortgage any sum accruing or to be received thereon out of

the proceeds of such property, and by paying not more than 10% of the price of such property in cash (or more than 10% if the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds shall so request), the Trustee in its discretion may, and if requested in writing by the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds and upon being provided with the amount of cash necessary therefor (whether such amount be more or less than 10% of the price of such property) and security or indemnity satisfactory to it against any expense or liability on its part, shall, purchase or cause to be purchased such property, either in the name or on behalf of the Trustee or of the Railroad Company or of purchasing trustees, as the Trustee may determine, and the Trustee shall use, or permit the Railroad Company to use, such Securities so far as may be permissible to make payment for such property. In the event of any such purchase, the Trustee shall take such steps as it may deem proper to cause such property either to be vested in the Railroad Company and subjected to the direct lien of the Mortgage or in some other corporation with power to acquire and operate such property. The Railroad Company covenants that, if such property is vested in some other corporation with power to acquire and operate such property, all Securities of such other corporation acquired directly or indirectly through such use of the pledged Securities will be deposited and pledged under the Mortgage.

SECTION 9. The Railroad Company covenants that, except as permitted by paragraph (b) of Section 3 of this Article X, no Railroad Subsidiary will increase the amount of its outstanding shares of Stock of any class unless after such increase the percentage of shares outstanding necessary to meet the requirements of a Railroad Subsidiary shall be pledged and deposited with the trustee under the First Mort-

gage or with the Trustee hereunder. In the event that the outstanding amount of any class of Stock of any Railroad Subsidiary shall be reduced, the Trustee, upon the written request of the Railroad Company, shall surrender for cancellation the certificates evidencing such part of the shares of such class of Stock then pledged and deposited hereunder as shall be proportionate to the amount of such reduction.

SECTION 10. The Railroad Company covenants and agrees that no Railroad Subsidiary will create or increase the amount of its debts secured by lien equal or prior in rank to the lien of any bonds of such Railroad Subsidiary pledged under the Mortgage, unless the Debt Securities for the debt so created or the increase thereof are also pledged with the Trustee hereunder or with the trustee under the First Mortgage.

SECTION 11. The Railroad Company covenants that no Railroad Subsidiary will make any sale, exchange or other disposition of its property contrary to the provisions of Part B of Section 1 of Article XI and that, except as otherwise expressly provided in the Mortgage, no Railroad Subsidiary will at any time sell, exchange or otherwise dispose of its property, real or personal, or any part thereof, except for adequate consideration and unless the Railroad Company shall first file with the Trustee the following:

(a) An Officers' Certificate dated not more than 30 days prior to the delivery thereof, stating

(1) that such Railroad Subsidiary desires to sell or exchange property, briefly described, or has contracted so to do, for a consideration described in the Certificate (which consideration may be cash or property or both), and that such consideration represents, in the opinion of the signers of the Certificate, an adequate

consideration to such Railroad Subsidiary for the property to be sold or exchanged;

(2) a brief description of the property, if any, to be received as consideration in whole or in part, and stating that such property consists of railroad lines, bridges or terminals, or other property appurtenant to or useful to the railroad lines, bridges or terminals, owned and operated by such Railroad Subsidiary; and

(3) that the property to be sold or exchanged is no longer necessary or advantageous in the business of such Railroad Subsidiary, and either (i) that the substantial integrity and efficiency of the lines of railroad, bridges and terminals of such Railroad Subsidiary will not be impaired by such sale or exchange, or (ii) that the sale or exchange is made in compliance with the provisions of Part B of Section 1 of Article XI.

(b) An Opinion of Counsel (in case the Certificate states that the consideration to the Railroad Subsidiary consists of property in whole or in part) that such property to be received by the Railroad Subsidiary is free and clear of liens other than Permitted Encumbrances.

Sales, exchanges and other dispositions of its property may be made by any Railroad Subsidiary in any calendar year without the filing of the instruments provided for in this Section 11, unless and until the value of the property disposed of by such Railroad Subsidiary in that year has exceeded or will exceed $25,000.

The Railroad Company covenants and agrees that within 15 days after the sale or disposition of any property by a Railroad Subsidiary as to which the instruments provided by this Section 11 shall be required, the Railroad Company will deposit or cause to be deposited with the Trustee an amount equal to the amount of any cash received by such Railroad Subsidiary for the property so sold, unless such Railroad Subsidiary has deposited such amount with the trustee under

of such estimated service life, whichever is the lesser. If such Equipment or any part thereof shall have been in use by the Railroad Company for a period of more than 90 days at the time of an Application for the authentication and delivery of Bonds, the Gross Expenditures for such Equipment and the principal amount of Bonds to which the Railroad Company would be entitled on account thereof shall be proportionately reduced by the period of such use by the Railroad Company; and the amount of money to be deposited with the Trustee on each January 1 and July 1 above specified shall be increased by such an amount as to make said semi-annual deposits equal in the aggregate, over a period of 15 years or a period equal to the estimated service life of such Equipment, whichever is the shorter period, diminished by the period of such use by the Railroad Company, the principal amount of Bonds which the Railroad Company may be entitled to receive.

For the purpose of this Section 2, the estimated service life of any Equipment shall be that established by the certificate of an engineer (who shall be appointed by the Board of Directors and be satisfactory to the Trustee and who may be an officer or employee of the Railroad Company) delivered to the Trustee pursuant to the provisions of clause (f) of Section 2 of Article III when the acquisition of such Equipment is made the basis for the authentication and delivery of Bonds.

Any moneys deposited with the Trustee as and for an Equipment Sinking Fund shall be applied by the Trustee to the retirement of Bonds in accordance with the provisions of the supplemental indenture creating such Equipment Sinking Fund.

SECTION 3. Whenever the acquisition of Equipment is made the basis for the withdrawal, payment or application of any cash held by the Trustee under any provision of the

Mortgage, the Railroad Company covenants to pay to the Trustee on each January 1 and July 1 thereafter an amount of money equal to the quotient obtained by dividing the amount of cash so withdrawn, paid or applied by 30 or by twice the number of years of service life of such Equipment, whichever is the lesser. If such Equipment or any part thereof shall have been in use for a period of more than 90 days at the time of application for such withdrawal, payment or application, the Gross Expenditures for such Equipment, and the amount of cash that may be withdrawn, paid or applied, shall be reduced in the same manner and to the same extent as provided in the first paragraph of Section 2 of this Article VIII.

For the purpose of this Section 3, the estimated service life of any Equipment shall be established by the certificate of an engineer (who shall be appointed by the Board of Directors and approved by the Trustee and who may be an officer or employee of the Railroad Company) delivered to the Trustee with an Application for the withdrawal, payment or application of cash upon the basis of the acquisition of such Equipment.

Such moneys shall be held and applied by the Trustee as in the case of money deposited upon the release of mortgaged property in the manner provided in Section 7 of Article XI.

SECTION 4. As and for a Contingent Sinking Fund for the retirement of Bonds, the Railroad Company covenants that prior to or concurrently with the declaration of any dividend on its common stock it will deposit with the Trustee an amount equal to 50% of such dividend.

Moneys which are deposited with the Trustee as and for the Contingent Sinking Fund shall be applied by the Trustee,

so long as no Event of Default has occurred and is continuing, to the purchase or redemption of Bonds in accordance with the provisions of this Section 4.

So long as Bonds of Series A and Series B are outstanding under the Mortgage, such moneys shall be applied as nearly as may be in equal parts to purchase or redeem Bonds of each such series. If the Bonds of either of such series shall no longer be outstanding, all of such moneys shall be applied to the purchase or redemption of Bonds of the other series. If no Bonds of either of such series shall be outstanding, such moneys shall be applied to the purchase or redemption of Bonds of such other series as shall be determined by the supplemental indentures creating such other series.

The Trustee may purchase such Bonds in the open market at the lowest price or prices at which, in its sole discretion, it shall deem such Bonds reasonably obtainable; or, if the Trustee, in its sole discretion, shall deem it advisable, it may advertise for proposals to sell such Bonds to it, reserving the right to reject any or all such proposals in whole or in part, and may purchase such Bonds at the lowest price or prices asked in such proposals if it deems such purchases advisable; but no such Bonds shall be purchased in the open market or in response to proposals, as aforesaid, at a price, including interest, in excess of the amount, including interest, which would be payable in case of redemption thereof for the Contingent Sinking Fund at the earliest applicable redemption date.

At the expiration of 6 months after the making of any deposit pursuant to this Section 4, if the balance remaining in the Contingent Sinking Fund applicable to the purchase or redemption of Bonds of any series equals or exceeds $50,000 the Trustee shall apply such balance to the redemption of Bonds of such series on the next interest payment date at the redemption price (exclusive of premium) then

applicable to Bonds of such series. The Trustee shall give notice of such redemption in the name of the Railroad Company in the manner and in accordance with the applicable provisions of Article IV; and the Trustee is hereby appointed the agent of the Railroad Company for such purpose. The Railroad Company covenants that whenever any redemption of Bonds shall be required under the provisions of this Section 4, it will at the request of the Trustee take all action necessary to redeem such Bonds on the date specified by the Trustee.

The Railroad Company covenants that in connection with any redemption of Bonds under this Section 4 it will deposit with the Trustee, in addition to funds theretofore deposited in the Contingent Sinking Fund, moneys sufficient to pay on or before the date fixed for redemption all interest required to be paid thereon to the date fixed for redemption.

All advertising and publishing costs and other expenses incurred in the purchase or redemption of such Bonds, and all amounts paid on account of interest on the purchase of such Bonds, shall be paid by the Railroad Company, or, if paid by the Trustee, shall be repaid by the Railroad Company to the Trustee upon demand.

All Bonds purchased or redeemed out of the Contingent Sinking Fund shall be cancelled and shall not be made the basis for the authentication and delivery of any Bonds or the withdrawal, payment or application of any cash under any provision of the Mortgage.

ARTICLE IX

General Covenants

The Railroad Company covenants as follows:

Section 1. The Railroad Company will duly and punctually pay or cause to be paid the principal of (and premium, if any) and interest on the Bonds at the times and at the place or places and in the manner and to the extent specified therein and in the coupons.

Section 2. The Railroad Company will maintain in the City of Chicago, Illinois, and in the Borough of Manhattan, City of New York, New York, an office or agency where payment of the principal of and interest on Bonds may be made, where notices, presentations and demands to or upon the Railroad Company in respect of Bonds or coupons appertaining thereto or in respect of the Mortgage may be given or made, where Bonds may be registered, transferred and exchanged, and where such Bonds as are convertible may be presented and surrendered for conversion. The Railroad Company will also maintain a similar office or agency in each other city where the principal of or interest on any of the Bonds is payable, as provided in Article II, or where any Bond may be converted. The Railroad Company will give to the Trustee notice of the location of all such offices or agencies and of any change of location thereof. In case the Railroad Company shall fail to maintain any such office or agency or shall fail to give notice of the location or of any change in the location thereof, notices, presentations and demands may be given or made at the principal office of the Trustee.

If the Railroad Company shall appoint a paying agent other than the Trustee, it will cause such paying agent to

execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 2:

(a) that it will hold all sums held by it as such agent for the payment of the principal of (and premium, if any) or interest on any of the Bonds (whether such sums have been paid to it by or on behalf of the Railroad Company or any other obligor on the Bonds) in trust for the benefit of the holders of such Bonds or the coupons for such interest, as the case may be; and

(b) that it will give to the Trustee notice of any failure by the Railroad Company (or by any other obligor on such Bonds) to make any payment of the principal of (and premium, if any) or interest on such Bonds when the same shall be due and payable which shall come to its notice or knowledge as such paying agent.

If the Railroad Company shall act as its own paying agent in respect of the Bonds of any series, it will, on or before each date on which the principal of (and premium, if any) or interest on such Bonds is due and payable, set aside, segregate and hold in trust for the benefit of the holders of such Bonds or the appurtenant coupons, as the case may be, a sum sufficient to pay such principal (and premium, if any) and interest so becoming due and payable and will notify the Trustee of any failure to take such action.

The Railroad Company may, at any time, for the purpose of obtaining a release or satisfaction of the Mortgage or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by it or by any paying agent pursuant to this Section 2, such sums thereafter to be held by the Trustee upon the same trusts as in this Section 2 provided.

The agreement to hold sums in trust as provided in this Section 2 is subject to the provisions of Section 4 of Article XIX.

SECTION 3. The Railroad Company will execute and deliver, or will cause to be executed and delivered, all such further deeds, mortgages, assignments and transfers as may be required for the better mortgaging, assigning and confirming to the Trustee of the property hereby mortgaged, conveyed or assigned, or intended so to be, or which the Railroad Company may hereafter become bound to convey or assign to the Trustee.

The Railroad Company will deliver to the Trustee on or before April 1 in each year, beginning with the year 1946, an Opinion of Counsel that no further deeds, mortgages, assignments or transfers are required to be executed and delivered by the Railroad Company under the provisions of this Section 3, except such instruments as shall be specified in such opinion.

SECTION 4. The Railroad Company owns and is lawfully possessed of the lines of railroad, property and franchises referred to in the granting clauses hereof, and is duly authorized to operate and does operate said lines of railroad, and covenants and agrees to execute any and all instruments and do any and all acts or things necessary or proper to perfect its title to the same or any thereof, and, subject to the provisions of Article XII hereof, to take all steps and do all acts necessary to continue and maintain its corporate existence and authority to operate its lines of railroad.

SECTION 5. The Railroad Company, from time to time as they shall become due, will make, or cause to be made, any and all payments required to be made under and by the terms of any Equipment Obligation, including those described in the granting clauses hereof, and will do or cause to be done all and every such further acts as may be necessary to assure

to the Railroad Company the use of the Equipment to which such Equipment Obligation relates and the ultimate acquisition of complete title thereto.

Nothing in this Section 5 contained and nothing in any other provision of the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Railroad Company, which is hereby expressly reserved, to extend, prior to the maturity of any Equipment Obligation, the balance of the rental or other payments remaining to be paid thereunder or secured thereby or to refinance the same by entering into a new Equipment Obligation.

SECTION 6. The Railroad Company will well and truly pay and discharge or cause to be paid and discharged upon presentation thereof for payment when due the principal of all obligations having a lien on the mortgaged property or any part thereof prior to the lien of the Mortgage; and until paid or discharged at maturity or otherwise it will pay or cause to be paid the interest payable thereon at the time and at the place or places set forth therein or in the coupons attached thereto; and it will prevent any default or other thing from happening whereby the right might arise to enforce by foreclosure or otherwise any such obligations; provided, however, that the Railroad Company may extend or renew any such obligations.

In all cases in which, pursuant to the requirements of any mortgage or other instrument constituting a lien prior to the lien of the Mortgage, cash, securities, obligations or rights which would otherwise be required to be deposited with the Trustee are deposited with the trustee or mortgagee under such mortgage or other instrument, the Railroad Company will forthwith, upon the discharge and cancellation of such mortgage or other instrument (subject to the obligation of

the Railroad Company, if any, to cause the same to be deposited under any other such mortgage or other instrument), cause to be deposited with the Trustee any and all such cash, securities, obligations or rights remaining at the time of such discharge and cancellation with the trustee or mortgagee of the mortgage or other instrument so discharged and cancelled. The Railroad Company hereby authorizes and directs the trustee or mortgagee under each such mortgage or other instrument, upon such discharge and cancellation thereof, to deposit with the Trustee all such cash, securities, obligations or rights so remaining. The Railroad Company covenants to deliver a copy of the Mortgage to the trustee or mortgagee under each such mortgage or other instrument and furnish the Trustee with evidence of such delivery.

SECTION 7. The Railroad Company, from time to time, will pay and discharge, or cause to be paid and discharged, all taxes, assessments and governmental charges (the lien whereof would be prior to the lien of the Mortgage) lawfully imposed upon the mortgaged property or upon any part thereof, or upon the income and profits thereof, and also all taxes, assessments and governmental charges lawfully imposed upon the lien or interest of the Trustee in respect of the mortgaged property or the income thereof, so that the lien and priority of the Mortgage shall be fully preserved at the cost of the Railroad Company without expense to the Trustee or the Bondholders; provided, however, that the Railroad Company shall not be required to pay any such taxes, assessments or governmental charges (i) so long as in good faith the validity or the amount thereof shall be contested by appropriate legal proceedings, unless thereby, in the judgment of the Trustee, the security afforded by the Mortgage will be materially impaired or endangered, or (ii) on property it has abandoned pursuant to permission granted by the Interstate

Commerce Commission or other public regulatory body having jurisdiction in the premises, or (iii) on property it has abandoned where no public regulatory body has jurisdiction if the property abandoned is no longer necessary for the maintenance or operation of the lines of railroad subject to the lien of the Mortgage.

SECTION 8. The Railroad Company, from time to time as the same shall become due and payable, will observe and perform all of its obligations, and will pay and discharge all sums payable, under or by virtue of any lease or trackage agreement held by it and subject to the lien of the Mortgage and which is reasonably necessary for the maintenance and operation of the lines of railroad subject to the lien of the Mortgage, and will not suffer or permit any default for which such lease or trackage agreement may be terminated, so that, subject to the provisions of Articles XI and XII hereof, the interest of the Railroad Company in all such leasehold estates or trackage agreements shall be preserved unimpaired as security for the Bonds and coupons hereby secured.

Nothing in this Section 8 contained shall require the Railroad Company to make any such payments or to observe any such obligations so long as the Railroad Company in good faith shall contest its liability for any such payments or its duty to observe any such obligations, unless in the opinion of the Trustee such action will materially impair or endanger the interests of the Bondholders.

SECTION 9. Subject to the provisions of Articles XI and XII, the Railroad Company covenants and agrees that the Mortgage is and always will be kept a lien upon all of the mortgaged property, subject only to the liens prior thereto specified or referred to in the granting clauses hereof, the

right, charge, lien or title of Equipment Obligations, Permitted Encumbrances, and purchase money liens on property acquired after the date hereof and liens thereon existing at the time of such acquisition, and that it will not voluntarily create, or suffer to be created or to arise, any other lien or charge having priority to, preference over or parity with the lien of the Mortgage upon the mortgaged property, or any part thereof, or upon the income thereof; and that, within 6 months after the same shall be payable, it will pay or cause to be discharged, or will make adequate provision for the satisfaction or discharge of, all lawful claims and demands of mechanics, laborers and others, which, if unpaid, might by law be given precedence over the Mortgage as a lien or charge upon the mortgaged property or any part thereof, or the income thereof; provided, however, that the Railroad Company shall not be required to pay any such debt, lien or charge so long as it shall in good faith, by appropriate legal proceedings, contest the validity thereof or the amount thereof unless thereby, in the opinion of the Trustee, the interests of the Bondholders will be materially impaired or endangered.

SECTION 10. Subject to the provisions of Articles XI and XII, and to the extent needful and proper for the efficient and economic operation of its properties, the Railroad Company will at all times diligently maintain, preserve and keep all of the rights and franchises granted to it or conferred upon it, maintain, preserve and keep its railroads, fixtures and appurtenances in good repair, working order and condition and from time to time make all needful and proper repairs thereto and renewals and replacements thereof, and keep the lines of railroad subject to the Mortgage supplied with Equipment, machinery, tools and other supplies, maintain the same in good order and condition, reasonable wear and tear excepted, and from time to time make all needful

and proper repairs thereto and renewals and replacements thereof.

SECTION 11. Subject to the terms and provisions of Articles XI and XII, the Railroad Company will maintain its property, rights and franchises and continue the full enjoyment thereof so as to maintain the general continuity of its lines of railroad between the principal points served by it as of the date of the execution and delivery of the Mortgage and from time to time thereafter.

SECTION 12. The Railroad Company will forthwith upon acquisition deposit and pledge with the Trustee, as further security for the Bonds, all Securities hereafter acquired by it except (i) Special Securities, (ii) Debt Securities hereafter acquired by the Railroad Company in reimbursement of expenditures for Additions and Betterments to the properties of Chicago, Terre Haute and Southeastern Railway Company, and (iii) Securities deposited with the trustee or mortgagee of any Prior Lien or required to be so deposited by the terms of such Prior Lien; and that upon cancellation or release of any Prior Lien, all such Securities then held by the trustee or mortgagee thereunder will be forthwith deposited and pledged with the Trustee unless then required to be deposited or pledged or held under another lien prior to the lien of the Mortgage.

So long as the First Mortgage shall remain a lien on the mortgaged property, the deposit and pledge by the Railroad Company of such Securities with the trustee of the First Mortgage pursuant to the provisions of Section 12 of Article IX of the First Mortgage, as evidenced by a statement of the trustee of the First Mortgage certifying to such pledge and deposit filed with the Trustee, shall constitute a compliance by the Railroad Company with the provisions of this Section 12.

SECTION 13. The Railroad Company will not procure the authentication and delivery of any Bonds hereunder, the release of any property herefrom, or the withdrawal, payment or application of any cash held by the Trustee under any provision of the Mortgage, except upon compliance by the Railroad Company with the applicable provisions of the Mortgage; and will not issue any other obligations or securities except common stock for the purpose of capitalizing, or reimbursing the Railroad Company for, any expenditures from the Reserve and Retirement Fund or the Additions and Betterments Fund.

The Railroad Company will not procure the authentication and delivery of any Bonds hereunder, the release of any property herefrom, or the withdrawal, payment or application of any cash held by the Trustee under any provision of the Mortgage, on the basis of Additions and Betterments subject to any Prior Lien if after giving effect thereto the Cost of Additions and Betterments then subject to liens securing Prior Lien Bonds would exceed 10% of the aggregate of the principal amount of such Prior Lien Bonds and the principal amount of Bonds then outstanding.

SECTION 14. The Railroad Company will not increase or permit to be increase in principal amount any of its obligations (other than Bonds, First Mortgage Bonds, Equipment Obligations and Permitted Encumbrances) which are at the time of the making or assuming of such obligations secured by a lien on the mortgaged property, or any part thereof, prior to or on a parity with the lien of the Mortgage unless the obligations representing such increase are forthwith deposited and pledged with the trustee of the First Mortgage or with the Trustee to be held subject to the provisions of Article X.

SECTION 15. The Railroad Company will maintain a record of all Equipment and will furnish to the Trustee at least once in each period of 3 years following the date of the execution and delivery of the Mortgage a statement of the number of units by classes of said Equipment, and showing separately the Equipment that is held under or subject to Equipment Obligations and the expenditures therefor, and specifying the amount and maturities of all such Equipment Obligations.

SECTION 16. The Railroad Company will cause the Mortgage and every supplemental indenture or instrument purporting to create a lien upon the mortgaged property to secure the Bonds, to be recorded and filed and re-recorded and refiled to the extent necessary to make effective and maintain the lien intended to be created thereby, and will, on or before April 1 in each year, beginning with the year 1946, furnish to the Trustee an Opinion of Counsel stating either that in the opinion of such counsel the Mortgage and all supplemental indentures or other instruments supplemental thereto have been properly recorded and filed and re-recorded and refiled, as the case may be, so as to make effective and maintain the lien intended to be created thereby, or that in the opinion of such counsel no such action is necessary to make such lien effective and to maintain the same.

SECTION 17. The Railroad Company will cause all of the property at any time subject to the lien of the Mortgage and which is of a character usually insured by railroad companies to be kept insured in such manner and to such extent as is customary and usual in the operation of railroad companies in the territory served by the Railroad Company. On or before April 1, 1946, and on or before April 1 in each year thereafter, and at any other time upon the request of the Trustee, the Railroad Company will furnish to the Trus-

tee an Officers' Certificate stating in general the character and extent of the insurance then maintained by the Railroad Company and stating that the same complies in all respects with the requirements of this Section 17.

If the proceeds from any insurance on the mortgaged property shall exceed the sum of $100,000 in respect of any one loss, such proceeds shall, subject to the requirements of the First Mortgage or any Prior Lien or Equipment Obligation on such property, be paid by the Railroad Company to the Trustee, accompanied by an Officers' Certificate as required by Section 22 of this Article IX, and shall be held and disposed of by the Trustee as in the case of moneys deposited upon the release of mortgaged property as provided in Section 7 of Article XI.

If such proceeds be $100,000 or less in respect of any one loss, they shall be applied by the Railroad Company to the repair, restoration or replacement of the property damaged or destroyed or to the acquisition or construction of Additions and Betterments. Any property acquired by the Railroad Company out of the proceeds of insurance as aforesaid and any and all repairs, restorations, replacements, Additions and Betterments acquired or constructed out of such proceeds, subject to the requirements of the First Mortgage or any Prior Lien or Equipment Obligation on the property with respect to which such insurance was collected, shall become and be subject to the Mortgage as fully as though specifically mortgaged or assigned hereby, but, in the case of property repaired or restored, only in the same manner and to the same extent as the property damaged or destroyed with respect to which such insurance was collected.

SECTION 18. The Railroad Company will permit the Trustee, through its agents, to inspect the mortgaged property

or any portion thereof at any time and from time to time, and will comply with all reasonable requests of the Trustee to furnish such information as the Railroad Company may have with respect to the mortgaged property.

SECTION 19. If any Additions and Betterments located on any leasehold shall have been Bonded, there shall be deposited with the Trustee, accompanied by an Officers' Certificate as required by Section 22 of this Article IX, upon the termination of such leasehold, subject to the requirements of the First Mortgage, all amounts paid to the Railroad Company pursuant to the terms of such lease in reimbursement therefor. All amounts so received by the Trustee shall be held and disposed of as in the case of moneys deposited upon the release of mortgaged property as provided in Section 7 of Article XI.

SECTION 20. As and when there shall be delivered to the trustee under the First Mortgage pursuant to any provision thereof, any report, statement, certificate, opinion, copy of resolution, deed, conveyance, assignment or other document or proof, the Railroad Company will deliver a counterpart thereof to the Trustee, unless the same document or proof has been delivered to the Trustee pursuant to the provisions of the Mortgage.

SECTION 21. The Railroad Company will not pledge or hypothecate any Bonds or First Mortgage Bonds to secure any indebtedness created, assumed or guaranteed, directly or indirectly, by the Railroad Company (a) in an aggregate principal amount in excess of 150% of the principal amount of such indebtedness, and (b) unless and until the Railroad Company shall deliver to the Trustee a Certified Resolution

authorizing such pledge or hypothecation, which Resolution shall have been adopted by the affirmative action of not less than two-thirds of the whole Board of Directors.

SECTION 22. Whenever the Railroad Company shall deposit with the Trustee the proceeds of any insurance as provided in Section 17 of this Article IX or the amounts paid to the Railroad Company in reimbursement for Additions and Betterments upon termination of any leasehold as provided in Section 19 of this Article IX, such deposit shall be accompanied by an Officers' Certificate, dated not more than 30 days prior to the delivery thereof to the Trustee, stating the circumstances of such deposit and the source of the moneys then being deposited.

SECTION 23. The Railroad Company will deliver to the Trustee at the time of the distribution thereof a copy of each annual report and financial statement distributed by the Railroad Company to its shareholders, beginning with the annual report for the year 1945.

SECTION 24. The Railroad Company covenants that all funds made available to it after January 1, 1944, from all or any of the following sources shall, unless deposited with the trustee or mortgagee under a Prior Lien pursuant to the requirements of such Prior Lien, be applied only to provide for Gross Expenditures: (i) proceeds of insurance on the mortgaged property not deposited or required to be deposited with the Trustee, (ii) salvage recovered from mortgaged property retired, (iii) proceeds of property sold in accordance with the provisions of Article XI and not deposited or required to be deposited with the Trustee, and (iv) service losses charged to depreciation and amortization reserves on account of depreciable road property retired and replaced.

SECTION 25. The Railroad Company covenants that it will, on or before March 15 of each year, beginning with the year 1946, publish a notice stating the amount of interest payable on the Bonds of Series A or that no interest is payable on the Bonds of Series A, and the amount of interest payable on the Bonds of Series B or that no interest is payable on the Bonds of Series B, on the succeeding April 1, once in a Daily Newspaper in the Borough of Manhattan, City of New York, New York, and once in a Daily Newspaper in the City of Chicago, Illinois. A copy of such notice shall be mailed by or on behalf of the Railroad Company to all registered holders of coupon Bonds registered as to principal and of registered Bonds without coupons, at their last addresses as they shall appear upon the bond registry books.

ARTICLE X

Pledged Securities

Section 1. Securities deposited and pledged under the Mortgage, if not already in bearer form, or issued in the name of the Trustee, shall be duly endorsed in blank for transfer or accompanied by appropriate instruments of assignment and transfer in blank. Any Securities deposited and pledged under the Mortgage may if the Trustee so determines, and shall if the Railroad Company so requests, be stamped by the Trustee with an appropriate legend to the effect that the same are held in trust for the purposes declared in the Mortgage. The Trustee shall not be obligated to examine or pass upon the validity or genuineness of any Securities and their accompanying assignments tendered for deposit and pledge with it, including any mentioned and described in the granting clauses hereof, but if questioned the Trustee shall be entitled to rely upon Opinions of Counsel that any Securities so deposited and pledged are genuine and valid and what they purport to be and that any endorsements or assignments thereof are effective, genuine and valid.

All Debt Securities deposited and pledged under the Mortgage may be in temporary or definitive form, and shall be accompanied by all appropriate coupons appertaining thereto, if any, and, if susceptible of registration as to principal or interest, may if the Trustee so determines, and shall if the Railroad Company so requests, be registered, or exchanged for Debt Securities issued, in the name of the Trustee or its nominee.

SECTION 2. Unless and until an Event of Default shall have occurred and be continuing, and except as in the Mortgage otherwise expressly provided:

(a) The Railroad Company shall be entitled to collect and retain for its own use all earned cash dividends which may be declared on any Stock deposited and pledged hereunder and all sums which may become due and payable for interest upon Debt Securities so deposited and pledged; and the Trustee, upon the written request of the Railroad Company, shall deliver to the Railroad Company necessary and suitable assignments and orders for the payment to it or upon its order of all such earned cash dividends and shall deliver to it all coupons pertaining to any such Debt Securities, or suitable assignments and orders for the payment to it or upon its order of all such interest, as and when such coupons or interest shall become due and payable or at any time within 30 days prior thereto; the Trustee, upon the written request of the Railroad Company, shall pay over to the Railroad Company all sums which may be received by the Trustee representing interest and earned cash dividends; and the Trustee, upon written notice from the Railroad Company that any instalment of interest has been paid on any Debt Security payable to bearer but without interest coupons, shall note or permit to be noted thereon the fact of such payment;

(b) The Trustee (except with consent of the Railroad Company or as otherwise expressly authorized by the Mortgage), shall not be entitled to enforce payment of the interest on any Debt Security deposited and pledged hereunder, or to enforce any provision of or exercise any right under any mortgage or other instrument pursuant to which such Debt Security was issued or by which the same is secured;

provided, however, and it is hereby declared and agreed that, except as in the Mortgage otherwise expressly provided:

(1) The Railroad Company shall not be entitled to collect and the Trustee shall not pay over to the Railroad Company, and if collected by the Railroad Company it shall forthwith pay over to the Trustee, with respect to any Securities deposited and pledged or required to be deposited and pledged hereunder, (i) the principal, in whole or in part, of any Debt Security; (ii) any interest on any Debt Security which shall have been paid out of the proceeds of any sale or condemnation of, or the proceeds of insurance on, the property covered by a mortgage or other lien securing such Debt Security, or out of the proceeds of sale of any property of the corporation liable upon such Debt Security in case of the dissolution, liquidation or winding up of such corporation, or out of any other proceeds of capital assets, it being the intent of the Mortgage that the Railroad Company shall be entitled to receive only interest paid out of revenues, rents, earnings, profits, or income; (iii) any amounts paid on redemption of any Security, other than on account of accrued interest or dividends; (iv) any liquidation dividends consequent upon the dissolution, or total or partial liquidation or winding up, or reduction of Stock, of any corporation; and (v) any other dividends, whether payable in Stock, cash or property, except only earned cash dividends;

(2) The Railroad Company shall not collect any such dividends, coupons or interest by legal proceedings or by the enforcement of any security therefor, except upon at least 30 days' prior written notice to the Trustee;

(3) Until actually paid, cancelled or discharged, each coupon or right to interest or dividends shall remain subject to the lien of the Mortgage, and the Railroad Company shall not sell, assign or transfer any such coupon or right to interest or dividends;

(4) The Railroad Company may release and discharge, in whole or in part, any and all claims for interest on any Railroad Subsidiary Bonds deposited and

pledged hereunder, when and as such interest becomes due; and

(5) The Trustee shall be entitled to assume that all such interest has been or will be paid out of revenues, rents, earnings, profits, or income and that all dividends paid in cash are or will be earned cash dividends, unless and until the Trustee is notified in writing to the contrary by the payor, its agent, the Railroad Company or one or more Bondholders.

SECTION 3. Unless and until an Event of Default shall have occurred and be continuing, the Railroad Company shall have the right to vote and give consents in respect of all Securities deposited and pledged hereunder for all purposes not contrary to the provisions of the Mortgage or inconsistent therewith, and to consent to, ratify or waive notice of any and all meetings, with the same force and effect as though such Securities were not subject to the lien hereof; and the Trustee, in respect of Securities issued in its name or in the name of its nominee or nominees, shall upon the written request of the Railroad Company give suitable waivers of notice and consents and deliver to the Railroad Company, or to its nominee or nominees, suitable powers of attorney or proxies with or without power of substitution and either generally or for such one or more objects as such proxy shall specify. The Railroad Company covenants that it will not vote or permit to be voted or give or permit to be given any consent in respect of any such Securities for any purpose contrary to the provisions of the Mortgage or of the First Mortgage or inconsistent therewith.

The Trustee, with the written consent of the Railroad Company, evidenced by a Certified Resolution delivered to the Trustee, and without such consent if an Event of Default shall have occurred and be continuing

(a) may vote or give consents in respect of any Securities deposited and pledged hereunder and authorize such Securities to be voted and such consents to be given and may take such other action as to the Trustee, in its discretion, shall seem advisable to protect the interests of the Trustee and of the Bondholders in respect of any Securities subject to the lien hereof; and

(b) may in respect of any such Securities join in or become party to any plan of reorganization or readjustment (whether voluntary or involuntary) of the corporation issuing such Securities and deposit such Securities under such plan, and may make any exchange, substitution, cancellation or surrender of Securities required by any such plan and take such action with respect to Securities subject to the lien hereof as may be required by such plan for the accomplishment thereof. All new Securities issued under any such plan in exchange for Securities previously deposited and pledged hereunder shall be deposited with the Trustee and held by it under and for the purposes expressed in the Mortgage.

SECTION 4. In case at any time

(a) default shall be made in the payment of the principal of or interest on any Debt Security deposited and pledged hereunder, or

(b) default shall be made in any of the covenants, terms or conditions contained in any such Debt Security or the mortgage or other instrument securing the same or pursuant to which the same shall have been issued, or

(c) the right shall arise to enforce, by foreclosure or otherwise, any such mortgage or other instrument,

then, and in any such case, upon the written request of the Railroad Company, accompanied by a Certified Resolution

hereunder below 90% of the total outstanding shares of such class; (vi) that the Securities, if any, to be issued in substitution will not be junior to the Securities to be retired; and (vii) that no Event of Default has occurred and is continuing.

(B) An Opinion of Counsel that such renewal, extension or substitution is in accordance with the provisions of the Mortgage and that any Securities so to be renewed or extended will, upon such renewal or extension, and any new Securities to be issued will, upon the issue and delivery thereof to the Railroad Company, be validly issued and outstanding and what they purport to be and validly owned by the Railroad Company; that whatever consent, authorization or approval on the part of any governmental authority is requisite for such ownership and pledge has been obtained; that all shares of Stock, if any, included in such Securities are fully paid and nonassessable; and that upon the deposit and pledge of said Securities hereunder the Mortgage will constitute a valid, enforceable and direct lien thereon, free and clear of liens prior thereto.

Upon receipt of the instruments specified in clauses (A) and (B), and a Certified Resolution requesting any such extension, renewal or substitution, the Trustee shall permit the same and take any other action necessary to effect any such extension, renewal or substitution.

SECTION 6. The Trustee may sell, assign, transfer and deliver so many shares of the Stock of any corporation whose Stock is deposited and pledged under the Mortgage as may be necessary to qualify persons to act as directors of, or in any other official relation to, such corporation. In every such case the Railroad Company shall make such arrangements with the Trustee as shall be deemed necessary by the Trustee for the protection of the trusts hereunder.

SECTION 7. In case a corporation any of the Securities of which shall be deposited and pledged under the Mortgage shall be consolidated with or merged into, or shall convey all or substantially all of its properties to, the Railroad Company, the Securities of such corporation that are deposited and pledged under the Mortgage shall be surrendered to the consolidated corporation or to the Railroad Company, as the case may be, but only if, as evidenced by an Opinion of Counsel furnished to the Trustee, (a) by virtue of such consolidation or merger and the application of the provisions of Article XII the lien of the Mortgage has extended to the property of such corporation the Securities of which are so surrendered, and (b) in the case of any Debt Securities so surrendered which are secured by a lien on the property of such corporation, the lien of the Mortgage resulting from such consolidation or merger is substantially equivalent to the lien securing such Debt Securities.

SECTION 8. In case at any time

(a) any corporation, the Securities of which shall be deposited and pledged hereunder, shall be dissolved or liquidated, or

(b) all or any of the property of any such corporation shall be sold at any judicial sale, or

(c) any of the property covered by any mortgage securing any Debt Security deposited and pledged under the Mortgage shall be sold in foreclosure proceedings or other proceedings for the enforcement of such mortgage or the Debt Security thereby secured,

then, and in any such case, if the property of such dissolved or liquidating corporation or the property sold can be acquired by crediting on the Securities so pledged under the Mortgage any sum accruing or to be received thereon out of

the proceeds of such property, and by paying not more than 10% of the price of such property in cash (or more than 10% if the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds shall so request), the Trustee in its discretion may, and if requested in writing by the Railroad Company or the holders of 25% in principal amount of the Outstanding Bonds and upon being provided with the amount of cash necessary therefor (whether such amount be more or less than 10% of the price of such property) and security or indemnity satisfactory to it against any expense or liability on its part, shall, purchase or cause to be purchased such property, either in the name or on behalf of the Trustee or of the Railroad Company or of purchasing trustees, as the Trustee may determine, and the Trustee shall use, or permit the Railroad Company to use, such Securities so far as may be permissible to make payment for such property. In the event of any such purchase, the Trustee shall take such steps as it may deem proper to cause such property either to be vested in the Railroad Company and subjected to the direct lien of the Mortgage or in some other corporation with power to acquire and operate such property. The Railroad Company covenants that, if such property is vested in some other corporation with power to acquire and operate such property, all Securities of such other corporation acquired directly or indirectly through such use of the pledged Securities will be deposited and pledged under the Mortgage.

SECTION 9. The Railroad Company covenants that, except as permitted by paragraph (b) of Section 3 of this Article X, no Railroad Subsidiary will increase the amount of its outstanding shares of Stock of any class unless after such increase the percentage of shares outstanding necessary to meet the requirements of a Railroad Subsidiary shall be pledged and deposited with the trustee under the First Mort-

gage or with the Trustee hereunder. In the event that the outstanding amount of any class of Stock of any Railroad Subsidiary shall be reduced, the Trustee, upon the written request of the Railroad Company, shall surrender for cancellation the certificates evidencing such part of the shares of such class of Stock then pledged and deposited hereunder as shall be proportionate to the amount of such reduction.

SECTION 10. The Railroad Company covenants and agrees that no Railroad Subsidiary will create or increase the amount of its debts secured by lien equal or prior in rank to the lien of any bonds of such Railroad Subsidiary pledged under the Mortgage, unless the Debt Securities for the debt so created or the increase thereof are also pledged with the Trustee hereunder or with the trustee under the First Mortgage.

SECTION 11. The Railroad Company covenants that no Railroad Subsidiary will make any sale, exchange or other disposition of its property contrary to the provisions of Part B of Section 1 of Article XI and that, except as otherwise expressly provided in the Mortgage, no Railroad Subsidiary will at any time sell, exchange or otherwise dispose of its property, real or personal, or any part thereof, except for adequate consideration and unless the Railroad Company shall first file with the Trustee the following:

(a) An Officers' Certificate dated not more than 30 days prior to the delivery thereof, stating

(1) that such Railroad Subsidiary desires to sell or exchange property, briefly described, or has contracted so to do, for a consideration described in the Certificate (which consideration may be cash or property or both), and that such consideration represents, in the opinion of the signers of the Certificate, an adequate

consideration to such Railroad Subsidiary for the property to be sold or exchanged;

(2) a brief description of the property, if any, to be received as consideration in whole or in part, and stating that such property consists of railroad lines, bridges or terminals, or other property appurtenant to or useful to the railroad lines, bridges or terminals, owned and operated by such Railroad Subsidiary; and

(3) that the property to be sold or exchanged is no longer necessary or advantageous in the business of such Railroad Subsidiary, and either (i) that the substantial integrity and efficiency of the lines of railroad, bridges and terminals of such Railroad Subsidiary will not be impaired by such sale or exchange, or (ii) that the sale or exchange is made in compliance with the provisions of Part B of Section 1 of Article XI.

(b) An Opinion of Counsel (in case the Certificate states that the consideration to the Railroad Subsidiary consists of property in whole or in part) that such property to be received by the Railroad Subsidiary is free and clear of liens other than Permitted Encumbrances.

Sales, exchanges and other dispositions of its property may be made by any Railroad Subsidiary in any calendar year without the filing of the instruments provided for in this Section 11, unless and until the value of the property disposed of by such Railroad Subsidiary in that year has exceeded or will exceed $25,000.

The Railroad Company covenants and agrees that within 15 days after the sale or disposition of any property by a Railroad Subsidiary as to which the instruments provided by this Section 11 shall be required, the Railroad Company will deposit or cause to be deposited with the Trustee an amount equal to the amount of any cash received by such Railroad Subsidiary for the property so sold, unless such Railroad Subsidiary has deposited such amount with the trustee under

Trustee a report for the preceding calendar year signed as in the case of an Officers' Certificate and setting forth in reasonable detail a description of the property sold, exchanged or otherwise disposed of during the preceding calendar year under clause (b) of this Section 2, the cash or other consideration received by the Railroad Company in connection with each such sale, exchange or other disposition (showing separately, in the case of such other consideration, that which shall have become, and that which shall not have become, subject to the lien of the Mortgage), the total amount of consideration received during the preceding calendar year for property so sold, exchanged or otherwise disposed of, and the total amount thereof deposited with the trustee or mortgagee of any Prior Lien as permitted by the provisions of Section 4 of this Article XI.

Such report shall be accompanied by an Engineer's Certificate stating that the respective considerations received in all cases of sales, exchanges or other dispositions made under clause (b) of this Section 2 represented the fair value to the Railroad Company of the property sold and that in no case was the consideration received in any one sale in excess of $5,000 and stating the fair value to the Railroad Company of all such consideration other than cash.

In order to evidence the termination of the lien of the Mortgage on any property sold, exchanged or otherwise disposed of in accordance with this Section 2 the Trustee shall execute and deliver confirmatory releases or certificates that such property is free from the lien of the Mortgage from time to time at the request of the Railroad Company upon receiving an Officers' Certificate describing in reasonable detail the property to be released, and stating that it has been sold, exchanged or otherwise disposed of under the provisions of this Section 2 and in full compliance with the terms and conditions

prescribed herein, and an Engineer's Certificate stating the fair value to the Railroad Company of the property to be released and the fair value to the Railroad Company of all consideration, other than cash, to be received by the Railroad Company therefor, and stating that the consideration, including cash, received or to be received by the Railroad Company for such property represented the fair value of such property to the Railroad Company and does not exceed $5,000.

SECTION 3. PART A. From time to time unless and until an Event of Default shall have occurred and be continuing, the Railroad Company may sell or dispose of, and in connection therewith obtain the release of, any part of the property subject to the lien of the Mortgage, other than cash or purchase money obligations held by the Trustee or Securities deposited and pledged with the Trustee, provided that the applicable provisions, if any, of Part B of Section 1 of this Article XI are complied with; and the Trustee shall release from the lien of the Mortgage any such property if the fair value (as determined by the Engineer in accordance with the provisions of clause (g) of Part B of this Section 3) of the part of the property to be released shall not exceed the aggregate of:

(a) The cash, then being deposited with the Trustee or with the trustee of the First Mortgage or the trustee or mortgagee of any Prior Lien as permitted by the provisions of Section 4 of this Article XI, which shall have been or is to be concurrently received by the Railroad Company as consideration or part consideration for the disposition of the property to be released;

(b) The principal amount of any purchase money obligations, then being deposited and pledged with the Trustee or with the trustee of the First Mortgage or the trustee or mortgagee of any Prior Lien as permitted by the provisions of Section 4 of this Article XI, which shall have been received

Company at least equal to the value of the property so disposed of;

(b) In the ordinary course of its business, sell, exchange or otherwise dispose of, free from the lien of the Mortgage, any Equipment which is no longer useful, any buildings, bridges, structures, industrial tracks, side tracks or yard tracks which it has been desirable in the conduct of its business to retire from use, and any land constituting abandoned right of way or station grounds, or industrial sites or other land (with or without improvements thereon) which is no longer useful to the Railroad Company, if the consideration received on any such sale or other disposition does not exceed $5,000; provided that if the Railroad Company shall receive any cash or other consideration (other than property, which may but need not have a similar substitutional use, and which shall have become subject to the lien of the Mortgage) on any such sale or other disposition, it shall from time to time, but at intervals of not more than 90 days, shall deposit with the Trustee, or with the trustee or mortgagee of any Prior Lien as permitted by the provisions of Section 4 of this Article XI, an amount in cash equal to the cash so received and the fair value of the Railroad Company, in the opinion of the Engineer, of such other consideration; and

(c) Make any lease of any of its mortgaged property, other than its lines of railroad (including any leasehold, trackage right or other interest therein), bridges or terminals, or grant any easement, license or other right with respect to any of its mortgaged property which does not interfere with the use and operation of its lines of railroad, bridges and terminals, provided such lease, easement, license or other right is subject to the continuing lien of the Mortgage.

On or before April 1, 1947, and on or before April 1 of each succeeding year, the Railroad Company shall file with the

Trustee a report for the preceding calendar year signed as in the case of an Officers' Certificate and setting forth in reasonable detail a description of the property sold, exchanged or otherwise disposed of during the preceding calendar year under clause (b) of this Section 2, the cash or other consideration received by the Railroad Company in connection with each such sale, exchange or other disposition (showing separately, in the case of such other consideration, that which shall have become, and that which shall not have become, subject to the lien of the Mortgage), the total amount of consideration received during the preceding calendar year for property so sold, exchanged or otherwise disposed of, and the total amount thereof deposited with the trustee or mortgagee of any Prior Lien as permitted by the provisions of Section 4 of this Article XI.

Such report shall be accompanied by an Engineer's Certificate stating that the respective considerations received in all cases of sales, exchanges or other dispositions made under clause (b) of this Section 2 represented the fair value to the Railroad Company of the property sold and that in no case was the consideration received in any one sale in excess of $5,000 and stating the fair value to the Railroad Company of all such consideration other than cash.

In order to evidence the termination of the lien of the Mortgage on any property sold, exchanged or otherwise disposed of in accordance with this Section 2 the Trustee shall execute and deliver confirmatory releases or certificates that such property is free from the lien of the Mortgage from time to time at the request of the Railroad Company upon receiving an Officers' Certificate describing in reasonable detail the property to be released, and stating that it has been sold, exchanged or otherwise disposed of under the provisions of this Section 2 and in full compliance with the terms and conditions

prescribed herein, and an Engineer's Certificate stating the fair value to the Railroad Company of the property to be released and the fair value to the Railroad Company of all consideration, other than cash, to be received by the Railroad Company therefor, and stating that the consideration, including cash, received or to be received by the Railroad Company for such property represented the fair value of such property to the Railroad Company and does not exceed $5,000.

SECTION 3. PART A. From time to time unless and until an Event of Default shall have occurred and be continuing, the Railroad Company may sell or dispose of, and in connection therewith obtain the release of, any part of the property subject to the lien of the Mortgage, other than cash or purchase money obligations held by the Trustee or Securities deposited and pledged with the Trustee, provided that the applicable provisions, if any, of Part B of Section 1 of this Article XI are complied with; and the Trustee shall release from the lien of the Mortgage any such property if the fair value (as determined by the Engineer in accordance with the provisions of clause (g) of Part B of this Section 3) of the part of the property to be released shall not exceed the aggregate of:

(a) The cash, then being deposited with the Trustee or with the trustee of the First Mortgage or the trustee or mortgagee of any Prior Lien as permitted by the provisions of Section 4 of this Article XI, which shall have been or is to be concurrently received by the Railroad Company as consideration or part consideration for the disposition of the property to be released;

(b) The principal amount of any purchase money obligations, then being deposited and pledged with the Trustee or with the trustee of the First Mortgage or the trustee or mortgagee of any Prior Lien as permitted by the provisions of Section 4 of this Article XI, which shall have been received

by the Railroad Company as consideration or part consideration for the disposition of the part of the property to be released and which shall be secured by a purchase money mortgage thereon; provided that

(1) such purchase money obligations shall mature within 5 years of the date thereof and shall be included only to the extent that the principal amount thereof does not in the aggregate exceed 60% of the fair value, determined as aforesaid, of the property to be released; and

(2) the aggregate principal amount of such purchase money obligations and all other purchase money obligations pledged with the Trustee pursuant to the provisions of this Section 3, and then held subject to the lien of the Mortgage (or pledged with the trustee of the First Mortgage or the trustee or mortgagee of any Prior Lien, as permitted by the provisions of Section 4 of this Article XI, and then held by such trustee or mortgagee) shall not exceed 10% of the aggregate principal amount of Bonds outstanding at the date of the Application for release filed with the Trustee pursuant to the provisions of clause (b) of Part B of this Section 3;

(c) The Gross Expenditures (other than Gross Expenditures with respect to Equipment) then certified to the Trustee in the Officers' Certificate filed with the Trustee, pursuant to the provisions of clause (c) of Part B of this Section 3, with respect to Additions and Betterments which have been or are to be concurrently acquired by the Railroad Company as consideration or part consideration for the disposition of the property to be released and which shall not at the time of acquisition be subject to any lien, other than the First Mortgage and Permitted Encumbrances, prior to the lien of the Mortgage.

PART B. Prior to the release of any part of the property from the lien of the Mortgage under this Section 3 there shall in each case have been delivered to the Trustee:

(a) A Certified Resolution authorizing or approving the request for release and stating that in the judgment of the Board of Directors such release is desirable in the conduct of the business of the Railroad Company;

(b) An Application for such release;

(c) An Officers' Certificate which shall contain:

(1) a description in reasonable detail of the property a release of which is requested, and the fair value thereof (determined in accordance with the provisions of clause (g) of this Part B);

(2) a statement of the amount of cash, if any, being deposited pursuant to clause (a) of Part A of this Section 3;

(3) a description in reasonable detail of the purchase money obligations, if any, being pledged pursuant to clause (b) of Part A of this Section 3, a statement that such purchase money obligations have been received as consideration or part consideration for the disposition of the property to be released, a statement that such purchase money obligations do not exceed the limitations of clause (b) (1) of Part A of this Section 3, and a computation showing that the principal amount of all such purchase money obligations does not exceed the limitations of clause (b) (2) of said Part A;

(4) the Gross Expenditures with respect to Additions and Betterments which have been or are to be concurrently acquired as consideration or part consideration for the property to be released, a description in reasonable detail of such Additions and Betterments, and a statement as to whether or not any such Additions and Betterments are located on any leasehold;

(5) a statement that no Event of Default has occurred and is continuing;

(6) a statement accompanied by a showing of compliance with Part B of Section 1 of this Article XI with

respect to the property the release of which is applied for, or a statement that such property does not constitute any part of the lines of railroad or any bridge or terminal subject to the lien of the Mortgage or any leasehold, easement, trackage right or other interest therein; and

(7) a statement as to whether the property, the release of which is applied for, is subject to any Prior Lien of the nature referred to in Section 4 of this Article XI, and identifying any such liens;

(d) Any cash then being deposited with the Trustee pursuant to clause (a) of Part A of this Section 3, or, if any cash is being deposited with the trustee of the First Mortgage or the trustee or mortgagee of any Prior Lien as permitted by the provisions of Section 4 of this Article XI, in connection with the release of the property to be released, a written statement of such trustee or mortgagee, as the case may be, certifying that such cash has been deposited with it;

(e) Any purchase money obligations then being deposited and pledged with the Trustee pursuant to clause (b) of Part A of this Section 3, or, if any purchase money obligations are then being pledged with the trustee of the First Mortgage or the trustee or mortgagee of any Prior Lien as permitted by the provisions of Section 4 of this Article XI, in connection with the release of the property to be released, a written statement of such trustee or mortgagee, as the case may be, certifying that such purchase money obligations have been pledged with it, together, in either event, with any and all assignments thereof, supplemental indentures or other instruments which, as set forth in the Opinion of Counsel furnished pursuant to clause (h) of this Part B, are stated to be necessary or advisable to duly assign to the Trustee subject to such lien, or otherwise to render subject to the lien of the Mortgage, such purchase money obligations;

(f) All such deeds, supplemental indentures, or instruments of further assurance, which, as set forth in the Opinion of Counsel furnished pursuant to clause (h) of this Part B, are stated to be necessary or advisable to subject to the lien of the Mortgage any property constituting Additions and Betterments included in the Officers' Certificate filed with the Trustee pursuant to clause (c) of this Part B, or, in the case of Additions and Betterments located on leaseholds, to subject the leaseholds to such lien;

(g) An Engineer's Certificate stating the fair value to the Railroad Company of the property a release of which is requested;

(h) An Opinion of Counsel to the effect that:

(1) any purchase money obligations pledged with the Trustee, or with the trustee of the First Mortgage or the trustee or mortgagee of any Prior Lien as permitted by Section 4 of this Article XI, have been validly issued; that the assignments, supplemental indentures or other instruments delivered to the Trustee pursuant to clause (f) of this Part B duly assign to the Trustee subject to such lien, or otherwise render subject to the lien of the Mortgage, such purchase money obligations, or that no such instruments are required for such purpose; and that such purchase money obligations are secured by a valid lien upon the property released subject to no liens prior or equal to the lien thereof, except any liens which were Permitted Encumbrances on the property released and except any Prior Lien to which the property released was subject; and

(2) the property constituting Additions and Betterments specified in the Officers' Certificate filed with the Trustee pursuant to clause (c) of this Part B, except such as are located on leaseholds, is subject to the lien of the First Mortgage (so long as it remains a lien on the mortgaged property) and to the lien of the Mortgage or will become subject to such liens upon the

premium, if any, on such Bond, and for all other purposes except to receive payment of any interest represented by outstanding coupons; and neither the Railroad Company nor the Trustee nor any paying agent nor any bond registrar shall be bound by any notice to the contrary. All such payments so made to any such registered holder for the time being, or upon his order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Bond.

SECTION 4. In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, notice, consent or other action under the Mortgage, Bonds which are owned by the Railroad Company or any other obligor on the Bonds or by any person, firm or corporation directly or indirectly controlling or controlled by or under direct or indirect common control with the Railroad Company or any other such obligor, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided that the Trustee shall be protected in relying on any such demand, request, notice, consent or other action except as to Bonds which the Trustee knows to be so owned. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purpose of such determination if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person, firm or corporation directly or indirectly controlling or controlled by or under direct or indirect common control with the Railroad Company or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken on the advice of counsel shall be full protection to the Trustee.

For the purpose of this Section 4, the terms "control," "controlling" and "controlled" shall mean the right to vote a majority of the outstanding shares of capital stock having full voting rights.

SECTION 5. At any time prior to (but not after) the taking of any action by the holders of a specified percentage in aggregate principal amount of the Bonds specified in the Mortgage in connection with such action, any holder of a Bond the serial number of which is shown to be included in the Bonds the holders of which have consented to join in such action, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in Section 2 of this Article XIV, may revoke such consent so far as concerns such Bond. Except as aforesaid any such action taken by the holder of any Bond shall be conclusive and binding upon such holder and upon all future holders of such Bond, irrespective of whether or not any notation of such consent is made upon such Bond, and in any event any action taken pursuant to the Mortgage by the holders of the percentage in aggregate principal amount of the Bonds specified in the Mortgage in connection with such action shall be conclusively binding upon the Railroad Company, the Trustee and the holders of all Bonds.

from time to time to or upon the written order of the Railroad Company, signed by its President or any Vice President.

SECTION 9. The Railroad Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to receive, reasonable compensation (which shall not be limited by the statutes of any state relating to the compensation of a trustee of an express trust), and the Railroad Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Mortgage (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement and advance as may arise from its negligence or bad faith. The Railroad Company also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created by the Mortgage, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Railroad Company under this Section 9 to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall be secured by the lien hereof prior to the claims of the holders of Bonds upon the mortgaged property, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

SECTION 10. Whenever in the administration of the trusts created by the Mortgage the Trustee shall deem it necessary or desirable that a matter be proved or established prior to

to the holder or registered owner of such Bonds and coupons, as his proportionate share of such net proceeds; and such purchaser shall be credited on account of the purchase price payable by him with the sums payable out of such net proceeds which shall be applicable to the payment of and which shall have been credited, upon the Bonds and coupons so presented; and, at any such sale, any Bondholder may bid for and purchase such property, and may make payment therefor as aforesaid, and, upon compliance with the terms of said sale, may hold, retain and dispose of such property without further accountability therefor.

SECTION 13. The Railroad Company covenants that (a) if default shall be made in the payment of any interest on any Outstanding Bonds, or (b) if default shall be made in the payment of the principal of any Outstanding Bonds, or the premium thereon payable on redemption thereof, when the same shall become due and payable, whether at the maturity of such Bonds, upon redemption, by declaration or by a sale of the mortgaged property, or otherwise, then, upon demand of the Trustee, the Railroad Company will pay to the Trustee for the benefit of the holders of such Bonds and coupons the whole amount then due and payable on such Bonds and coupons, for principal (and premium, if any) or interest, or both, as the case may be, with interest on the overdue principal at the highest rate of interest borne by any of the Outstanding Bonds; and in case the Railroad Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as Trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

The Trustee shall be entitled to institute and prosecute any action and enforce any judgment or final decree as aforesaid, either before or after or during the pendency of any pro-

Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) modify, alter, add to or eliminate any of the provisions of the Mortgage or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Railroad Company, except as provided in Section 3 of this Article XX;

(b) sanction any compromise of the rights of the holders of such Bonds against the Railroad Company or against its property whether such right shall arise under the provisions of the Mortgage or otherwise;

(c) sanction and approve any plan for the reorganization, readjustment or liquidation of the Railroad Company;

provided, however, that no such modification, alteration, addition, elimination, sanction or approval shall, without in each case the consent of the holders of all Bonds affected thereby,

(i) alter or impair the obligation of the Railroad Company to pay the principal amount of or the interest on any Bonds, or change the place or medium of payment thereof; or

(ii) permit the creation by the Railroad Company of any mortgage or other lien ranking prior to or on a parity with the lien of the Mortgage with respect to any property covered thereby except as in the Mortgage otherwise expressly provided; or

(iii) effect a reduction of the percentage required for any action authorized to be taken by the holders of the Bonds;

and provided further that no such modification, alteration, addition or elimination shall affect the rights, duties or im-

munities of the Trustee without the written consent of the Trustee.

It shall not be necessary for the consent of the Bondholders under this Section 2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 3. With the consent (evidenced as provided in Section 1 of Article XIV) of the holders of not less than 75% in aggregate principal amount of all of the then Outstanding Bonds, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the Railroad Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) extend the time or times of payment of the principal, either before or after the principal is due, of the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 20 years beyond the original date or dates designated in such Bonds for the payment of the principal thereof, or

(b) extend the time or times of payment of any fixed interest or accumulations of contingent interest, either before or after the interest is due, on the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 5 years after such interest is due, but in no event beyond the original or extended date or dates for the payment of the principal of such Bonds.

SECTION 4. Upon the request of the Railroad Company, accompanied by a Certified Resolution authorizing the execution of any supplemental indenture pursuant to the preceding Sections of this Article XX, and upon the filing with the

Trustee of evidence of the consent of Bondholders as aforesaid, the Trustee shall join with the Railroad Company in the execution of such supplemental indenture.

SECTION 5. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XX, the Mortgage shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Mortgage of the Railroad Company, the Trustee and the holders of Bonds of all series outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respect to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of the Mortgage for any and all purposes.

SECTION 6. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article XX may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Railroad Company or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of the Mortgage contained in any such supplemental indenture may be prepared by the Railroad Company, authenticated by the Trustee and delivered without expense to the holders of Bonds of the same series then outstanding, upon surrender of such Bonds accompanied, in the case of coupon Bonds, by all unmatured coupons and all unpaid matured coupons which shall be appurtenant thereto, the new Bonds so issued to be of an aggregate principal amount equal to the aggregate principal amount of those so surrendered.

ARTICLE XXI

MISCELLANEOUS

SECTION 1. The same officer or officers of the Railroad Company, or the same engineer, accountant or counsel or other person, as the case may be, need not certify to all the matters required to be certified under the provisions of any Article or Section of the Mortgage, but different officers, engineers, accountants, counsel or other persons may certify to different matters respectively.

SECTION 2. Each Officers' Certificate or Opinion of Counsel required to be given responsive to a specified condition or covenant provided for in the Mortgage shall include: (1) a statement that the person making such certificate or giving such opinion has read such covenant or condition; (2) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (3) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 3. Except as otherwise expressly provided herein, nothing in the Mortgage or in any of the Bonds or coupons, express or implied, is intended or shall be construed to confer upon or give to any person, firm or corporation other than the parties hereto and the holders from time to time of the Bonds or coupons issued under the Mortgage any security, right, remedy or claim, legal or equitable, under or by reason of the Mortgage, or under or by reason of any covenant, condition or stipulation herein contained; and the Mortgage and all covenants, conditions and provisions herein contained are and shall be held to be for the sole and ex-

clusive benefit of the parties hereto and the holders from time to time of the Bonds and coupons issued hereunder.

SECTION 4. The Railroad Company shall be entitled to obtain from the Trustee from time to time such certificates and statements of the latter as to matters related to the Mortgage which are within its knowledge as the Railroad Company shall find it necessary or advisable to file with the trustee of the First Mortgage for any of the purposes thereof.

SECTION 5. The Mortgage may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 6. The Mortgage is dated as of January 1, 1944, although executed and delivered on the date of the acknowledgment hereof by the Trustee; and the same shall be effective by order of the Court in the reorganization proceedings hereinbefore mentioned as of 12:01 A.M., Central Standard Time, on December 1, 1945.

IN WITNESS WHEREOF, CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, the party of the first part, has caused the Mortgage to be signed and acknowledged by its President or one of its Vice Presidents, and its corporate seal to be affixed hereunto, and the same to be attested by its Secretary or its Assistant Secretary; and Harris Trust and Savings Bank, the party of the second part, to evidence its acceptance of the trust hereby created, has caused the Mortgage to be signed and acknowledged by one of its Vice Presidents and its corporate seal to be affixed hereunto and the same to be attested by one of its Assistant Secretaries.

Executed and delivered in the City of Chicago, State of Illinois, the 4th day of December, 1945, as of the day and year first written above.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

(CORPORATE SEAL) By H. A. SCANDRETT
President

Attest:

T. W. BURTNESS
Secretary

In the presence of

RAY GARRETT

WILLARD P. SCOTT

HARRIS TRUST AND SAVINGS BANK

(CORPORATE SEAL) By HAROLD ECKHART
Vice President

Attest:

R. BLACKBURN
Assistant Secretary

In the presence of

G. N. ASKEW

LOUIS CHRISTEN

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

On this 4th day of December, in the year 1945, before me, Edwin O. Schiewe, a Notary Public in and for the State and County aforesaid, personally appeared H. A. Scandrett and T. W. Burtness, to me personally known and known to me to be the President and Secretary, respectively, of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are the President and Secretary, respectively, of said Chicago, Milwaukee, St. Paul and Pacific Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said H. A. Scandrett and T. W. Burtness severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such President and Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL) EDWIN O. SCHIEWE

Edwin O. Schiewe
Notary Public in and for the State of Illinois,
County of Cook, Residing at Chicago, therein.
My Commission Expires Aug. 29, 1949.

from time to time to or upon the written order of the Railroad Company, signed by its President or any Vice President.

SECTION 9. The Railroad Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to receive, reasonable compensation (which shall not be limited by the statutes of any state relating to the compensation of a trustee of an express trust), and the Railroad Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Mortgage (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement and advance as may arise from its negligence or bad faith. The Railroad Company also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created by the Mortgage, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Railroad Company under this Section 9 to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall be secured by the lien hereof prior to the claims of the holders of Bonds upon the mortgaged property, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

SECTION 10. Whenever in the administration of the trusts created by the Mortgage the Trustee shall deem it necessary or desirable that a matter be proved or established prior to

to the holder or registered owner of such Bonds and coupons, as his proportionate share of such net proceeds; and such purchaser shall be credited on account of the purchase price payable by him with the sums payable out of such net proceeds which shall be applicable to the payment of and which shall have been credited, upon the Bonds and coupons so presented; and, at any such sale, any Bondholder may bid for and purchase such property, and may make payment therefor as aforesaid, and, upon compliance with the terms of said sale, may hold, retain and dispose of such property without further accountability therefor.

SECTION 13. The Railroad Company covenants that (a) if default shall be made in the payment of any interest on any Outstanding Bonds, or (b) if default shall be made in the payment of the principal of any Outstanding Bonds, or the premium thereon payable on redemption thereof, when the same shall become due and payable, whether at the maturity of such Bonds, upon redemption, by declaration or by a sale of the mortgaged property, or otherwise, then, upon demand of the Trustee, the Railroad Company will pay to the Trustee for the benefit of the holders of such Bonds and coupons the whole amount then due and payable on such Bonds and coupons, for principal (and premium, if any) or interest, or both, as the case may be, with interest on the overdue principal at the highest rate of interest borne by any of the Outstanding Bonds; and in case the Railroad Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as Trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

The Trustee shall be entitled to institute and prosecute any action and enforce any judgment or final decree as aforesaid, either before or after or during the pendency of any pro-

Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) modify, alter, add to or eliminate any of the provisions of the Mortgage or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Railroad Company, except as provided in Section 3 of this Article XX;

(b) sanction any compromise of the rights of the holders of such Bonds against the Railroad Company or against its property whether such right shall arise under the provisions of the Mortgage or otherwise;

(c) sanction and approve any plan for the reorganization, readjustment or liquidation of the Railroad Company;

provided, however, that no such modification, alteration, addition, elimination, sanction or approval shall, without in each case the consent of the holders of all Bonds affected thereby,

(i) alter or impair the obligation of the Railroad Company to pay the principal amount of or the interest on any Bonds, or change the place or medium of payment thereof; or

(ii) permit the creation by the Railroad Company of any mortgage or other lien ranking prior to or on a parity with the lien of the Mortgage with respect to any property covered thereby except as in the Mortgage otherwise expressly provided; or

(iii) effect a reduction of the percentage required for any action authorized to be taken by the holders of the Bonds;

and provided further that no such modification, alteration, addition or elimination shall affect the rights, duties or im-

munities of the Trustee without the written consent of the Trustee.

It shall not be necessary for the consent of the Bondholders under this Section 2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 3. With the consent (evidenced as provided in Section 1 of Article XIV) of the holders of not less than 75% in aggregate principal amount of all of the then Outstanding Bonds, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the Railroad Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) extend the time or times of payment of the principal, either before or after the principal is due, of the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 20 years beyond the original date or dates designated in such Bonds for the payment of the principal thereof, or

(b) extend the time or times of payment of any fixed interest or accumulations of contingent interest, either before or after the interest is due, on the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 5 years after such interest is due, but in no event beyond the original or extended date or dates for the payment of the principal of such Bonds.

SECTION 4. Upon the request of the Railroad Company, accompanied by a Certified Resolution authorizing the execution of any supplemental indenture pursuant to the preceding Sections of this Article XX, and upon the filing with the

Trustee of evidence of the consent of Bondholders as aforesaid, the Trustee shall join with the Railroad Company in the execution of such supplemental indenture.

SECTION 5. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XX, the Mortgage shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Mortgage of the Railroad Company, the Trustee and the holders of Bonds of all series outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respect to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of the Mortgage for any and all purposes.

SECTION 6. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article XX may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Railroad Company or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of the Mortgage contained in any such supplemental indenture may be prepared by the Railroad Company, authenticated by the Trustee and delivered without expense to the holders of Bonds of the same series then outstanding, upon surrender of such Bonds accompanied, in the case of coupon Bonds, by all unmatured coupons and all unpaid matured coupons which shall be appurtenant thereto, the new Bonds so issued to be of an aggregate principal amount equal to the aggregate principal amount of those so surrendered.

ARTICLE XXI

MISCELLANEOUS

SECTION 1. The same officer or officers of the Railroad Company, or the same engineer, accountant or counsel or other person, as the case may be, need not certify to all the matters required to be certified under the provisions of any Article or Section of the Mortgage, but different officers, engineers, accountants, counsel or other persons may certify to different matters respectively.

SECTION 2. Each Officers' Certificate or Opinion of Counsel required to be given responsive to a specified condition or covenant provided for in the Mortgage shall include: (1) a statement that the person making such certificate or giving such opinion has read such covenant or condition; (2) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (3) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 3. Except as otherwise expressly provided herein, nothing in the Mortgage or in any of the Bonds or coupons, express or implied, is intended or shall be construed to confer upon or give to any person, firm or corporation other than the parties hereto and the holders from time to time of the Bonds or coupons issued under the Mortgage any security, right, remedy or claim, legal or equitable, under or by reason of the Mortgage, or under or by reason of any covenant, condition or stipulation herein contained; and the Mortgage and all covenants, conditions and provisions herein contained are and shall be held to be for the sole and ex-

clusive benefit of the parties hereto and the holders from time to time of the Bonds and coupons issued hereunder.

SECTION 4. The Railroad Company shall be entitled to obtain from the Trustee from time to time such certificates and statements of the latter as to matters related to the Mortgage which are within its knowledge as the Railroad Company shall find it necessary or advisable to file with the trustee of the First Mortgage for any of the purposes thereof.

SECTION 5. The Mortgage may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 6. The Mortgage is dated as of January 1, 1944, although executed and delivered on the date of the acknowledgment hereof by the Trustee; and the same shall be effective by order of the Court in the reorganization proceedings hereinbefore mentioned as of 12:01 A.M., Central Standard Time, on December 1, 1945.

IN WITNESS WHEREOF, CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, the party of the first part, has caused the Mortgage to be signed and acknowledged by its President or one of its Vice Presidents, and its corporate seal to be affixed hereunto, and the same to be attested by its Secretary or its Assistant Secretary; and Harris Trust and Savings Bank, the party of the second part, to evidence its acceptance of the trust hereby created, has caused the Mortgage to be signed and acknowledged by one of its Vice Presidents and its corporate seal to be affixed hereunto and the same to be attested by one of its Assistant Secretaries.

Executed and delivered in the City of Chicago, State of Illinois, the 4th day of December, 1945, as of the day and year first written above.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

(CORPORATE SEAL) By H. A. SCANDRETT
President

Attest:

T. W. BURTNESS
Secretary

In the presence of

RAY GARRETT

WILLARD P. SCOTT

HARRIS TRUST AND SAVINGS BANK

(CORPORATE SEAL) By HAROLD ECKHART
Vice President

Attest:

R. BLACKBURN
Assistant Secretary

In the presence of

G. N. ASKEW

LOUIS CHRISTEN

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

On this 4th day of December, in the year 1945, before me, Edwin O. Schiewe, a Notary Public in and for the State and County aforesaid, personally appeared H. A. Scandrett and T. W. Burtness, to me personally known and known to me to be the President and Secretary, respectively, of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are the President and Secretary, respectively, of said Chicago, Milwaukee, St. Paul and Pacific Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said H. A. Scandrett and T. W. Burtness severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such President and Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL) EDWIN O. SCHIEWE

Edwin O. Schiewe
Notary Public in and for the State of Illinois,
County of Cook, Residing at Chicago, therein.
My Commission Expires Aug. 29, 1949.

STATE OF ILLINOIS }
COUNTY OF COOK } ss.

On this 4th day of December, in the year 1945, before me, H. O. Palm, a Notary Public in and for the State and County aforesaid, personally appeared Harold Eckhart and R. Blackburn, to me personally known and known to me to be a Vice President and an Assistant Secretary, respectively, of Harris Trust and Savings Bank, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are a Vice President and an Assistant Secretary, respectively, of said Harris Trust and Savings Bank, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said Harold Eckhart and R. Blackburn severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such Vice President and Assistant Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL)

H. O. PALM

H. O. Palm
Notary Public in and for the State of Illinois, County of Cook, and Residing at Chicago, therein.
My Commission Expires Sept. 18, 1948.

For the purpose of this Section 4, the terms "control," "controlling" and "controlled" shall mean the right to vote a majority of the outstanding shares of capital stock having full voting rights.

SECTION 5. At any time prior to (but not after) the taking of any action by the holders of a specified percentage in aggregate principal amount of the Bonds specified in the Mortgage in connection with such action, any holder of a Bond the serial number of which is shown to be included in the Bonds the holders of which have consented to join in such action, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in Section 2 of this Article XIV, may revoke such consent so far as concerns such Bond. Except as aforesaid any such action taken by the holder of any Bond shall be conclusive and binding upon such holder and upon all future holders of such Bond, irrespective of whether or not any notation of such consent is made upon such Bond, and in any event any action taken pursuant to the Mortgage by the holders of the percentage in aggregate principal amount of the Bonds specified in the Mortgage in connection with such action shall be conclusively binding upon the Railroad Company, the Trustee and the holders of all Bonds.

from time to time to or upon the written order of the Railroad Company, signed by its President or any Vice President.

SECTION 9. The Railroad Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to receive, reasonable compensation (which shall not be limited by the statutes of any state relating to the compensation of a trustee of an express trust), and the Railroad Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Mortgage (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement and advance as may arise from its negligence or bad faith. The Railroad Company also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created by the Mortgage, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Railroad Company under this Section 9 to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall be secured by the lien hereof prior to the claims of the holders of Bonds upon the mortgaged property, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

SECTION 10. Whenever in the administration of the trusts created by the Mortgage the Trustee shall deem it necessary or desirable that a matter be proved or established prior to

to the holder or registered owner of such Bonds and coupons, as his proportionate share of such net proceeds; and such purchaser shall be credited on account of the purchase price payable by him with the sums payable out of such net proceeds which shall be applicable to the payment of and which shall have been credited, upon the Bonds and coupons so presented; and, at any such sale, any Bondholder may bid for and purchase such property, and may make payment therefor as aforesaid, and, upon compliance with the terms of said sale, may hold, retain and dispose of such property without further accountability therefor.

SECTION 13. The Railroad Company covenants that (a) if default shall be made in the payment of any interest on any Outstanding Bonds, or (b) if default shall be made in the payment of the principal of any Outstanding Bonds, or the premium thereon payable on redemption thereof, when the same shall become due and payable, whether at the maturity of such Bonds, upon redemption, by declaration or by a sale of the mortgaged property, or otherwise, then, upon demand of the Trustee, the Railroad Company will pay to the Trustee for the benefit of the holders of such Bonds and coupons the whole amount then due and payable on such Bonds and coupons, for principal (and premium, if any) or interest, or both, as the case may be, with interest on the overdue principal at the highest rate of interest borne by any of the Outstanding Bonds; and in case the Railroad Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as Trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

The Trustee shall be entitled to institute and prosecute any action and enforce any judgment or final decree as aforesaid, either before or after or during the pendency of any pro-

Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) modify, alter, add to or eliminate any of the provisions of the Mortgage or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Railroad Company, except as provided in Section 3 of this Article XX;

(b) sanction any compromise of the rights of the holders of such Bonds against the Railroad Company or against its property whether such right shall arise under the provisions of the Mortgage or otherwise;

(c) sanction and approve any plan for the reorganization, readjustment or liquidation of the Railroad Company;

provided, however, that no such modification, alteration, addition, elimination, sanction or approval shall, without in each case the consent of the holders of all Bonds affected thereby,

(i) alter or impair the obligation of the Railroad Company to pay the principal amount of or the interest on any Bonds, or change the place or medium of payment thereof; or

(ii) permit the creation by the Railroad Company of any mortgage or other lien ranking prior to or on a parity with the lien of the Mortgage with respect to any property covered thereby except as in the Mortgage otherwise expressly provided; or

(iii) effect a reduction of the percentage required for any action authorized to be taken by the holders of the Bonds;

and provided further that no such modification, alteration, addition or elimination shall affect the rights, duties or im-

munities of the Trustee without the written consent of the Trustee.

It shall not be necessary for the consent of the Bondholders under this Section 2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 3. With the consent (evidenced as provided in Section 1 of Article XIV) of the holders of not less than 75% in aggregate principal amount of all of the then Outstanding Bonds, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the Railroad Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) extend the time or times of payment of the principal, either before or after the principal is due, of the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 20 years beyond the original date or dates designated in such Bonds for the payment of the principal thereof, or

(b) extend the time or times of payment of any fixed interest or accumulations of contingent interest, either before or after the interest is due, on the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 5 years after such interest is due, but in no event beyond the original or extended date or dates for the payment of the principal of such Bonds.

SECTION 4. Upon the request of the Railroad Company, accompanied by a Certified Resolution authorizing the execution of any supplemental indenture pursuant to the preceding Sections of this Article XX, and upon the filing with the

Trustee of evidence of the consent of Bondholders as aforesaid, the Trustee shall join with the Railroad Company in the execution of such supplemental indenture.

SECTION 5. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XX, the Mortgage shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Mortgage of the Railroad Company, the Trustee and the holders of Bonds of all series outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respect to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of the Mortgage for any and all purposes.

SECTION 6. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article XX may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Railroad Company or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of the Mortgage contained in any such supplemental indenture may be prepared by the Railroad Company, authenticated by the Trustee and delivered without expense to the holders of Bonds of the same series then outstanding, upon surrender of such Bonds accompanied, in the case of coupon Bonds, by all unmatured coupons and all unpaid matured coupons which shall be appurtenant thereto, the new Bonds so issued to be of an aggregate principal amount equal to the aggregate principal amount of those so surrendered.

ARTICLE XXI

MISCELLANEOUS

SECTION 1. The same officer or officers of the Railroad Company, or the same engineer, accountant or counsel or other person, as the case may be, need not certify to all the matters required to be certified under the provisions of any Article or Section of the Mortgage, but different officers, engineers, accountants, counsel or other persons may certify to different matters respectively.

SECTION 2. Each Officers' Certificate or Opinion of Counsel required to be given responsive to a specified condition or covenant provided for in the Mortgage shall include: (1) a statement that the person making such certificate or giving such opinion has read such covenant or condition; (2) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (3) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 3. Except as otherwise expressly provided herein, nothing in the Mortgage or in any of the Bonds or coupons, express or implied, is intended or shall be construed to confer upon or give to any person, firm or corporation other than the parties hereto and the holders from time to time of the Bonds or coupons issued under the Mortgage any security, right, remedy or claim, legal or equitable, under or by reason of the Mortgage, or under or by reason of any covenant, condition or stipulation herein contained; and the Mortgage and all covenants, conditions and provisions herein contained are and shall be held to be for the sole and ex-

clusive benefit of the parties hereto and the holders from time to time of the Bonds and coupons issued hereunder.

SECTION 4. The Railroad Company shall be entitled to obtain from the Trustee from time to time such certificates and statements of the latter as to matters related to the Mortgage which are within its knowledge as the Railroad Company shall find it necessary or advisable to file with the trustee of the First Mortgage for any of the purposes thereof.

SECTION 5. The Mortgage may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 6. The Mortgage is dated as of January 1, 1944, although executed and delivered on the date of the acknowledgment hereof by the Trustee; and the same shall be effective by order of the Court in the reorganization proceedings hereinbefore mentioned as of 12:01 A.M., Central Standard Time, on December 1, 1945.

IN WITNESS WHEREOF, CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, the party of the first part, has caused the Mortgage to be signed and acknowledged by its President or one of its Vice Presidents, and its corporate seal to be affixed hereunto, and the same to be attested by its Secretary or its Assistant Secretary; and Harris Trust and Savings Bank, the party of the second part, to evidence its acceptance of the trust hereby created, has caused the Mortgage to be signed and acknowledged by one of its Vice Presidents and its corporate seal to be affixed hereunto and the same to be attested by one of its Assistant Secretaries.

Executed and delivered in the City of Chicago, State of Illinois, the 4th day of December, 1945, as of the day and year first written above.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

(CORPORATE SEAL) By H. A. SCANDRETT
President

Attest:

T. W. BURTNESS
Secretary

In the presence of

RAY GARRETT

WILLARD P. SCOTT

HARRIS TRUST AND SAVINGS BANK

(CORPORATE SEAL) By HAROLD ECKHART
Vice President

Attest:

R. BLACKBURN
Assistant Secretary

In the presence of

G. N. ASKEW

LOUIS CHRISTEN

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

On this 4th day of December, in the year 1945, before me, Edwin O. Schiewe, a Notary Public in and for the State and County aforesaid, personally appeared H. A. Scandrett and T. W. Burtness, to me personally known and known to me to be the President and Secretary, respectively, of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are the President and Secretary, respectively, of said Chicago, Milwaukee, St. Paul and Pacific Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said H. A. Scandrett and T. W. Burtness severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such President and Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL) EDWIN O. SCHIEWE

Edwin O. Schiewe
Notary Public in and for the State of Illinois,
County of Cook, Residing at Chicago, therein.
My Commission Expires Aug. 29, 1949.

STATE OF ILLINOIS }
COUNTY OF COOK } ss.

On this 4th day of December, in the year 1945, before me, H. O. Palm, a Notary Public in and for the State and County aforesaid, personally appeared Harold Eckhart and R. Blackburn, to me personally known and known to me to be a Vice President and an Assistant Secretary, respectively, of Harris Trust and Savings Bank, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are a Vice President and an Assistant Secretary, respectively, of said Harris Trust and Savings Bank, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said Harold Eckhart and R. Blackburn severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such Vice President and Assistant Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL)

H. O. PALM

H. O. Palm
Notary Public in and for the State of Illinois, County of Cook, and Residing at Chicago, therein.
My Commission Expires Sept. 18, 1948.

ARTICLE XIX

Defeasance

Section 1. If (a) the Railroad Company shall deliver to the Trustee for cancellation all Bonds and appurtenant coupons not theretofore cancelled and delivered to the Trustee, or (b) all Bonds not theretofore delivered to the Trustee cancelled or for cancellation shall have become due and payable, or are by their terms to become due and payable within 90 days or are to be redeemed within 90 days under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the Railroad Company shall deposit with the Trustee as trust funds an amount sufficient to pay at maturity or upon redemption all of the Bonds not theretofore delivered to the Trustee cancelled or for cancellation, including the principal thereof, premium, if any, and the full amount of unpaid interest which has or will become due to such date of maturity or redemption, as the case may be, and if in either case the Railroad Company shall also pay or cause to be paid all other sums payable hereunder by the Railroad Company, then the Mortgage shall cease to be of further effect. In such event the Trustee, on demand of the Railroad Company and at its cost and expense, shall execute and deliver to the Railroad Company such instrument or instruments as may be appropriate to acknowledge satisfaction of the Mortgage, and as will enable the Railroad Company to have the Mortgage discharged of record, and shall release and assign, or cause to be released and assigned, to the Railroad Company all of its interest in the mortgaged property, and shall deliver to the Railroad Company or upon its order all securities and moneys then held by the Trustee under the provisions hereof other than the money deposited as above provided in this Article XIX.

The Railroad Company, notwithstanding the satisfaction of the Mortgage as above provided, will indemnify the Trustee and hold it harmless against any and all expense or liability, incurred without negligence or bad faith, ascertained or incurred by the Trustee after the satisfaction thereof arising out of or based upon any matter connected with the trust created by the Mortgage.

SECTION 2. All moneys deposited with the Trustee pursuant to Section 1 of this Article XIX shall be held in trust and applied by it to the payment to the holders of the Bonds and coupons of all sums due and to become due thereon for principal and interest and premium, if any.

SECTION 3. Upon the satisfaction and discharge of the Mortgage, all moneys then held by any paying agent under any provision of the Mortgage shall be paid to the Trustee, and thereupon such paying agent shall be released from all further liability with respect to such moneys.

SECTION 4. Any moneys deposited by the Railroad Company with the Trustee or with any paying agent for the payment of the principal of, or the premium or interest on, any Bond which shall remain unclaimed by the holder of the Bond or coupon entitled to receive the same for 10 years after the date upon which the principal of such Bond shall have become due and payable (upon redemption or otherwise) shall be repaid to the Railroad Company on demand; and the holder of any Bond or coupon entitled to receive such payment shall thereafter look only to the Railroad Company for the payment thereof; provided, however, that (a) before any such repayment may be made, the Trustee, at the expense of the Railroad Company, shall cause to be published once a week for two successive calendar weeks (in each case on any day

of the week) in a Daily Newspaper in the Borough of Manhattan, City of New York, New York, and in a Daily Newspaper in the City of Chicago, Illinois, a notice that said moneys have not been claimed and that after a date named therein any balance of said moneys then remaining will be returned to the Railroad Company, and (b) the amount of such repayment shall be limited to the balance of such moneys unclaimed at the close of business on such date.

to the holder or registered owner of such Bonds and coupons, as his proportionate share of such net proceeds; and such purchaser shall be credited on account of the purchase price payable by him with the sums payable out of such net proceeds which shall be applicable to the payment of and which shall have been credited, upon the Bonds and coupons so presented; and, at any such sale, any Bondholder may bid for and purchase such property, and may make payment therefor as aforesaid, and, upon compliance with the terms of said sale, may hold, retain and dispose of such property without further accountability therefor.

SECTION 13. The Railroad Company covenants that (a) if default shall be made in the payment of any interest on any Outstanding Bonds, or (b) if default shall be made in the payment of the principal of any Outstanding Bonds, or the premium thereon payable on redemption thereof, when the same shall become due and payable, whether at the maturity of such Bonds, upon redemption, by declaration or by a sale of the mortgaged property, or otherwise, then, upon demand of the Trustee, the Railroad Company will pay to the Trustee for the benefit of the holders of such Bonds and coupons the whole amount then due and payable on such Bonds and coupons, for principal (and premium, if any) or interest, or both, as the case may be, with interest on the overdue principal at the highest rate of interest borne by any of the Outstanding Bonds; and in case the Railroad Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as Trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

The Trustee shall be entitled to institute and prosecute any action and enforce any judgment or final decree as aforesaid, either before or after or during the pendency of any pro-

Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) modify, alter, add to or eliminate any of the provisions of the Mortgage or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Railroad Company, except as provided in Section 3 of this Article XX;

(b) sanction any compromise of the rights of the holders of such Bonds against the Railroad Company or against its property whether such right shall arise under the provisions of the Mortgage or otherwise;

(c) sanction and approve any plan for the reorganization, readjustment or liquidation of the Railroad Company;

provided, however, that no such modification, alteration, addition, elimination, sanction or approval shall, without in each case the consent of the holders of all Bonds affected thereby,

(i) alter or impair the obligation of the Railroad Company to pay the principal amount of or the interest on any Bonds, or change the place or medium of payment thereof; or

(ii) permit the creation by the Railroad Company of any mortgage or other lien ranking prior to or on a parity with the lien of the Mortgage with respect to any property covered thereby except as in the Mortgage otherwise expressly provided; or

(iii) effect a reduction of the percentage required for any action authorized to be taken by the holders of the Bonds;

and provided further that no such modification, alteration, addition or elimination shall affect the rights, duties or im-

munities of the Trustee without the written consent of the Trustee.

It shall not be necessary for the consent of the Bondholders under this Section 2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 3. With the consent (evidenced as provided in Section 1 of Article XIV) of the holders of not less than 75% in aggregate principal amount of all of the then Outstanding Bonds, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the Railroad Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) extend the time or times of payment of the principal, either before or after the principal is due, of the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 20 years beyond the original date or dates designated in such Bonds for the payment of the principal thereof, or

(b) extend the time or times of payment of any fixed interest or accumulations of contingent interest, either before or after the interest is due, on the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 5 years after such interest is due, but in no event beyond the original or extended date or dates for the payment of the principal of such Bonds.

SECTION 4. Upon the request of the Railroad Company, accompanied by a Certified Resolution authorizing the execution of any supplemental indenture pursuant to the preceding Sections of this Article XX, and upon the filing with the

Trustee of evidence of the consent of Bondholders as aforesaid, the Trustee shall join with the Railroad Company in the execution of such supplemental indenture.

SECTION 5. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XX, the Mortgage shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Mortgage of the Railroad Company, the Trustee and the holders of Bonds of all series outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respect to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of the Mortgage for any and all purposes.

SECTION 6. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article XX may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Railroad Company or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of the Mortgage contained in any such supplemental indenture may be prepared by the Railroad Company, authenticated by the Trustee and delivered without expense to the holders of Bonds of the same series then outstanding, upon surrender of such Bonds accompanied, in the case of coupon Bonds, by all unmatured coupons and all unpaid matured coupons which shall be appurtenant thereto, the new Bonds so issued to be of an aggregate principal amount equal to the aggregate principal amount of those so surrendered.

premium, if any, on such Bond, and for all other purposes except to receive payment of any interest represented by outstanding coupons; and neither the Railroad Company nor the Trustee nor any paying agent nor any bond registrar shall be bound by any notice to the contrary. All such payments so made to any such registered holder for the time being, or upon his order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Bond.

SECTION 4. In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, notice, consent or other action under the Mortgage, Bonds which are owned by the Railroad Company or any other obligor on the Bonds or by any person, firm or corporation directly or indirectly controlling or controlled by or under direct or indirect common control with the Railroad Company or any other such obligor, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided that the Trustee shall be protected in relying on any such demand, request, notice, consent or other action except as to Bonds which the Trustee knows to be so owned. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purpose of such determination if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person, firm or corporation directly or indirectly controlling or controlled by or under direct or indirect common control with the Railroad Company or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken on the advice of counsel shall be full protection to the Trustee.

For the purpose of this Section 4, the terms "control," "controlling" and "controlled" shall mean the right to vote a majority of the outstanding shares of capital stock having full voting rights.

SECTION 5. At any time prior to (but not after) the taking of any action by the holders of a specified percentage in aggregate principal amount of the Bonds specified in the Mortgage in connection with such action, any holder of a Bond the serial number of which is shown to be included in the Bonds the holders of which have consented to join in such action, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in Section 2 of this Article XIV, may revoke such consent so far as concerns such Bond. Except as aforesaid any such action taken by the holder of any Bond shall be conclusive and binding upon such holder and upon all future holders of such Bond, irrespective of whether or not any notation of such consent is made upon such Bond, and in any event any action taken pursuant to the Mortgage by the holders of the percentage in aggregate principal amount of the Bonds specified in the Mortgage in connection with such action shall be conclusively binding upon the Railroad Company, the Trustee and the holders of all Bonds.

from time to time to or upon the written order of the Railroad Company, signed by its President or any Vice President.

SECTION 9. The Railroad Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to receive, reasonable compensation (which shall not be limited by the statutes of any state relating to the compensation of a trustee of an express trust), and the Railroad Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Mortgage (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement and advance as may arise from its negligence or bad faith. The Railroad Company also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created by the Mortgage, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Railroad Company under this Section 9 to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall be secured by the lien hereof prior to the claims of the holders of Bonds upon the mortgaged property, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

SECTION 10. Whenever in the administration of the trusts created by the Mortgage the Trustee shall deem it necessary or desirable that a matter be proved or established prior to

to the holder or registered owner of such Bonds and coupons, as his proportionate share of such net proceeds; and such purchaser shall be credited on account of the purchase price payable by him with the sums payable out of such net proceeds which shall be applicable to the payment of and which shall have been credited, upon the Bonds and coupons so presented; and, at any such sale, any Bondholder may bid for and purchase such property, and may make payment therefor as aforesaid, and, upon compliance with the terms of said sale, may hold, retain and dispose of such property without further accountability therefor.

SECTION 13. The Railroad Company covenants that (a) if default shall be made in the payment of any interest on any Outstanding Bonds, or (b) if default shall be made in the payment of the principal of any Outstanding Bonds, or the premium thereon payable on redemption thereof, when the same shall become due and payable, whether at the maturity of such Bonds, upon redemption, by declaration or by a sale of the mortgaged property, or otherwise, then, upon demand of the Trustee, the Railroad Company will pay to the Trustee for the benefit of the holders of such Bonds and coupons the whole amount then due and payable on such Bonds and coupons, for principal (and premium, if any) or interest, or both, as the case may be, with interest on the overdue principal at the highest rate of interest borne by any of the Outstanding Bonds; and in case the Railroad Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as Trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

The Trustee shall be entitled to institute and prosecute any action and enforce any judgment or final decree as aforesaid, either before or after or during the pendency of any pro-

Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) modify, alter, add to or eliminate any of the provisions of the Mortgage or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Railroad Company, except as provided in Section 3 of this Article XX;

(b) sanction any compromise of the rights of the holders of such Bonds against the Railroad Company or against its property whether such right shall arise under the provisions of the Mortgage or otherwise;

(c) sanction and approve any plan for the reorganization, readjustment or liquidation of the Railroad Company;

provided, however, that no such modification, alteration, addition, elimination, sanction or approval shall, without in each case the consent of the holders of all Bonds affected thereby,

(i) alter or impair the obligation of the Railroad Company to pay the principal amount of or the interest on any Bonds, or change the place or medium of payment thereof; or

(ii) permit the creation by the Railroad Company of any mortgage or other lien ranking prior to or on a parity with the lien of the Mortgage with respect to any property covered thereby except as in the Mortgage otherwise expressly provided; or

(iii) effect a reduction of the percentage required for any action authorized to be taken by the holders of the Bonds;

and provided further that no such modification, alteration, addition or elimination shall affect the rights, duties or im-

munities of the Trustee without the written consent of the Trustee.

It shall not be necessary for the consent of the Bondholders under this Section 2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 3. With the consent (evidenced as provided in Section 1 of Article XIV) of the holders of not less than 75% in aggregate principal amount of all of the then Outstanding Bonds, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the Railroad Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) extend the time or times of payment of the principal, either before or after the principal is due, of the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 20 years beyond the original date or dates designated in such Bonds for the payment of the principal thereof, or

(b) extend the time or times of payment of any fixed interest or accumulations of contingent interest, either before or after the interest is due, on the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 5 years after such interest is due, but in no event beyond the original or extended date or dates for the payment of the principal of such Bonds.

SECTION 4. Upon the request of the Railroad Company, accompanied by a Certified Resolution authorizing the execution of any supplemental indenture pursuant to the preceding Sections of this Article XX, and upon the filing with the

Trustee of evidence of the consent of Bondholders as aforesaid, the Trustee shall join with the Railroad Company in the execution of such supplemental indenture.

SECTION 5. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XX, the Mortgage shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Mortgage of the Railroad Company, the Trustee and the holders of Bonds of all series outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respect to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of the Mortgage for any and all purposes.

SECTION 6. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article XX may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Railroad Company or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of the Mortgage contained in any such supplemental indenture may be prepared by the Railroad Company, authenticated by the Trustee and delivered without expense to the holders of Bonds of the same series then outstanding, upon surrender of such Bonds accompanied, in the case of coupon Bonds, by all unmatured coupons and all unpaid matured coupons which shall be appurtenant thereto, the new Bonds so issued to be of an aggregate principal amount equal to the aggregate principal amount of those so surrendered.

ARTICLE XXI

MISCELLANEOUS

SECTION 1. The same officer or officers of the Railroad Company, or the same engineer, accountant or counsel or other person, as the case may be, need not certify to all the matters required to be certified under the provisions of any Article or Section of the Mortgage, but different officers, engineers, accountants, counsel or other persons may certify to different matters respectively.

SECTION 2. Each Officers' Certificate or Opinion of Counsel required to be given responsive to a specified condition or covenant provided for in the Mortgage shall include: (1) a statement that the person making such certificate or giving such opinion has read such covenant or condition; (2) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (3) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 3. Except as otherwise expressly provided herein, nothing in the Mortgage or in any of the Bonds or coupons, express or implied, is intended or shall be construed to confer upon or give to any person, firm or corporation other than the parties hereto and the holders from time to time of the Bonds or coupons issued under the Mortgage any security, right, remedy or claim, legal or equitable, under or by reason of the Mortgage, or under or by reason of any covenant, condition or stipulation herein contained; and the Mortgage and all covenants, conditions and provisions herein contained are and shall be held to be for the sole and ex-

clusive benefit of the parties hereto and the holders from time to time of the Bonds and coupons issued hereunder.

SECTION 4. The Railroad Company shall be entitled to obtain from the Trustee from time to time such certificates and statements of the latter as to matters related to the Mortgage which are within its knowledge as the Railroad Company shall find it necessary or advisable to file with the trustee of the First Mortgage for any of the purposes thereof.

SECTION 5. The Mortgage may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 6. The Mortgage is dated as of January 1, 1944, although executed and delivered on the date of the acknowledgment hereof by the Trustee; and the same shall be effective by order of the Court in the reorganization proceedings hereinbefore mentioned as of 12:01 A.M., Central Standard Time, on December 1, 1945.

IN WITNESS WHEREOF, CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, the party of the first part, has caused the Mortgage to be signed and acknowledged by its President or one of its Vice Presidents, and its corporate seal to be affixed hereunto, and the same to be attested by its Secretary or its Assistant Secretary; and Harris Trust and Savings Bank, the party of the second part, to evidence its acceptance of the trust hereby created, has caused the Mortgage to be signed and acknowledged by one of its Vice Presidents and its corporate seal to be affixed hereunto and the same to be attested by one of its Assistant Secretaries.

Executed and delivered in the City of Chicago, State of Illinois, the 4th day of December, 1945, as of the day and year first written above.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

(CORPORATE SEAL) By H. A. SCANDRETT
President

Attest:

T. W. BURTNESS
Secretary

In the presence of

RAY GARRETT

WILLARD P. SCOTT

HARRIS TRUST AND SAVINGS BANK

(CORPORATE SEAL) By HAROLD ECKHART
Vice President

Attest:

R. BLACKBURN
Assistant Secretary

In the presence of

G. N. ASKEW

LOUIS CHRISTEN

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

On this 4th day of December, in the year 1945, before me, Edwin O. Schiewe, a Notary Public in and for the State and County aforesaid, personally appeared H. A. Scandrett and T. W. Burtness, to me personally known and known to me to be the President and Secretary, respectively, of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are the President and Secretary, respectively, of said Chicago, Milwaukee, St. Paul and Pacific Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said H. A. Scandrett and T. W. Burtness severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such President and Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL) EDWIN O. SCHIEWE

Edwin O. Schiewe
Notary Public in and for the State of Illinois,
County of Cook, Residing at Chicago, therein.
My Commission Expires Aug. 29, 1949.

STATE OF ILLINOIS }
COUNTY OF COOK } ss.

On this 4th day of December, in the year 1945, before me, H. O. Palm, a Notary Public in and for the State and County aforesaid, personally appeared Harold Eckhart and R. Blackburn, to me personally known and known to me to be a Vice President and an Assistant Secretary, respectively, of Harris Trust and Savings Bank, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are a Vice President and an Assistant Secretary, respectively, of said Harris Trust and Savings Bank, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said Harold Eckhart and R. Blackburn severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such Vice President and Assistant Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL)

H. O. PALM

H. O. Palm
Notary Public in and for the State of Illinois, County of Cook, and Residing at Chicago, therein.
My Commission Expires Sept. 18, 1948.

from time to time to or upon the written order of the Railroad Company, signed by its President or any Vice President.

SECTION 9. The Railroad Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to receive, reasonable compensation (which shall not be limited by the statutes of any state relating to the compensation of a trustee of an express trust), and the Railroad Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Mortgage (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement and advance as may arise from its negligence or bad faith. The Railroad Company also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created by the Mortgage, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Railroad Company under this Section 9 to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall be secured by the lien hereof prior to the claims of the holders of Bonds upon the mortgaged property, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

SECTION 10. Whenever in the administration of the trusts created by the Mortgage the Trustee shall deem it necessary or desirable that a matter be proved or established prior to

to the holder or registered owner of such Bonds and coupons, as his proportionate share of such net proceeds; and such purchaser shall be credited on account of the purchase price payable by him with the sums payable out of such net proceeds which shall be applicable to the payment of and which shall have been credited, upon the Bonds and coupons so presented; and, at any such sale, any Bondholder may bid for and purchase such property, and may make payment therefor as aforesaid, and, upon compliance with the terms of said sale, may hold, retain and dispose of such property without further accountability therefor.

SECTION 13. The Railroad Company covenants that (a) if default shall be made in the payment of any interest on any Outstanding Bonds, or (b) if default shall be made in the payment of the principal of any Outstanding Bonds, or the premium thereon payable on redemption thereof, when the same shall become due and payable, whether at the maturity of such Bonds, upon redemption, by declaration or by a sale of the mortgaged property, or otherwise, then, upon demand of the Trustee, the Railroad Company will pay to the Trustee for the benefit of the holders of such Bonds and coupons the whole amount then due and payable on such Bonds and coupons, for principal (and premium, if any) or interest, or both, as the case may be, with interest on the overdue principal at the highest rate of interest borne by any of the Outstanding Bonds; and in case the Railroad Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as Trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

The Trustee shall be entitled to institute and prosecute any action and enforce any judgment or final decree as aforesaid, either before or after or during the pendency of any pro-

Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) modify, alter, add to or eliminate any of the provisions of the Mortgage or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Railroad Company, except as provided in Section 3 of this Article XX;

(b) sanction any compromise of the rights of the holders of such Bonds against the Railroad Company or against its property whether such right shall arise under the provisions of the Mortgage or otherwise;

(c) sanction and approve any plan for the reorganization, readjustment or liquidation of the Railroad Company;

provided, however, that no such modification, alteration, addition, elimination, sanction or approval shall, without in each case the consent of the holders of all Bonds affected thereby,

(i) alter or impair the obligation of the Railroad Company to pay the principal amount of or the interest on any Bonds, or change the place or medium of payment thereof; or

(ii) permit the creation by the Railroad Company of any mortgage or other lien ranking prior to or on a parity with the lien of the Mortgage with respect to any property covered thereby except as in the Mortgage otherwise expressly provided; or

(iii) effect a reduction of the percentage required for any action authorized to be taken by the holders of the Bonds;

and provided further that no such modification, alteration, addition or elimination shall affect the rights, duties or im-

munities of the Trustee without the written consent of the Trustee.

It shall not be necessary for the consent of the Bondholders under this Section 2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 3. With the consent (evidenced as provided in Section 1 of Article XIV) of the holders of not less than 75% in aggregate principal amount of all of the then Outstanding Bonds, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the Railroad Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) extend the time or times of payment of the principal, either before or after the principal is due, of the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 20 years beyond the original date or dates designated in such Bonds for the payment of the principal thereof, or

(b) extend the time or times of payment of any fixed interest or accumulations of contingent interest, either before or after the interest is due, on the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 5 years after such interest is due, but in no event beyond the original or extended date or dates for the payment of the principal of such Bonds.

SECTION 4. Upon the request of the Railroad Company, accompanied by a Certified Resolution authorizing the execution of any supplemental indenture pursuant to the preceding Sections of this Article XX, and upon the filing with the

Trustee of evidence of the consent of Bondholders as aforesaid, the Trustee shall join with the Railroad Company in the execution of such supplemental indenture.

SECTION 5. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XX, the Mortgage shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Mortgage of the Railroad Company, the Trustee and the holders of Bonds of all series outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respect to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of the Mortgage for any and all purposes.

SECTION 6. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article XX may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Railroad Company or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of the Mortgage contained in any such supplemental indenture may be prepared by the Railroad Company, authenticated by the Trustee and delivered without expense to the holders of Bonds of the same series then outstanding, upon surrender of such Bonds accompanied, in the case of coupon Bonds, by all unmatured coupons and all unpaid matured coupons which shall be appurtenant thereto, the new Bonds so issued to be of an aggregate principal amount equal to the aggregate principal amount of those so surrendered.

ARTICLE XXI

MISCELLANEOUS

SECTION 1. The same officer or officers of the Railroad Company, or the same engineer, accountant or counsel or other person, as the case may be, need not certify to all the matters required to be certified under the provisions of any Article or Section of the Mortgage, but different officers, engineers, accountants, counsel or other persons may certify to different matters respectively.

SECTION 2. Each Officers' Certificate or Opinion of Counsel required to be given responsive to a specified condition or covenant provided for in the Mortgage shall include: (1) a statement that the person making such certificate or giving such opinion has read such covenant or condition; (2) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (3) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 3. Except as otherwise expressly provided herein, nothing in the Mortgage or in any of the Bonds or coupons, express or implied, is intended or shall be construed to confer upon or give to any person, firm or corporation other than the parties hereto and the holders from time to time of the Bonds or coupons issued under the Mortgage any security, right, remedy or claim, legal or equitable, under or by reason of the Mortgage, or under or by reason of any covenant, condition or stipulation herein contained; and the Mortgage and all covenants, conditions and provisions herein contained are and shall be held to be for the sole and ex-

clusive benefit of the parties hereto and the holders from time to time of the Bonds and coupons issued hereunder.

SECTION 4. The Railroad Company shall be entitled to obtain from the Trustee from time to time such certificates and statements of the latter as to matters related to the Mortgage which are within its knowledge as the Railroad Company shall find it necessary or advisable to file with the trustee of the First Mortgage for any of the purposes thereof.

SECTION 5. The Mortgage may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 6. The Mortgage is dated as of January 1, 1944, although executed and delivered on the date of the acknowledgment hereof by the Trustee; and the same shall be effective by order of the Court in the reorganization proceedings hereinbefore mentioned as of 12:01 A.M., Central Standard Time, on December 1, 1945.

IN WITNESS WHEREOF, CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, the party of the first part, has caused the Mortgage to be signed and acknowledged by its President or one of its Vice Presidents, and its corporate seal to be affixed hereunto, and the same to be attested by its Secretary or its Assistant Secretary; and Harris Trust and Savings Bank, the party of the second part, to evidence its acceptance of the trust hereby created, has caused the Mortgage to be signed and acknowledged by one of its Vice Presidents and its corporate seal to be affixed hereunto and the same to be attested by one of its Assistant Secretaries.

Executed and delivered in the City of Chicago, State of Illinois, the 4th day of December, 1945, as of the day and year first written above.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

(CORPORATE SEAL) By H. A. SCANDRETT
President

Attest:

T. W. BURTNESS
Secretary

In the presence of

RAY GARRETT

WILLARD P. SCOTT

HARRIS TRUST AND SAVINGS BANK

(CORPORATE SEAL) By HAROLD ECKHART
Vice President

Attest:

R. BLACKBURN
Assistant Secretary

In the presence of

G. N. ASKEW

LOUIS CHRISTEN

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

On this 4th day of December, in the year 1945, before me, Edwin O. Schiewe, a Notary Public in and for the State and County aforesaid, personally appeared H. A. Scandrett and T. W. Burtness, to me personally known and known to me to be the President and Secretary, respectively, of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are the President and Secretary, respectively, of said Chicago, Milwaukee, St. Paul and Pacific Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said H. A. Scandrett and T. W. Burtness severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such President and Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL) EDWIN O. SCHIEWE

Edwin O. Schiewe
Notary Public in and for the State of Illinois,
County of Cook, Residing at Chicago, therein.
My Commission Expires Aug. 29, 1949.

STATE OF ILLINOIS }
COUNTY OF COOK } ss.

On this 4th day of December, in the year 1945, before me, H. O. Palm, a Notary Public in and for the State and County aforesaid, personally appeared Harold Eckhart and R. Blackburn, to me personally known and known to me to be a Vice President and an Assistant Secretary, respectively, of Harris Trust and Savings Bank, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are a Vice President and an Assistant Secretary, respectively, of said Harris Trust and Savings Bank, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said Harold Eckhart and R. Blackburn severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such Vice President and Assistant Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL)

H. O. PALM

H. O. Palm
Notary Public in and for the State of Illinois, County of Cook, and Residing at Chicago, therein.
My Commission Expires Sept. 18, 1948.

ARTICLE XIX

Defeasance

Section 1. If (a) the Railroad Company shall deliver to the Trustee for cancellation all Bonds and appurtenant coupons not theretofore cancelled and delivered to the Trustee, or (b) all Bonds not theretofore delivered to the Trustee cancelled or for cancellation shall have become due and payable, or are by their terms to become due and payable within 90 days or are to be redeemed within 90 days under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the Railroad Company shall deposit with the Trustee as trust funds an amount sufficient to pay at maturity or upon redemption all of the Bonds not theretofore delivered to the Trustee cancelled or for cancellation, including the principal thereof, premium, if any, and the full amount of unpaid interest which has or will become due to such date of maturity or redemption, as the case may be, and if in either case the Railroad Company shall also pay or cause to be paid all other sums payable hereunder by the Railroad Company, then the Mortgage shall cease to be of further effect. In such event the Trustee, on demand of the Railroad Company and at its cost and expense, shall execute and deliver to the Railroad Company such instrument or instruments as may be appropriate to acknowledge satisfaction of the Mortgage, and as will enable the Railroad Company to have the Mortgage discharged of record, and shall release and assign, or cause to be released and assigned, to the Railroad Company all of its interest in the mortgaged property, and shall deliver to the Railroad Company or upon its order all securities and moneys then held by the Trustee under the provisions hereof other than the money deposited as above provided in this Article XIX.

The Railroad Company, notwithstanding the satisfaction of the Mortgage as above provided, will indemnify the Trustee and hold it harmless against any and all expense or liability, incurred without negligence or bad faith, ascertained or incurred by the Trustee after the satisfaction thereof arising out of or based upon any matter connected with the trust created by the Mortgage.

SECTION 2. All moneys deposited with the Trustee pursuant to Section 1 of this Article XIX shall be held in trust and applied by it to the payment to the holders of the Bonds and coupons of all sums due and to become due thereon for principal and interest and premium, if any.

SECTION 3. Upon the satisfaction and discharge of the Mortgage, all moneys then held by any paying agent under any provision of the Mortgage shall be paid to the Trustee, and thereupon such paying agent shall be released from all further liability with respect to such moneys.

SECTION 4. Any moneys deposited by the Railroad Company with the Trustee or with any paying agent for the payment of the principal of, or the premium or interest on, any Bond which shall remain unclaimed by the holder of the Bond or coupon entitled to receive the same for 10 years after the date upon which the principal of such Bond shall have become due and payable (upon redemption or otherwise) shall be repaid to the Railroad Company on demand; and the holder of any Bond or coupon entitled to receive such payment shall thereafter look only to the Railroad Company for the payment thereof; provided, however, that (a) before any such repayment may be made, the Trustee, at the expense of the Railroad Company, shall cause to be published once a week for two successive calendar weeks (in each case on any day

to the holder or registered owner of such Bonds and coupons, as his proportionate share of such net proceeds; and such purchaser shall be credited on account of the purchase price payable by him with the sums payable out of such net proceeds which shall be applicable to the payment of and which shall have been credited, upon the Bonds and coupons so presented; and, at any such sale, any Bondholder may bid for and purchase such property, and may make payment therefor as aforesaid, and, upon compliance with the terms of said sale, may hold, retain and dispose of such property without further accountability therefor.

SECTION 13. The Railroad Company covenants that (a) if default shall be made in the payment of any interest on any Outstanding Bonds, or (b) if default shall be made in the payment of the principal of any Outstanding Bonds, or the premium thereon payable on redemption thereof, when the same shall become due and payable, whether at the maturity of such Bonds, upon redemption, by declaration or by a sale of the mortgaged property, or otherwise, then, upon demand of the Trustee, the Railroad Company will pay to the Trustee for the benefit of the holders of such Bonds and coupons the whole amount then due and payable on such Bonds and coupons, for principal (and premium, if any) or interest, or both, as the case may be, with interest on the overdue principal at the highest rate of interest borne by any of the Outstanding Bonds; and in case the Railroad Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as Trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

The Trustee shall be entitled to institute and prosecute any action and enforce any judgment or final decree as aforesaid, either before or after or during the pendency of any pro-

Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) modify, alter, add to or eliminate any of the provisions of the Mortgage or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Railroad Company, except as provided in Section 3 of this Article XX;

(b) sanction any compromise of the rights of the holders of such Bonds against the Railroad Company or against its property whether such right shall arise under the provisions of the Mortgage or otherwise;

(c) sanction and approve any plan for the reorganization, readjustment or liquidation of the Railroad Company;

provided, however, that no such modification, alteration, addition, elimination, sanction or approval shall, without in each case the consent of the holders of all Bonds affected thereby,

(i) alter or impair the obligation of the Railroad Company to pay the principal amount of or the interest on any Bonds, or change the place or medium of payment thereof; or

(ii) permit the creation by the Railroad Company of any mortgage or other lien ranking prior to or on a parity with the lien of the Mortgage with respect to any property covered thereby except as in the Mortgage otherwise expressly provided; or

(iii) effect a reduction of the percentage required for any action authorized to be taken by the holders of the Bonds;

and provided further that no such modification, alteration, addition or elimination shall affect the rights, duties or im-

munities of the Trustee without the written consent of the Trustee.

It shall not be necessary for the consent of the Bondholders under this Section 2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 3. With the consent (evidenced as provided in Section 1 of Article XIV) of the holders of not less than 75% in aggregate principal amount of all of the then Outstanding Bonds, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the Railroad Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) extend the time or times of payment of the principal, either before or after the principal is due, of the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 20 years beyond the original date or dates designated in such Bonds for the payment of the principal thereof, or

(b) extend the time or times of payment of any fixed interest or accumulations of contingent interest, either before or after the interest is due, on the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 5 years after such interest is due, but in no event beyond the original or extended date or dates for the payment of the principal of such Bonds.

SECTION 4. Upon the request of the Railroad Company, accompanied by a Certified Resolution authorizing the execution of any supplemental indenture pursuant to the preceding Sections of this Article XX, and upon the filing with the

Trustee of evidence of the consent of Bondholders as aforesaid, the Trustee shall join with the Railroad Company in the execution of such supplemental indenture.

SECTION 5. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XX, the Mortgage shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Mortgage of the Railroad Company, the Trustee and the holders of Bonds of all series outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respect to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of the Mortgage for any and all purposes.

SECTION 6. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article XX may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Railroad Company or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of the Mortgage contained in any such supplemental indenture may be prepared by the Railroad Company, authenticated by the Trustee and delivered without expense to the holders of Bonds of the same series then outstanding, upon surrender of such Bonds accompanied, in the case of coupon Bonds, by all unmatured coupons and all unpaid matured coupons which shall be appurtenant thereto, the new Bonds so issued to be of an aggregate principal amount equal to the aggregate principal amount of those so surrendered.

ARTICLE XXI

MISCELLANEOUS

SECTION 1. The same officer or officers of the Railroad Company, or the same engineer, accountant or counsel or other person, as the case may be, need not certify to all the matters required to be certified under the provisions of any Article or Section of the Mortgage, but different officers, engineers, accountants, counsel or other persons may certify to different matters respectively.

SECTION 2. Each Officers' Certificate or Opinion of Counsel required to be given responsive to a specified condition or covenant provided for in the Mortgage shall include: (1) a statement that the person making such certificate or giving such opinion has read such covenant or condition; (2) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (3) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 3. Except as otherwise expressly provided herein, nothing in the Mortgage or in any of the Bonds or coupons, express or implied, is intended or shall be construed to confer upon or give to any person, firm or corporation other than the parties hereto and the holders from time to time of the Bonds or coupons issued under the Mortgage any security, right, remedy or claim, legal or equitable, under or by reason of the Mortgage, or under or by reason of any covenant, condition or stipulation herein contained; and the Mortgage and all covenants, conditions and provisions herein contained are and shall be held to be for the sole and ex-

clusive benefit of the parties hereto and the holders from time to time of the Bonds and coupons issued hereunder.

SECTION 4. The Railroad Company shall be entitled to obtain from the Trustee from time to time such certificates and statements of the latter as to matters related to the Mortgage which are within its knowledge as the Railroad Company shall find it necessary or advisable to file with the trustee of the First Mortgage for any of the purposes thereof.

SECTION 5. The Mortgage may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 6. The Mortgage is dated as of January 1, 1944, although executed and delivered on the date of the acknowledgment hereof by the Trustee; and the same shall be effective by order of the Court in the reorganization proceedings hereinbefore mentioned as of 12:01 A.M., Central Standard Time, on December 1, 1945.

IN WITNESS WHEREOF, CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, the party of the first part, has caused the Mortgage to be signed and acknowledged by its President or one of its Vice Presidents, and its corporate seal to be affixed hereunto, and the same to be attested by its Secretary or its Assistant Secretary; and Harris Trust and Savings Bank, the party of the second part, to evidence its acceptance of the trust hereby created, has caused the Mortgage to be signed and acknowledged by one of its Vice Presidents and its corporate seal to be affixed hereunto and the same to be attested by one of its Assistant Secretaries.

Executed and delivered in the City of Chicago, State of Illinois, the 4th day of December, 1945, as of the day and year first written above.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

(CORPORATE SEAL) By H. A. SCANDRETT
President

Attest:

T. W. BURTNESS
Secretary

In the presence of

RAY GARRETT

WILLARD P. SCOTT

HARRIS TRUST AND SAVINGS BANK

(CORPORATE SEAL) By HAROLD ECKHART
Vice President

Attest:

R. BLACKBURN
Assistant Secretary

In the presence of

G. N. ASKEW

LOUIS CHRISTEN

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

On this 4th day of December, in the year 1945, before me, Edwin O. Schiewe, a Notary Public in and for the State and County aforesaid, personally appeared H. A. Scandrett and T. W. Burtness, to me personally known and known to me to be the President and Secretary, respectively, of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are the President and Secretary, respectively, of said Chicago, Milwaukee, St. Paul and Pacific Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said H. A. Scandrett and T. W. Burtness severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such President and Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL) EDWIN O. SCHIEWE

Edwin O. Schiewe
Notary Public in and for the State of Illinois,
County of Cook, Residing at Chicago, therein.
My Commission Expires Aug. 29, 1949.

STATE OF ILLINOIS }
COUNTY OF COOK } ss.

On this 4th day of December, in the year 1945, before me, H. O. Palm, a Notary Public in and for the State and County aforesaid, personally appeared Harold Eckhart and R. Blackburn, to me personally known and known to me to be a Vice President and an Assistant Secretary, respectively, of Harris Trust and Savings Bank, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are a Vice President and an Assistant Secretary, respectively, of said Harris Trust and Savings Bank, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said Harold Eckhart and R. Blackburn severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such Vice President and Assistant Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL)

H. O. PALM

H. O. Palm
Notary Public in and for the State of Illinois, County of Cook, and Residing at Chicago, therein.
My Commission Expires Sept. 18, 1948.

ARTICLE XIX

Defeasance

Section 1. If (a) the Railroad Company shall deliver to the Trustee for cancellation all Bonds and appurtenant coupons not theretofore cancelled and delivered to the Trustee, or (b) all Bonds not theretofore delivered to the Trustee cancelled or for cancellation shall have become due and payable, or are by their terms to become due and payable within 90 days or are to be redeemed within 90 days under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the Railroad Company shall deposit with the Trustee as trust funds an amount sufficient to pay at maturity or upon redemption all of the Bonds not theretofore delivered to the Trustee cancelled or for cancellation, including the principal thereof, premium, if any, and the full amount of unpaid interest which has or will become due to such date of maturity or redemption, as the case may be, and if in either case the Railroad Company shall also pay or cause to be paid all other sums payable hereunder by the Railroad Company, then the Mortgage shall cease to be of further effect. In such event the Trustee, on demand of the Railroad Company and at its cost and expense, shall execute and deliver to the Railroad Company such instrument or instruments as may be appropriate to acknowledge satisfaction of the Mortgage, and as will enable the Railroad Company to have the Mortgage discharged of record, and shall release and assign, or cause to be released and assigned, to the Railroad Company all of its interest in the mortgaged property, and shall deliver to the Railroad Company or upon its order all securities and moneys then held by the Trustee under the provisions hereof other than the money deposited as above provided in this Article XIX.

to the holder or registered owner of such Bonds and coupons, as his proportionate share of such net proceeds; and such purchaser shall be credited on account of the purchase price payable by him with the sums payable out of such net proceeds which shall be applicable to the payment of and which shall have been credited, upon the Bonds and coupons so presented; and, at any such sale, any Bondholder may bid for and purchase such property, and may make payment therefor as aforesaid, and, upon compliance with the terms of said sale, may hold, retain and dispose of such property without further accountability therefor.

SECTION 13. The Railroad Company covenants that (a) if default shall be made in the payment of any interest on any Outstanding Bonds, or (b) if default shall be made in the payment of the principal of any Outstanding Bonds, or the premium thereon payable on redemption thereof, when the same shall become due and payable, whether at the maturity of such Bonds, upon redemption, by declaration or by a sale of the mortgaged property, or otherwise, then, upon demand of the Trustee, the Railroad Company will pay to the Trustee for the benefit of the holders of such Bonds and coupons the whole amount then due and payable on such Bonds and coupons, for principal (and premium, if any) or interest, or both, as the case may be, with interest on the overdue principal at the highest rate of interest borne by any of the Outstanding Bonds; and in case the Railroad Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as Trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

The Trustee shall be entitled to institute and prosecute any action and enforce any judgment or final decree as aforesaid, either before or after or during the pendency of any pro-

Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) modify, alter, add to or eliminate any of the provisions of the Mortgage or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Railroad Company, except as provided in Section 3 of this Article XX;

(b) sanction any compromise of the rights of the holders of such Bonds against the Railroad Company or against its property whether such right shall arise under the provisions of the Mortgage or otherwise;

(c) sanction and approve any plan for the reorganization, readjustment or liquidation of the Railroad Company;

provided, however, that no such modification, alteration, addition, elimination, sanction or approval shall, without in each case the consent of the holders of all Bonds affected thereby,

(i) alter or impair the obligation of the Railroad Company to pay the principal amount of or the interest on any Bonds, or change the place or medium of payment thereof; or

(ii) permit the creation by the Railroad Company of any mortgage or other lien ranking prior to or on a parity with the lien of the Mortgage with respect to any property covered thereby except as in the Mortgage otherwise expressly provided; or

(iii) effect a reduction of the percentage required for any action authorized to be taken by the holders of the Bonds;

and provided further that no such modification, alteration, addition or elimination shall affect the rights, duties or im-

munities of the Trustee without the written consent of the Trustee.

It shall not be necessary for the consent of the Bondholders under this Section 2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 3. With the consent (evidenced as provided in Section 1 of Article XIV) of the holders of not less than 75% in aggregate principal amount of all of the then Outstanding Bonds, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the Railroad Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) extend the time or times of payment of the principal, either before or after the principal is due, of the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 20 years beyond the original date or dates designated in such Bonds for the payment of the principal thereof, or

(b) extend the time or times of payment of any fixed interest or accumulations of contingent interest, either before or after the interest is due, on the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 5 years after such interest is due, but in no event beyond the original or extended date or dates for the payment of the principal of such Bonds.

SECTION 4. Upon the request of the Railroad Company, accompanied by a Certified Resolution authorizing the execution of any supplemental indenture pursuant to the preceding Sections of this Article XX, and upon the filing with the

Trustee of evidence of the consent of Bondholders as aforesaid, the Trustee shall join with the Railroad Company in the execution of such supplemental indenture.

SECTION 5. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XX, the Mortgage shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Mortgage of the Railroad Company, the Trustee and the holders of Bonds of all series outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respect to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of the Mortgage for any and all purposes.

SECTION 6. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article XX may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Railroad Company or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of the Mortgage contained in any such supplemental indenture may be prepared by the Railroad Company, authenticated by the Trustee and delivered without expense to the holders of Bonds of the same series then outstanding, upon surrender of such Bonds accompanied, in the case of coupon Bonds, by all unmatured coupons and all unpaid matured coupons which shall be appurtenant thereto, the new Bonds so issued to be of an aggregate principal amount equal to the aggregate principal amount of those so surrendered.

ARTICLE XXI

MISCELLANEOUS

SECTION 1. The same officer or officers of the Railroad Company, or the same engineer, accountant or counsel or other person, as the case may be, need not certify to all the matters required to be certified under the provisions of any Article or Section of the Mortgage, but different officers, engineers, accountants, counsel or other persons may certify to different matters respectively.

SECTION 2. Each Officers' Certificate or Opinion of Counsel required to be given responsive to a specified condition or covenant provided for in the Mortgage shall include: (1) a statement that the person making such certificate or giving such opinion has read such covenant or condition; (2) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (3) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 3. Except as otherwise expressly provided herein, nothing in the Mortgage or in any of the Bonds or coupons, express or implied, is intended or shall be construed to confer upon or give to any person, firm or corporation other than the parties hereto and the holders from time to time of the Bonds or coupons issued under the Mortgage any security, right, remedy or claim, legal or equitable, under or by reason of the Mortgage, or under or by reason of any covenant, condition or stipulation herein contained; and the Mortgage and all covenants, conditions and provisions herein contained are and shall be held to be for the sole and ex-

clusive benefit of the parties hereto and the holders from time to time of the Bonds and coupons issued hereunder.

SECTION 4. The Railroad Company shall be entitled to obtain from the Trustee from time to time such certificates and statements of the latter as to matters related to the Mortgage which are within its knowledge as the Railroad Company shall find it necessary or advisable to file with the trustee of the First Mortgage for any of the purposes thereof.

SECTION 5. The Mortgage may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 6. The Mortgage is dated as of January 1, 1944, although executed and delivered on the date of the acknowledgment hereof by the Trustee; and the same shall be effective by order of the Court in the reorganization proceedings hereinbefore mentioned as of 12:01 A.M., Central Standard Time, on December 1, 1945.

IN WITNESS WHEREOF, CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, the party of the first part, has caused the Mortgage to be signed and acknowledged by its President or one of its Vice Presidents, and its corporate seal to be affixed hereunto, and the same to be attested by its Secretary or its Assistant Secretary; and Harris Trust and Savings Bank, the party of the second part, to evidence its acceptance of the trust hereby created, has caused the Mortgage to be signed and acknowledged by one of its Vice Presidents and its corporate seal to be affixed hereunto and the same to be attested by one of its Assistant Secretaries.

Executed and delivered in the City of Chicago, State of Illinois, the 4th day of December, 1945, as of the day and year first written above.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

(CORPORATE SEAL) By H. A. SCANDRETT
President

Attest:

T. W. BURTNESS
Secretary

In the presence of

RAY GARRETT

WILLARD P. SCOTT

HARRIS TRUST AND SAVINGS BANK

(CORPORATE SEAL) By HAROLD ECKHART
Vice President

Attest:

R. BLACKBURN
Assistant Secretary

In the presence of

G. N. ASKEW

LOUIS CHRISTEN

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

On this 4th day of December, in the year 1945, before me, Edwin O. Schiewe, a Notary Public in and for the State and County aforesaid, personally appeared H. A. Scandrett and T. W. Burtness, to me personally known and known to me to be the President and Secretary, respectively, of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are the President and Secretary, respectively, of said Chicago, Milwaukee, St. Paul and Pacific Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said H. A. Scandrett and T. W. Burtness severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such President and Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL) EDWIN O. SCHIEWE

Edwin O. Schiewe
Notary Public in and for the State of Illinois,
County of Cook, Residing at Chicago, therein.
My Commission Expires Aug. 29, 1949.

STATE OF ILLINOIS }
COUNTY OF COOK } ss.

On this 4th day of December, in the year 1945, before me, H. O. Palm, a Notary Public in and for the State and County aforesaid, personally appeared Harold Eckhart and R. Blackburn, to me personally known and known to me to be a Vice President and an Assistant Secretary, respectively, of Harris Trust and Savings Bank, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are a Vice President and an Assistant Secretary, respectively, of said Harris Trust and Savings Bank, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said Harold Eckhart and R. Blackburn severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such Vice President and Assistant Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL)

H. O. PALM

H. O. Palm
Notary Public in and for the State of Illinois, County of Cook, and Residing at Chicago, therein.
My Commission Expires Sept. 18, 1948.

ARTICLE XIX

Defeasance

Section 1. If (a) the Railroad Company shall deliver to the Trustee for cancellation all Bonds and appurtenant coupons not theretofore cancelled and delivered to the Trustee, or (b) all Bonds not theretofore delivered to the Trustee cancelled or for cancellation shall have become due and payable, or are by their terms to become due and payable within 90 days or are to be redeemed within 90 days under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the Railroad Company shall deposit with the Trustee as trust funds an amount sufficient to pay at maturity or upon redemption all of the Bonds not theretofore delivered to the Trustee cancelled or for cancellation, including the principal thereof, premium, if any, and the full amount of unpaid interest which has or will become due to such date of maturity or redemption, as the case may be, and if in either case the Railroad Company shall also pay or cause to be paid all other sums payable hereunder by the Railroad Company, then the Mortgage shall cease to be of further effect. In such event the Trustee, on demand of the Railroad Company and at its cost and expense, shall execute and deliver to the Railroad Company such instrument or instruments as may be appropriate to acknowledge satisfaction of the Mortgage, and as will enable the Railroad Company to have the Mortgage discharged of record, and shall release and assign, or cause to be released and assigned, to the Railroad Company all of its interest in the mortgaged property, and shall deliver to the Railroad Company or upon its order all securities and moneys then held by the Trustee under the provisions hereof other than the money deposited as above provided in this Article XIX.

The Railroad Company, notwithstanding the satisfaction of the Mortgage as above provided, will indemnify the Trustee and hold it harmless against any and all expense or liability, incurred without negligence or bad faith, ascertained or incurred by the Trustee after the satisfaction thereof arising out of or based upon any matter connected with the trust created by the Mortgage.

SECTION 2. All moneys deposited with the Trustee pursuant to Section 1 of this Article XIX shall be held in trust and applied by it to the payment to the holders of the Bonds and coupons of all sums due and to become due thereon for principal and interest and premium, if any.

SECTION 3. Upon the satisfaction and discharge of the Mortgage, all moneys then held by any paying agent under any provision of the Mortgage shall be paid to the Trustee, and thereupon such paying agent shall be released from all further liability with respect to such moneys.

SECTION 4. Any moneys deposited by the Railroad Company with the Trustee or with any paying agent for the payment of the principal of, or the premium or interest on, any Bond which shall remain unclaimed by the holder of the Bond or coupon entitled to receive the same for 10 years after the date upon which the principal of such Bond shall have become due and payable (upon redemption or otherwise) shall be repaid to the Railroad Company on demand; and the holder of any Bond or coupon entitled to receive such payment shall thereafter look only to the Railroad Company for the payment thereof; provided, however, that (a) before any such repayment may be made, the Trustee, at the expense of the Railroad Company, shall cause to be published once a week for two successive calendar weeks (in each case on any day

of the week) in a Daily Newspaper in the Borough of Manhattan, City of New York, New York, and in a Daily Newspaper in the City of Chicago, Illinois, a notice that said moneys have not been claimed and that after a date named therein any balance of said moneys then remaining will be returned to the Railroad Company, and (b) the amount of such repayment shall be limited to the balance of such moneys unclaimed at the close of business on such date.

ARTICLE XX

Supplemental Indentures

Section 1. The Railroad Company, when authorized by a resolution of its Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

(a) To convey, transfer and assign to the Trustee and subject to the lien of the Mortgage, with the same force and effect as though included in the granting clauses hereof, additional property then owned by the Railroad Company, acquired through consolidation, merger, purchase or otherwise;

(b) To evidence the succession of another corporation to the Railroad Company, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Railroad Company pursuant to Article XII;

(c) To set forth the terms and provisions of any series of Bonds to be issued hereunder and the form of the Bonds and coupons of such series;

(d) To add to the covenants of the Railroad Company such further covenants for the protection of the mortgaged property and the Bondholders as the Board of Directors and the Trustee shall consider to be for the protection of the Bondholders, and to make the occurrence and continuance of a default under any of such additional covenants a default permitting the enforcement of all or any of the several remedies provided in the Mortgage; provided, however, that in respect of any such additional covenant, such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement of said remedy or remedies upon

such default or may limit the remedies available to the Trustee upon such default or may authorize the holders of not less than a majority in aggregate principal amount of the Outstanding Bonds to waive such default and prescribe limitations on such rights of waiver; and

(e) To cure any ambiguity or to correct or supplement any provision contained in the Mortgage which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under the Mortgage as shall not be inconsistent with the provisions of the Mortgage and shall not adversely affect the interest of the Bondholders.

The Trustee is hereby authorized to join with the Railroad Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture which, in its opinion, affects the Trustee's own rights, duties or immunities under the Mortgage or otherwise.

Any supplemental indenture authorized by the provisions of this Section 1 may be executed by the Railroad Company and the Trustee without the consent of the holders of any of the then Outstanding Bonds, notwithstanding any of the provisions of Section 2 of this Article XX.

SECTION 2. With the consent (evidenced as provided in Section 1 of Article XIV) of the holders of not less than 66⅔% in aggregate principal amount of the Outstanding Bonds to be directly affected thereby, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the Railroad

Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) modify, alter, add to or eliminate any of the provisions of the Mortgage or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Railroad Company, except as provided in Section 3 of this Article XX;

(b) sanction any compromise of the rights of the holders of such Bonds against the Railroad Company or against its property whether such right shall arise under the provisions of the Mortgage or otherwise;

(c) sanction and approve any plan for the reorganization, readjustment or liquidation of the Railroad Company;

provided, however, that no such modification, alteration, addition, elimination, sanction or approval shall, without in each case the consent of the holders of all Bonds affected thereby,

(i) alter or impair the obligation of the Railroad Company to pay the principal amount of or the interest on any Bonds, or change the place or medium of payment thereof; or

(ii) permit the creation by the Railroad Company of any mortgage or other lien ranking prior to or on a parity with the lien of the Mortgage with respect to any property covered thereby except as in the Mortgage otherwise expressly provided; or

(iii) effect a reduction of the percentage required for any action authorized to be taken by the holders of the Bonds;

and provided further that no such modification, alteration, addition or elimination shall affect the rights, duties or im-

munities of the Trustee without the written consent of the Trustee.

It shall not be necessary for the consent of the Bondholders under this Section 2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 3. With the consent (evidenced as provided in Section 1 of Article XIV) of the holders of not less than 75% in aggregate principal amount of all of the then Outstanding Bonds, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the Railroad Company, when authorized by a resolution of its Board of Directors, and the Trustee at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may:

(a) extend the time or times of payment of the principal, either before or after the principal is due, of the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 20 years beyond the original date or dates designated in such Bonds for the payment of the principal thereof, or

(b) extend the time or times of payment of any fixed interest or accumulations of contingent interest, either before or after the interest is due, on the Bonds of any or all series which at the time shall be outstanding, whether bearing fixed or contingent interest, for a period of not exceeding 5 years after such interest is due, but in no event beyond the original or extended date or dates for the payment of the principal of such Bonds.

SECTION 4. Upon the request of the Railroad Company, accompanied by a Certified Resolution authorizing the execution of any supplemental indenture pursuant to the preceding Sections of this Article XX, and upon the filing with the

Trustee of evidence of the consent of Bondholders as aforesaid, the Trustee shall join with the Railroad Company in the execution of such supplemental indenture.

SECTION 5. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XX, the Mortgage shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Mortgage of the Railroad Company, the Trustee and the holders of Bonds of all series outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respect to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of the Mortgage for any and all purposes.

SECTION 6. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article XX may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Railroad Company or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of the Mortgage contained in any such supplemental indenture may be prepared by the Railroad Company, authenticated by the Trustee and delivered without expense to the holders of Bonds of the same series then outstanding, upon surrender of such Bonds accompanied, in the case of coupon Bonds, by all unmatured coupons and all unpaid matured coupons which shall be appurtenant thereto, the new Bonds so issued to be of an aggregate principal amount equal to the aggregate principal amount of those so surrendered.

ARTICLE XXI

MISCELLANEOUS

SECTION 1. The same officer or officers of the Railroad Company, or the same engineer, accountant or counsel or other person, as the case may be, need not certify to all the matters required to be certified under the provisions of any Article or Section of the Mortgage, but different officers, engineers, accountants, counsel or other persons may certify to different matters respectively.

SECTION 2. Each Officers' Certificate or Opinion of Counsel required to be given responsive to a specified condition or covenant provided for in the Mortgage shall include: (1) a statement that the person making such certificate or giving such opinion has read such covenant or condition; (2) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (3) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 3. Except as otherwise expressly provided herein, nothing in the Mortgage or in any of the Bonds or coupons, express or implied, is intended or shall be construed to confer upon or give to any person, firm or corporation other than the parties hereto and the holders from time to time of the Bonds or coupons issued under the Mortgage any security, right, remedy or claim, legal or equitable, under or by reason of the Mortgage, or under or by reason of any covenant, condition or stipulation herein contained; and the Mortgage and all covenants, conditions and provisions herein contained are and shall be held to be for the sole and ex-

clusive benefit of the parties hereto and the holders from time to time of the Bonds and coupons issued hereunder.

SECTION 4. The Railroad Company shall be entitled to obtain from the Trustee from time to time such certificates and statements of the latter as to matters related to the Mortgage which are within its knowledge as the Railroad Company shall find it necessary or advisable to file with the trustee of the First Mortgage for any of the purposes thereof.

SECTION 5. The Mortgage may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 6. The Mortgage is dated as of January 1, 1944, although executed and delivered on the date of the acknowledgment hereof by the Trustee; and the same shall be effective by order of the Court in the reorganization proceedings hereinbefore mentioned as of 12:01 A.M., Central Standard Time, on December 1, 1945.

IN WITNESS WHEREOF, CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, the party of the first part, has caused the Mortgage to be signed and acknowledged by its President or one of its Vice Presidents, and its corporate seal to be affixed hereunto, and the same to be attested by its Secretary or its Assistant Secretary; and Harris Trust and Savings Bank, the party of the second part, to evidence its acceptance of the trust hereby created, has caused the Mortgage to be signed and acknowledged by one of its Vice Presidents and its corporate seal to be affixed hereunto and the same to be attested by one of its Assistant Secretaries.

Executed and delivered in the City of Chicago, State of Illinois, the 4th day of December, 1945, as of the day and year first written above.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

(CORPORATE SEAL) By H. A. SCANDRETT
President

Attest:

T. W. BURTNESS
Secretary

In the presence of

RAY GARRETT

WILLARD P. SCOTT

HARRIS TRUST AND SAVINGS BANK

(CORPORATE SEAL) By HAROLD ECKHART
Vice President

Attest:

R. BLACKBURN
Assistant Secretary

In the presence of

G. N. ASKEW

LOUIS CHRISTEN

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

On this 4th day of December, in the year 1945, before me, Edwin O. Schiewe, a Notary Public in and for the State and County aforesaid, personally appeared H. A. Scandrett and T. W. Burtness, to me personally known and known to me to be the President and Secretary, respectively, of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are the President and Secretary, respectively, of said Chicago, Milwaukee, St. Paul and Pacific Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said H. A. Scandrett and T. W. Burtness severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such President and Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL) EDWIN O. SCHIEWE

Edwin O. Schiewe
Notary Public in and for the State of Illinois,
County of Cook, Residing at Chicago, therein.
My Commission Expires Aug. 29, 1949.

STATE OF ILLINOIS }
COUNTY OF COOK } ss.

On this 4th day of December, in the year 1945, before me, H. O. Palm, a Notary Public in and for the State and County aforesaid, personally appeared Harold Eckhart and R. Blackburn, to me personally known and known to me to be a Vice President and an Assistant Secretary, respectively, of Harris Trust and Savings Bank, the corporation described in and which executed the foregoing instrument, and known to me to be the identical persons whose names are subscribed to and who executed the foregoing instrument on behalf of said corporation, who, being by me duly sworn, did severally say and acknowledge that they are a Vice President and an Assistant Secretary, respectively, of said Harris Trust and Savings Bank, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affixed thereto by authority of its Board of Directors and that said instrument was signed, sealed and executed by them in the name and on behalf of said corporation by like authority; and said Harold Eckhart and R. Blackburn severally acknowledged that they signed, sealed and delivered said instrument in the name and on behalf of said corporation as their free and voluntary act and deed as such Vice President and Assistant Secretary, respectively, and by authority of the Board of Directors of said corporation, and that said instrument was voluntarily executed by said corporation as its free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal this 4th day of December, 1945.

(NOTARIAL SEAL)

H. O. PALM

H. O. Palm
Notary Public in and for the State of Illinois, County of Cook, and Residing at Chicago, therein.
My Commission Expires Sept. 18, 1948.

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

H. A. Scandrett, being first duly sworn, deposes and says that he is President of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, a corporation organized and existing under the laws of the State of Wisconsin, which executed as mortgagor the Indenture of Mortgage and Deed of Trust to which this affidavit is appended, that the consideration of said mortgage was actual and adequate, that the same was given in good faith for the purposes therein set forth to secure the amount named therein, and without any design to hinder, delay or defraud creditors, and that Harris Trust and Savings Bank, the trustee and mortgagee named in said mortgage, has delivered to said Railroad Company, and said Railroad Company has received, a duplicate copy of said mortgage so executed.

H. A. SCANDRETT

Subscribed and sworn to before me this 4th day of December, 1945.

EDWIN O. SCHIEWE
Edwin O. Schiewe
Notary Public in and for the State of Illinois, County of Cook, Residing at Chicago, therein. My Commission Expires Aug. 29, 1949.

(NOTARIAL SEAL)

NOTE: In the counterpart of the foregoing Mortgage filed for record with the Secretary of State of the State of Wisconsin there was attached to each of the acknowledgments a certificate of magistracy dated December 5, 1945, signed by Michael J. Flynn, County Clerk of the County of Cook, State of Illinois, with the seal of said County affixed, certifying to the official character and the genuineness of the signatures of Edwin O. Schiewe and H. O. Palm as notaries public in and for said county and state and their authority to take acknowledgments and proofs of deeds or conveyances.