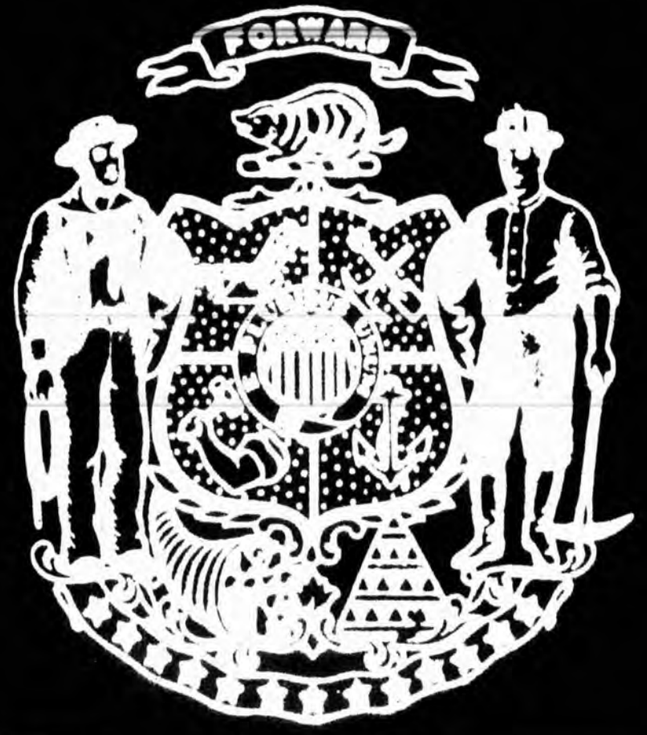
REEL 45

NO. 45

STATE OF WISCONSIN



SECRETARY OF STATE

RAILROAD MORTGAGES

VOL. 45

414.53

DEED TO RAILWAY PROPERTY
BY
CHICAGO NORTH SHORE AND MILWAUKEE RAILWAY COMPANY
TO
CHICAGO NORTH SHORE AND MILWAUKEE RAILWAY
DATED, NOVEMBER 30th, 1953

THIS INDENTURE OF AGREEMENT AND CONVEYANCE, made this 30th day of November, A.D. 1953, by and between Chicago North Shore and Milwaukee Railway Company, a corporation organized and existing under the general railroad laws of the State of Illinois, (sometimes hereinafter for convenience referred to as the "Railway"), party of the first part, and Chicago North Shore and Milwaukee Railway, a corporation organized and existing under the general railroad laws of the State of Illinois, (sometimes hereinafter for convenience referred to as the "New Railway Company"), party of the second part,

W I T N E S S E T H:

WHEREAS, the Board of Directors and the stockholders of Railway have approved of a plan of reorganization for the properties of Railway under and by virtue of which the railroad and railroad properties of Railway will be conveyed to the New Railway Company and the operation thereof assumed by the latter company and thereafter certain non-operating property, some or all of the proceeds of prior sales of other non-operating property, the capital stock of various bus companies now owned by Railway and the stock of the New Railway Company will be transferred and conveyed to another corporation, (hereinafter sometimes referred to as the "New Parent Company"), in exchange for capital stock of the last mentioned company and, as a final step, Railway will be voluntarily dissolved and the capital stock of said New Parent Company, upon such voluntary dissolution of Railway, will be distributed to the holders of the stock of Railway and the stock of Railway cancelled; and

WHEREAS, the Illinois Commerce Commission, by order entered on the 6th day of October, A. D. 1953, has authorized the transfer and conveyance of the railroad and railroad properties of Railway to the New Railway Company.

NOW THEREFORE, in consideration of the mutual covenants hereinafter to be kept between the parties hereto and of other good and valuable consideration, the parties hereto agree as follows:

1. Chicago North Shore and Milwaukee Railway Company has remised, released and transferred, assigned, conveyed, quit claimed and set over, and by these presents does remise, release, transfer, assign, convey, quit claim and set over unto the Grantee, Chicago North Shore and Milwaukee Railway, all and singular the following described property, rights, privileges and franchises:

(a) All of the right, title and interest of Railway in and to all and singular the right of way, road bed, main line tracks, sidings, spur tracks, freight tracks, freight yards, bridges, trestles, culverts, viaducts, tunnels, subways, underground construction, signal system, interlocking plants, crossings, fences, signs, switches, crossing protection, highway improvements, terminals, stations, station grounds, miscellaneous railroad buildings and structures, electrical substations and equipment, electrical switching yards and facilities, shops, car houses, garages, general office buildings, power transmission and distribution system, rolling stock and equipment, supplies and other railroad property and appurtenances constituting its lines

of railroad situated in the Counties of Cook and Lake in the State of Illinois and in the Counties of Kenosha, Racine and Milwaukee in the State of Wisconsin, except that part of its easterly or Shore Line right-of-way and road bed between 14th Street in the City of North Chicago, Lake County, Illinois, and 10th Street constituting the dividing line between said City of North Chicago and the City of Waukegan, Lake County, Illinois.

(b) A perpetual easement in and to the westerly six (6) feet of said right-of-way north of said 14th Street for pole line purposes and an easement for the unrestricted use of the aforementioned portion of said easterly or Shore Line right-of-way and road bed between said 14th Street in the City of North Chicago, Lake County, Illinois, and said 10th Street forming the dividing line between said City of North Chicago and the City of Waukegan, Lake County, Illinois, so long as the New Railway Company, its successors and assigns, shall continue to operate a railroad over said right-of-way between said 14th Street and said 10th Street, or any portion thereof, such last mentioned easement (not including said easement for pole line purposes) to terminate upon abandonment of railroad operations on said right-of-way north of said 14th Street because of permanent rerouting of railroad operations from said portion of right-of-way to main line right-of-way between North Chicago Junction, Lake County, Illinois to Edison Court, Waukegan, or upon abandonment for any other reason.

(c) All right, title and interest of every kind and nature, legal or equitable, of Railway in and to all mechanical equipment, machinery, tools, implements, furniture, supplies, materials and other chattels now owned or possessed by Railway except such as may be elsewhere in this agreement excluded.

(d) All estate, right, title and interest of every kind and nature, legal or equitable, of Railway in and to all locomotives, however propelled or operated, passenger, freight, mail, express, baggage or other cars, work cars, buses, tractors, trailers, trucks, automobiles and other vehicles and conveyances for the transportation of passengers, employees, freight, mail, express, baggage and materials, including, without limitation upon the foregoing, all right, title and interest now vested in Railway or in and to any and all such property leased to or held or possessed by Railway under any equipment trust agreement, conditional sale agreement, rental agreement, lease, chattel mortgage, lease or other instrument.

(e) All estate, right, title, interest, terms and remainders of terms, franchises, privileges and rights of action of whatsoever kind and nature in law or in equity of Railway in and to all trackage, terminal or operating contracts and agreements, leases, leasehold rights, permits, joint facilities, side track agreements, power agreements, crossing protection agreements and other contracts, rights and privileges relating to said railroad properties and the operation thereof.

(f) All right, title and interest of every kind and nature of Railway in and to any and all telegraph, telephone or other communication facilities and the rights and agreements covering the rights to the use of any and all telegraph, telephone and other communication facilities along the lines of railroad now owned or operated by Railway.

(g) Any and all rights, powers, franchises, privileges and immunities now owned or possessed by Railway which may be necessary for or appurtenant to the use, operation, management, maintenance, removal, alteration or improvement of the lines of railroad or of any other railroad property now owned by Railway and hereby conveyed to the New Railway Company.

(h) All shares of the capital stock of Chicago & Milwaukee Electric Railway Company, a Wisconsin corporation.

(i) All cash, government securities, special deposits, special funds, bills, notes or accounts receivable, prepaid insurance and other current assets, except (1) cash or government securities representing the proceeds of sales of real estate or relating to any such sale or sales, (2) demand note of Milwaukee & Lake Shore Line, Inc., a Wisconsin bus corporation, dated March 3, 1948, (3) all shares of capital stock of any corporation other than the shares of capital stock of the aforementioned Chicago & Milwaukee Electric Railway Company and of the New Railway Company.

(j) All right, title and interest of Railway in all choses in action, including all claims and demands and all causes of action or pending suits, together with full power, including power of substitution and revocation, for the Railway and in its name or in the name of the New Railway Company, but for the sole use of the New Railway Company, to ask, demand, sue for, prosecute suits for, collect, receive, compound or give acquittances for any of the same,

and, specifically including, but without limitation upon the foregoing, all right, title and interest of Railway in and to any and all monies which may hereafter be adjudged as due and owing Railway under any settlement, decree, order, judgment or decision heretofore or hereafter entered in the case of Swanson, et al. vs. Traer et al. now pending in the District Court of the United States for the Northern District of Illinois, Eastern Division, or any litigation in substitution therefor but not including any claim or demand relating to or growing out of the prior sale or sales of real estate to third parties.

(k) All other railroad properties and appurtenances of any and every kind or character whatsoever and wheresoever situated, real, personal or mixed, at the date of the execution and delivery of this instrument owned by or belonging to the Railway except such as may be by the terms hereof specifically excluded herefrom; all tolls, revenues, earnings, income, rents, issues and profits thereof; also all of the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in equity as in law, of Railway of, in and to said railroad properties and appurtenances and every part and parcel thereof not exoluded herefrom and of, in and to the appurtenances and franchises appertaining thereto; all additions, improvements and betterments to or upon or in connection with said property; and all of the lands, tenaments, hereditaments, reversions, remainders, rights, privileges, immunities and benefits appertaining

to said properties or any of the same, excepting, however, such as may be in this Indenture exoluded herefrom.

To have and to hold, possess and enjoy all and singular of the foregoing unto the New Railway Company, its successors and assigns, to its and their own proper use and benefit forever.

2. There is excluded herefrom and nothing herein contained is intended to or shall convey to the New Railway Company any right, title or interest of any kind or nature whatsoever in and to the following:

(a) The shares of capital stock of any corporation except those of the Chicago & Milwaukee Electric Railway Company.

(b) The parcels of real estate identified and described in Schedule A appended hereto and made a part hereof, which parcels of real estate are not required for railroad operation and are for the purposes of the aforementioned plan generally referred to as non-operating real estate.

(c) The proceeds derived or to be derived by Railway from all sales of real estate made or contracted to be made by it after November 1, 1946 whether such proceeds be evidenced by cash, bank deposits, government securities, secured or unsecured notes, accounts receivable, or by investment in other properties or otherwise.

(d) Demand note of Milwaukee & Lake Shore Line, Inc., a Wisconsin bus corporation, dated March 3, 1948.

(e) Any shares of capital stock or any note or other evidence of indebtedness given by the New Railway Company to Railway in consideration of the conveyances herein made by Railway to the New Railway Company.

3. All rail operations of Railway shall be and hereby are assumed by the New Railway Company and the New Railway Company shall and hereby does assume and adopt and be deemed to have assumed and adopted all executory contracts, leases and other agreements, including, without limiting the generality of the foregoing, all terminal, joint facility and trackage agreements of Railway, which shall not have expired or been terminated prior to the date hereof except such as may relate to the sale of non-operating real estate, and the New Railway Company shall succeed to all rights, privileges, duties and liabilities of Railway under such contracts, leases and other agreements, subject, however, to the obtaining of any necessary consents from other parties to such contracts, leases and other agreements to the assignment thereof.

4. The New Railway Company shall and hereby does specifically assume the liability, if any there be, of Railway for injuries to or death of persons or damage to property, occurring prior to the date hereof and shall be liable for the satisfaction of any judgment, order or decree based on either contract or tort, which may be entered against Railway in any suit pending against Railway at the date hereof or arising out of the operation of Railway prior to the date hereof except such as relate to the sale of non-operating real estate; and the New Railway Company shall and hereby does also assume and become liable for all valid claims arising and for all agreements or arrangements of an indemnifying nature incurred or made by Railway prior to the date hereof.

5. Railway agrees to advance certain cash funds to the New Railway as a loan for the period and upon the terms and conditions of the aforementioned order of the

Illinois Commerce Commission approving the conveyance herein made and the New Railway Company agrees to execute and deliver to Railway or its nominee or nominees its promissory note as prescribed by said order of the Illinois Commerce Commission as evidence of such loan.

6. The New Railway Company agrees to, and does concurrently herewith, deliver to Railway or its nominee or nominees 499,995 shares of its authorized and issued, fully paid and non-assessable, capital stock, of which amount 95 shares were issued for cash to comply with the statutory minimum requirement before transacting business and in addition to which there are five directors' qualifying shares outstanding and included in such minimum.

7. For convenience in accounting and matters of procedure, the transfer of title and other rights hereunder and the assumption of all obligations, shall, insofar as it is legally possible so to do, be deemed to have been effected as of the close of business on November 30, 1953.

8. This conveyance is made by Railway and accepted by the New Railway Company pursuant to the plan of reorganization of the properties of Chicago North Shore and Milwaukee Railway Company approved by the stockholders and Board of Directors of said Company and pursuant to authorization from the Illinois Commerce Commission contained in the order of said Commission entered on the 6th day of October, A.D. 1953, in Case No. 41127.

9. This Indenture of Agreement and Conveyance shall inure to and be binding upon the successors and assigns of the respective parties hereto.

10. In order to facilitate the recording of this instrument in different counties and states more than one

counter-part hereof has been executed and each fully executed counter-part hereof shall be in full force and effect in like manner and to like extent as if it in fact had been the sole original executed instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture of Agreement and Conveyance to be executed in their respective corporate names by their duly authorized officers, and to be sealed with their respective corporate seals, attested by their respective Secretaries or Assistant Secretaries, in several counter-parts, the day and year first above written.

CHICAGO NORTH SHORE AND MILWAUKEE RAILWAY COMPANY

By J.N.M. Clinch President

ATTEST:

W.H. Hoadley Secretary

Signed, sealed and delivered by Chicago North Shore and Milwaukee Railway Company in the presence of:

Ethel R. Cook
Ethel R. Cook

Frederick E. Stout
Frederick E. Stout WITNESSES

CHICAGO NORTH SHORE AND MILWAUKEE RAILWAY

By J.N.M. Clinch President

ATTEST:

W.H. Hoadley Secretary

Signed, sealed and delivered by Chicago North Shore and Milwaukee Railway in the presence of:

F.L. Gould
F.L. Gould

E. B. Joslun
E. B. Joslun WITNESSES

U.S. Documentary Stamps are not affixed and cancelled on this executed counterpart of the foregoing instrument because U. S. Documentary Stamps amounting to $1,776.50 covering all real estate conveyed or transferred by this instrument were affixed and cancelled on the executed counterpart of this instrument recorded in the office of the Recorder of Deeds of Cook County, Illinois on Nov. 30, 1953, as Document No. 15781573.

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

Before me, a duly commissioned and qualified Notary Public in and for and residing within the County and State aforesaid, and authorized to take acknowledgments of instruments to be recorded, and to administer oaths therein, on this 30th day of November, A. D. 1953, personally appeared the within named J.N.M. Clinch and W.H. Hoadley, to me personally known to be the same persons who subscribed the name of Chicago North Shore and Milwaukee Railway Company to the foregoing instrument as, and who are to me personally known to be the President and Secretary, respectively, of said Chicago North Shore and Milwaukee Railway Company, a corporation organized and existing under the laws of the State of Illinois, and the said J.N.M. Clinch, President and W.H. Hoadley, Secretary, acknowledged to me that they signed, sealed and delivered said instrument as their free and voluntary act as such President and Secretary, respectively, and in the name, on behalf and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

And the said J.N.M. Clinch and W.H. Hoadley, being by me first duly sworn, did depose and say that they are, respectively, the President and Secretary of said Chicago North Shore and Milwaukee Railway Company, and that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, and that the foregoing instrument was signed by them as aforesaid and said corporate seal affixed thereto in behalf of said corporation in pursuance of the power and

authority granted by the By-Laws and by the resolutions duly adopted by the Stockholders and the Board of Directors of said corporation in meetings thereof respectively duly assembled, and by the orders and authority of the Illinois Commerce Commission of the State of Illinois.

IN WITNESS WHEREOF, I have hereunto set my official hand and affixed my Notarial Seal, this 30th day of November A. D. 1953.

Mary Farrell
Mary Farrell
Notary Public, Cook County, Illinois

My Commission expires:
March 6, 1954

STATE OF ILLINOIS }
COUNTY OF COOK } ss.

Before me, a duly commissioned and qualified Notary Public in and for and residing within the County and State aforesaid, and authorized to take acknowledgments of instruments to be recorded, and to administer oaths therein on this 30th day of November, A. D. 1953, personally appeared the within named J. H. M. Clinch and N. H. Hoadley, to me personally known to be the same persons who subscribed the name of Chicago North Shore and Milwaukee Railway to the foregoing instrument as, and who are to me personally known to be, the President and Secretary, respectively of said Chicago North Shore and Milwaukee Railway, a corporation organized and existing under the laws of the State of Illinois, and the said J. H. M. Clinch, President, and N. H. Hoadley, Secretary, acknowledged to me that they signed, sealed and delivered such instruments as their free and voluntary act as such President, and Secretary, respectively, and in the name, on behalf and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

And the said J. H. M. Clinch and N. H. Hoadley, being by me first duly sworn, did depose and say that they are, respectively, the President and Secretary of said Chicago North Shore and Milwaukee Railway, and that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, and that the foregoing instrument was signed by them as aforesaid and said corporate seal affixed thereto in behalf of said corporation in pursuance of the power and authority granted by the

By-Laws and by the resolutions duly adopted by the Stockholders and the Board of Directors of said corporation in meetings thereof respectively duly assembled, and by the orders and authority of the Illinois Commerce Commission of the State of Illinois.

IN WITNESS WHEREOF, I have hereunto set my official hand and affixed my Notarial Seal, this 30th day of November, A. D. 1953.

Mary Farrell
Notary Public, Cook County, Illinois

My Commission expires:
March 6, 1954

SCHEDULE A
NON-OPERATING REAL ESTATE EXCEPTED FROM CONVEYANCE
BY
CHICAGO NORTH SHORE AND MILWAUKEE RAILWAY COMPANY
TO
CHICAGO NORTH SHORE AND MILWAUKEE RAILWAY

STATE OF WISCONSIN

(Milwaukee County)

Item No.	Legal Description
7	Parcel 1 - All of Block Seventy-eight (78) in that part of the Plat of the Town of Milwaukee on the West side of the river in the South East Quarter (SE 1/4) and in the South West Quarter (SW 1/4) of Section Twenty-nine (29), Township Seven (7) North, Range Twenty-two (22) East of the Fourth Principal Meridian, except that part of said Block Seventy-eight (78) lying West of a line drawn parallel with and One Hundred Sixty-nine and seventy-six hundredths (169.76) feet East of, measured at right angles to, the West line of said Block Seventy-eight (78), and except that part of said Block Seventy-eight (78) bounded and described as follows: Beginning at a point in the North line of Clybourn Street, forty-two (42) feet West from the corner of Fifth Street; thence East along the North line of Clybourn Street, forty-two (42) feet to the corner of Fifth Street; thence North along the West line of Fifth Street, thirty-eight (38) feet; thence South Westerly to the place of beginning; Parcel 2 - Also, all that part of the vacated East and West alleys and the vacated North and South alley lying within the boundary lines of said hereinbefore described Block Seventy-eight (78) (except that part of said vacated alleys lying West of a line drawn parallel with and one hundred sixty-nine and seventy-six hundredths (169.76) feet East of, measured at right angles to, the West line of said Block Seventy-eight (78).
8	Those parts of Lots 4, 5 and 6, and Lots 10, 11 and 12, Block 26, in Milwaukee proper, in Fractional Lot No. 4 in the South East Quarter (SE 1/4) of Section 32, Township 7 North, Range 22 East in the Fifth Ward of the City of Milwaukee, lying Southerly of a line drawn 26.5 feet Southerly of and parallel to the center line between tracks of the Chicago & Milwaukee Electric Railroad Company as located across said Block 26.
9	Lots 1, 4 to 14, both inclusive; Lots 28 to 41, both inclusive, Block 3, in continuation of Sobieski Park, in the North East Quarter (NE 1/4) of Section 8, Township 6 North, Range 22 East in the 17th Ward of the City of Milwaukee.
10	Lots 15 to 22, both inclusive; and Lot 27, Block 3, in continuation of Sobieski Park, being a Subdivision of part of the South West Quarter (SW 1/4) of the North East Quarter (NE 1/4) of Section 8, Township 6 North, Range 22 East, in the 17th Ward of the City of Milwaukee, County of Milwaukee, State of Wisconsin.
11	The South 20 feet of Lot 13; and Lots 14 to 22, both inclusive, Block 2, in C. G. Chase's Subdivision No. 1 in the North East Quarter (NE 1/4) of Section 8, Township 6 North, Range 22 East, in the 17th Ward of the City of Milwaukee.

Item No.	Legal Description
12	Lots Eleven (11) to Sixteen (16), both inclusive, (except the Southerly fifty (50) feet thereof) of Block Three (3), of Clifford Chase's Subdivision No. 1 of part of the West Half (W 1/2) of the North East Quarter (NE 1/4) of Section Eight (8), Township Six (6) North, Range Twenty-two (22) East of the Fourth Principal Meridian, in the Seventeenth (17) Ward of the City of Milwaukee.
12B	Lots One (1), Two (2), Three (3), Four (4) and Five (5), of Block Four (4) of continuation of Sobieski Park in the Seventeenth (formerly the Fourteenth) Ward of the City of Milwaukee, County of Milwaukee and State of Wisconsin (except that part of said Lots Three (3), Four (4) and Five (5) bounded and described as follows: Beginning at the South Easterly corner of said Lot Five (5); thence Northerly along the Easterly line of said Lots Three (3), Four (4) and Five (5), Seventy (70) feet to a point on the Easterly line of said Lot Three (3); thence South Westerly in a straight line to a point in the Southerly line of said Lot Five (5), Twelve (12) feet Westerly of the South Easterly corner of said Lot Five (5); thence Easterly along the Southerly line of said Lot Five (5), twelve (12) feet to the place of beginning.
12C	All that part of the South East Quarter (SE 1/4) of Section Eight (8), Township Six (6) North, Range Twenty-two (22) East of the Fourth Principal Meridian lying Northerly of the Northerly right-of-way line of the Madison Division of the Chicago and North Western Railway Company, Easterly of the Easterly line of South Sixth Street, Southerly of the Southerly line of Russell Avenue (now Cleveland Avenue) and Westerly of a line drawn 30 feet Westerly of and parallel with the center line between the tracks of the Chicago & Milwaukee Electric Railroad Company (now Chicago North Shore and Milwaukee Railway Company), in the City of Milwaukee, County of Milwaukee and State of Wisconsin, subject, however, to the right, privilege and authority of said Chicago North Shore and Milwaukee Railway Company, its successors and assigns to keep and maintain in its present position and undisturbed that part of the Easterly portion of said hereinbefore described real estate forming an embankment or slope for the purpose of preserving and protecting the railroad right-of-way, tracks and facilities of said Chicago North Shore and Milwaukee Railway Company, located and lying Easterly of and adjoining said hereinbefore described real estate.
15	The East 320.16 feet of the West 643.57 feet of the North 2/7 of the South 3/7 of the North Half (N 1/2), South East Quarter (SE 1/4) of Section 20, Township 6 North, Range 22 East of the Fourth Principal Meridian, in Lake Township, Milwaukee County, Wisconsin.
16	The North 862.48 feet of the South 1533.3 feet of the West 643.57 feet (except the West 323.41 feet) of the South East Quarter (SE 1/4) of Section 20, Township 6 North, Range 22 East of the Fourth Principal Meridian, in Lake Township, Milwaukee County, Wisconsin; subject to a perpetual easement in the United States of America for a drainage ditch in, over and upon that part of said hereinbefore described real estate, as provided by a judgment of the United States District Court for the Eastern District of Wisconsin, entered January 17, 1944 in Civil Action #1242.

Item No.	Legal Description
17	That part of the South East Quarter (SE 1/4) of Section 20, Township 6 North, Range 22 East of the 4th Principal Meridian, in the Town of Lake, Milwaukee County, Wisconsin, more particularly bounded and described as follows, to-wit: Commencing at a point in the South line of the said SE 1/4 Section, 323.41 feet East of the South West corner of said SE 1/4 Section; running thence Northerly and parallel to the West line of said SE 1/4 Section, 671.85 feet to a point in the South line of the North Half (N 1/2) of the West Half (W 1/2) of the South Half (S 1/2) of said SE 1/4 Section; thence Easterly along said South line of the North Half (N 1/2) of the West Half (W 1/2) of the South Half (S 1/2) of said SE 1/4 Section, 320.16 feet to a point; thence Southerly along a line parallel to the West line of said SE 1/4 Section, 670.82 feet to a point in the South line of said SE 1/4 Section; and thence Westerly on and along the South line of the said SE 1/4 Section, 320.16 feet to the place of commencement. Containing in all 4.934 acres of land, more or less, with the West 30 feet dedicated for street purposes and the South 33.0 feet reserved for street purposes; and the North 27 feet of the South 60 feet of the East 290.16 feet of the West 643.57 feet of the South Half (S 1/2) of the West Half (W 1/2) of the South Half (S 1/2) of the South East Quarter (SE 1/4) of Section 20-6-22, East of the 4th P.M., taken by Milwaukee County for street improvement under Section 83.08 (2) Wisconsin Statutes; subject to a perpetual easement in the United States of America for a drainage ditch in, over and upon that part of said hereinbefore described real estate, as provided by a judgment of the United States District Court for the Eastern District of Wisconsin, entered January 17, 1944 in Civil Action #1242.

STATE OF WISCONSIN

(Racine County)

Item No.	Legal Description
22	That part of Lots 1-17, both inclusive, Block 1 in Sylvan Dell Land Company's Subdivision No. 1 in the North East Quarter (NE 1/4) of Section 18, Township 3 North, Range 23 East of the 4th Principal Meridian, in the City of Racine, County of Racine, Wisconsin, lying Easterly of a line 40 feet Westerly of and parallel to the Westerly line of Rusk Avenue, now known as West Boulevard.
23	Lots 4, 5 and 6, Block 1, Walker Addition, being a part of the North East Quarter (NE 1/4) of Section 19, Township 3 North, Range 23 East of the 4th Principal Meridian, in the City of Racine, County of Racine, Wisconsin, except that part thereof lying South West of a line 20 feet North East of and parallel to the center line of the interchange track between the Chicago North Shore and Milwaukee Railway Company and the Chicago, Milwaukee, St. Paul and Pacific Railroad Company.
24	All of Block 11, and Lots 1, 2, 3 and Lots 7-13, both inclusive, and Lots 19-21, both inclusive, of Block 14 in Walker Addition, being a part of the North East Quarter (NE 1/4) of Section 19, Township 3 North, Range 23 East of the 4th Principal Meridian, in the City of Racine, County of Racine, Wisconsin.
25	Lots 1-13, both inclusive, of Block 1; Lots 1, 2, 3 and 17-26, both inclusive, of Block 2; Lots 1-16, both inclusive, of Block 8; and Lots 17-32, both inclusive, of Block 7 in Lawndale, being a subdivision of a part of the South East Quarter (SE 1/4) of Section 19, Township 3 North, Range 23 East of the 4th Principal Meridian, according to the recorded plat thereof; said real estate lying and being in the City of Racine, County of Racine and State of Wisconsin; except the Westerly 16 feet of Lot 3, Block 2 in said subdivision.
26	That part of the South East Quarter (SE 1/4) of Section 19, Township 3 North, of Range 23 East of the 4th Principal Meridian, bounded as follows, to-wit: Beginning at a point in the West line of the right-of-way of the Chicago North Shore and Milwaukee Railway Company (described in the deed as the Chicago & North Shore Railway Company) 562.4 feet North of an iron bolt in the center of Taylor Avenue on the West line of said right-of-way; run thence West 175 feet to the center of Grove Avenue extended; thence North 195 feet; thence East 175 feet to the West line of said right-of-way; thence South to the place of beginning. The West 40 feet of the above described premises is subject to the rights of the public in a street known as Grove Avenue extended. Said premises also described as Lots 1, 2, 3, 4 and 5, Block 11, Boulevard Addition to the City of Racine, according to the unrecorded plat thereof; said land being in the City of Racine, Racine County, Wisconsin.

STATE OF WISCONSIN

(Kenosha County)

Item No.	Legal Description
28 (a)	That part of the forty acres of land from and off the North side of the East Half (E 1/2) of the South East Quarter (SE 1/4) of Section Thirteen (13), Township Two (2) North, Range Twenty-two (22) East of the Fourth Principal Meridian, said forty acres being 82 rods North and South and 78 rods East and West, described as follows, to-wit: Commencing at a point on the Easterly right-of-way line of the Chicago North Shore and Milwaukee Railway Company, 225.55 feet North Easterly of the intersection of said Easterly right-of-way line of said Railway Company and the South line of said forty acres of land, measured along said Easterly right-of-way line of said Railway Company; thence South Easterly along a straight line, making an angle of 90 degrees with said Easterly right-of-way line of the Chicago North Shore and Milwaukee Railway Company, 340.6 feet to a point on the West line of the East two rods of said forty acres of land; thence North along the West line of the East two rods of said forty acres of land, 208.22 feet to a point, said point being 200 feet North Easterly of, measured at right angles to, said first above described course; thence North Westerly along a straight line parallel with and 200 feet North Easterly of, measured at right angles to, said first above described course, 283.03 feet, more or less, to a point on the Easterly right-of-way line of the Chicago North Shore and Milwaukee Railway Company, said point being 200 feet North Easterly of said point of beginning, as measured along said Easterly right-of-way line of said Railway Company; thence South Westerly along the Easterly right-of-way line of said Chicago North Shore and Milwaukee Railway Company, 200 feet to said point of beginning. Said parcel of land lying and being in the Township of Somers, County of Kenosha and State of Wisconsin and containing 1.432 acres, more or less.
28 (b)	That part of the forty acres of land from and off the North side of the East Half (E 1/2) of the South East Quarter (SE 1/4) of Section Thirteen (13), Township Two (2) North, Range Twenty-two (22) East of the Fourth Principal Meridian, said forty acres being 82 rods North and South and 78 rods East and West, described as follows, to-wit: Commencing at the intersection of the South line of said forty acres of land and the Easterly right-of-way line of the Chicago North Shore and Milwaukee Railway Company; thence North Easterly along said Easterly right-of-way line of said Railway Company, 225.55 feet to a point; thence South Easterly along a straight line, making an angle of 90 degrees with said Easterly right-of-way line of the Chicago North Shore and Milwaukee Railway Company, 340.6 feet to a point on the West line of the East two rods of said forty acres of land; thence South along the West line of the East two rods of said forty acres of land, 142.39 feet, more or less, to the South line of said forty acres of land; thence West along the South line of said forty acres of

Item No.	Legal Description
	land, 390.26 feet to the place of beginning. Said parcel of land lying and being in the Township of Somers, County of Kenosha and State of Wisconsin and containing 1.518 acres, more or less.
33A	That part of the North Half (N 1/2) of the North East Quarter (NE 1/4) and South Half (S 1/2) of the North East Quarter (NE 1/4) of Section 13, Township 1 North, Range 22 East of the 4th P.M., lying Westerly of a straight line, 50 feet Westerly of, measured at right angles to and parallel with the center line of the survey of the Chicago & Milwaukee Electric Railroad (now the Chicago North Shore and Milwaukee Railway Company) as originally surveyed, and Easterly of a straight line described as follows: Commencing at a point on the North line of said Section 13, 124.3 feet Westerly of the intersection of the North line of Section 13 and the center line of survey aforesaid; thence Southerly along said straight line to a point on the center line of said Section 13, which is 38.2 feet Westerly of the intersection of the center line of said Section 13 and the center line of survey aforesaid; all in Pleasant Prairie Township, Kenosha County, Wisconsin.

STATE OF ILLINOIS

(Lake County)

Item No.	Legal Description
37	That part of the South East Quarter, North West Quarter (SE 1/4, NW 1/4) of Section 9, Township 46 North, Range 12 East of the 3rd Principal Meridian, situate in Benton Township, Lake County, Illinois, described as follows: Commencing at a point on the East line of said quarter quarter section 181.0 feet South of the North line of said quarter quarter section; thence West along a straight line parallel with and 181.0 feet South of the North line of said quarter quarter section 465.5 feet to the place of beginning of the premises to be conveyed; thence West along a continuation of said parallel straight line to the West line of said quarter quarter section; thence South along said West line 165.2 feet; thence North Easterly along a curved line, convex Northerly, having a radius of 1860.0 feet, 493.7 feet to a point 281.0 feet South of the North line of said quarter quarter section; thence East along a straight line parallel with and 281.0 feet South of said quarter quarter section line to a point which is 465.5 feet West of the East line of said quarter quarter section, measured on said parallel straight line; thence North 100.0 feet to the place of beginning.
37A	All that part of Block Nineteen (19) lying South of a line drawn 131 feet South of and parallel with the South line of Main Street and North of a line drawn 231 feet South of and parallel with the South line of Main Street, in the Subdivision of Lot Six (6) of Winthrop Harbor, being a part of the North West Quarter (NW 1/4) of Section Ten (10), Township Forty Six (46) North, Range Twelve (12) East of the Third Principal Meridian, according to the recorded plat of said Subdivision recorded January 20, 1900, as Document No. 76984, in Book "E" of Plats, page 24, in the office of the Recorder of Deeds of Lake County, Illinois.
38	All that part of Block Eleven (11) lying South of a line drawn 131 feet South of and parallel with the South line of Main Street and North of a line drawn 231 feet South of and parallel with the South line of Main Street, in the Subdivision of Lot Six (6) of Winthrop Harbor, being a part of the North West Quarter (NW 1/4) of Section Ten (10), Township Forty-six (46) North, Range Twelve (12) East of the Third Principal Meridian, according to the recorded plat of said Subdivision recorded January 20, 1900, as Document No. 76984, in Book "E" of Plats, page 24, in the office of the Recorder of Deeds of Lake County, Illinois.
39	All that part of Lot "B" in Block Ten (10) lying North of a line which is 241 feet South of and parallel with the South line of Main Street, in the Resubdivision of various parts of a Subdivision of Lot Six (6) of Winthrop Harbor, being a part of the North West Quarter (NW 1/4) of Section Ten (10), Township Forty-six (46) North, Range Twelve (12) East of the Third Principal Meridian, according to the recorded plat of said resubdivision recorded April 4, 1906, as Document No. 105873, in Book "G" of Plats, page 45, in the office of the Recorder of Deeds of Lake County, Illinois.

Item No.	Legal Description
40	The West 127.4 feet of the East 277.4 feet of that part of the North East Quarter (NE 1/4) of the South East Quarter (SE 1/4) of Section 8, Township 45 North, Range 12 East of the Third Principal Meridian, lying North of the center line of Golf Road, Lake County, Illinois.
42	All that part of the South East Quarter of the South East Quarter (SE 1/4 of SE 1/4) of Section Twenty (20), Township Forty-five (45) North, Range Twelve (12) East of the Third Principal Meridian, bounded and described as follows: Commencing at a point in the South line of Washington Street, in the City of Waukegan, County of Lake and State of Illinois, which point is Fifty (50) feet Easterly of the Westerly line of Lot Forty-one (41) in County Clerk's Subdivision in the South East Quarter of the South East Quarter (SE 1/4 of SE 1/4) of said Section Twenty (20), as measured along the South line of said Washington Street; thence Easterly along the South line of said Washington Street, Two Hundred and Fifty (250) feet to a point; thence Southerly along a straight line parallel with the East line of Lot Forty-one (41) in said County Clerk's Subdivision in the South East Quarter of the South East Quarter (SE 1/4 of SE 1/4) of said Section Twenty (20), Two Hundred and Sixteen and Five-Tenths (216.5) feet to a point; thence Westerly along a straight line parallel with the South line of said Washington Street, One Hundred and Twenty (120) feet to a point; thence Southerly along a straight line parallel with the East line of Lot Forty-one (41) in said County Clerk's Subdivision in the South East Quarter of the South East Quarter (SE 1/4 of SE 1/4) of said Section Twenty (20), Eighty-five (85) feet to a point; thence Westerly along a straight line parallel with the South line of said Washington Street, One Hundred and Thirty (130) feet to a point, which last mentioned point is Fifty (50) feet Easterly of the Westerly line of Lot Forty-one (41) in said County Clerk's Subdivision in the South East Quarter of the South East Quarter (SE 1/4 of SE 1/4) of said Section Twenty (20) as measured along a line parallel with the South line of said Washington Street; thence Northerly along a straight line, which last mentioned straight line is Fifty (50) feet Easterly of and parallel with the Westerly line of Lot Forty-one (41) in said County Clerk's Subdivision in the South East Quarter of the South East Quarter (SE 1/4 of SE 1/4) of said Section Twenty (20), Three Hundred and One and Five-Tenths (301.5) feet to the place of beginning. (excepting from said hereinbefore described real estate the Westerly 30 feet of the Northerly 301.5 feet thereof).
47	That part of Lot 8 of Assessor's Plat of the South East Quarter (SE 1/4) of Section 29, Township 45 North, Range 12 East of the Third Principal Meridian, described as follows: Commencing at the South East corner of said Lot 8; thence West along the South line of said Lot 8, 621.06 feet to the South West corner of said Lot 8; thence North along the West line of said Lot 8, 2171.4 feet, more or less, to the center of a public highway known as Dugdale Road; thence North Easterly along the center line of Dugdale Road to the North line of said Lot 8, said point being 363 feet, more or less, South of the North line of the South East Quarter (SE 1/4) of said Section 29; thence Easterly along the North line of said Lot 8, to the North East corner of said Lot 8; thence Southerly along the East line of said Lot 8 to the place of beginning;

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	excepting from the above described premises the Southerly 33 feet of said Lot 8 dedicated for street purposes under Document No. 330334 dated November 24, 1928, and recorded in Lake County in Book 311 on page 251; and further excepting from the above described premises a strip of land 30 feet in width, Easterly of, adjacent to, and parallel with the West line of said Lot 8, extending from a point 33 feet North of the South line of said Lot 8, to a point which is 646.7 feet North of the South line of said Lot 8, dedicated for street purposes by Document No. 330335, dated November 24, 1928, in Book 311, page 252; and further excepting from the above described premises that part of said Lot 8, conveyed to the Waukegan North Chicago Transit Company and described as follows: Commencing on the North line of 10th Street at the intersection of said North line and the East line of Lot 8 aforesaid; thence West along the North line of 10th Street, 272 feet; thence North, parallel to the West line of Lot 8, 357 feet to a point; thence East, parallel with the North line of 10th Street, 272 feet to the East line of said Lot 8; thence South along the East line of said Lot 8, 357 feet to the place of beginning; and further excepting from the above described premises that part of said Lot 8 conveyed to the City of Waukegan for a baseball park, recorded under Document No. 330336, November 24, 1928; recorded January 7, 1929 in Book 311, page 253.
48	That part of Lot 7 of Assessor's Plat of the South East Quarter (SE 1/4) of Section 29, Township 45 North, Range 12 East of the Third Principal Meridian, located in Waukegan, Waukegan Township, Lake County, Illinois, described as follows: Commencing at the Southeast corner of the North West Quarter (NW 1/4) of the South East Quarter (SE 1/4) of said Section 29; thence North along the East line of the North West Quarter (NW 1/4) of the South East Quarter (SE 1/4), 884.4 feet to the center of Dugdale Road; thence Southwesterly along the center of Dugdale Road, 207.9 feet; thence Southerly along a straight line parallel to the East line of the North West Quarter (NW 1/4) of the South East Quarter (SE 1/4), 778.8 feet to the South line of the North West Quarter (NW 1/4) of the South East Quarter (SE 1/4); thence East along the South line of the North West Quarter (NW 1/4) of the South East Quarter (SE 1/4), 181.5 feet to the place of beginning; (see Document Nos. 326945, 317761 and 330179); excepting the West 49.5 feet of the above described premises dedicated for street purposes under Document No. 318555 in the records of Lake County; and further excepting from the above described premises that part of the property conveyed to the City of Waukegan for a baseball park, being recorded in Document No. 330336, dated November 24, 1928; recorded January 7, 1929 in Book 311, page 253.
49	Lots 51 to 57, both inclusive, Lots 61 to 68, both inclusive, Lots 162 to 211, both inclusive, all in E. A. Cummings' Resubdivision of part of E. A. Cummings and Company's Addition to the Village of North Chicago, a subdivision of part of the East Half (E 1/2) of the North East Quarter (NE 1/4) of Section 32, Township 45 North, Range 12 East of the Third Principal Meridian, according to the recorded plat thereof.

Item No.	Legal Description
53	All that part of the North West Quarter of the South West Quarter (NW 1/4 of SW 1/4) of Section thirty-five (35), Township forty-three (43) North, Range twelve (12) East of the Third Principal Meridian, lying Easterly of a line drawn parallel with and one hundred thirty-five (135) feet Easterly of, measured at right angles to, the Easterly right-of-way line of the Chicago and North Western Railway Company and Westerly of a line drawn parallel with and two hundred thirty-five (235) feet Easterly of, measured at right angles to, the Easterly right-of-way line of the Chicago and North Western Railway Company (excepting from said hereinbefore described real estate all that part thereof lying Westerly of a line drawn parallel with and one hundred sixty (160) feet Easterly of, measured at right angles to, the Easterly right-of-way line of the Chicago and North Western Railway Company and Northerly of a line drawn parallel with and two hundred (200) feet Southerly of the Northerly boundary line of said hereinbefore described real estate).
60	The West 50 feet of that part of the South West Quarter (SW 1/4), North West Quarter (NW 1/4) of Section 21, Township 44 North, Range 12 East of the Third Principal Meridian, lying East of the East right-of-way line of the Chicago and North Western Railway Company and North of the North line of the 32 foot highway (State Route 176) as located and opened under the tracks of the Chicago and North Western Railway Company and the Chicago North Shore and Milwaukee Railway Company and South of the South line of Scranton Avenue, in Lake Bluff, Lake County, Illinois.
76	All that part of the North Half (N 1/2) of Section 22, Township 44 North, Range 11 East of the Third Principal Meridian, described as follows, to-wit: Commencing at a point in the North line of the right-of-way of the Chicago & Milwaukee Electric Railroad Company, distant 1132.1 feet from the Southeast corner of C. Frank Wright's Addition to Libertyville, said place of beginning being the Southwest corner of a tract of land conveyed by Edwin J. Noble and Wife to James H. Hiland; thence Northerly parallel to the Easterly line of C. Frank Wright's Addition to Libertyville, 50 feet; thence Easterly along a line parallel to and 50 feet distant from the right-of-way of the Chicago & Milwaukee Electric Railroad Company, 2218.5 feet to the East line of the land conveyed by said Noble to said Hiland; thence South to the right-of-way of the Chicago & Milwaukee Electric Railroad Company; thence Westerly along said right-of-way line 2218.5 feet to the place of beginning, situate in Libertyville Township, Lake County, Illinois, recorded as Document No. 107513, July 5, 1906 in Book 156 of Deeds, page 173; excepting from the above described real estate all that part thereof lying westerly of the Des Plaines River.
78 (a)	All that part of the South West Quarter (SW 1/4) of the North West Quarter (NW 1/4) of Section twenty-four (24), Township forty-four (44) North, Range eleven (11) East of the Third Principal Meridian, in Lake County, Illinois, lying North of the right-of-way of the Elgin, Joliet & Eastern Railway and South of the right-of-way of the Chicago North Shore and Milwaukee Railroad Company, formerly the Chicago and Milwaukee Electric Railroad (except the approximately one acre used for school purposes) containing 32.908 acres, more or less; also all that part of the North West Quarter (NW 1/4) of the South West Quarter (SW 1/4) of said Section twenty-four (24) lying North of the right-of-way of the Elgin, Joliet & Eastern Railway Company, containing 2.677 acres, more or less; situate in the County of Lake in the State of Illinois.

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76 (b)	All that part of the South East Quarter (SE 1/4) of the North West Quarter (NW 1/4) of Section twenty-four (24), Township forty-four (44) North, Range eleven (11) East of the Third Principal Meridian, lying Southerly of the right-of-way conveyed to Chicago and Milwaukee Electric Railroad Company by Deed dated April 16, 1904 and recorded April 25, 1904 in Book 143 of Deeds, page 86, as Document 94544, and Westerly of that part of the right-of-way of Chicago Milwaukee and St. Paul Railway Company, being the one hundred foot strip and triangular tract of land originally conveyed to Waukegan and Southwestern Railway Company (now the Elgin, Joliet and Eastern Railway Company) by Warranty Deed dated August 31, 1889 and recorded September 4, 1889 in Book 90 of Deeds, page 277, as Document 40368, and Northerly of the right-of-way conveyed to Waukegan and Southwestern Railway Company (now the Elgin, Joliet and Eastern Railway Company) by Deed dated August 8, 1889 and recorded August 15, 1889 in Book 90 of Deeds, page 260, as Document 40264. Containing approximately 11.305 acres; situate in the County of Lake in the State of Illinois.
81	All that part of the North East Quarter (NE 1/4), North West Quarter (NW 1/4) of Section 30, Township 44 North, Range 11 East of the Third Principal Meridian, lying South of a line drawn parallel with and 66 feet South of the North line of Section 30, and Northerly of a line commencing at a point in the North line of the 100 foot right-of-way of the Chicago North Shore and Milwaukee Railway Company, 113.7 feet Southwesterly of the intersection of said Northerly right-of-way line with the North line of Section 30; thence Southwesterly on said North right-of-way line, extended Southwesterly 90.0 feet; thence Northwesterly on a curved line, convex Southwesterly, having a radius of 526.44 feet, 480.0 feet, more or less, to the South line of Hawley Avenue; situate in the Village of Mundelein, Lake County, Illinois.
82	All that part of the North West Quarter (NW 1/4) of Section 30, Township 44 North, Range 11 East of the Third Principal Meridian, lying East of the right-of-way of the Minneapolis, St. Paul and Sault Ste. Marie Railway Company, Northwesterly of a curved line, 530.0 feet in length, convex Northwesterly, drawn parallel with and 90 feet Northwesterly of the South right-of-way line of the Chicago North Shore and Milwaukee Railway Company and Southerly of a curved line, 480.0 feet in length, convex Southwesterly, having a radius of 633.69 feet, drawn from a point in the East right-of-way line of Minneapolis, St. Paul and Sault Ste. Marie Railway Company, 265.0 feet South of the intersection of said right-of-way line with the South line of Hawley Avenue, and parallel with and 50.0 feet Southwesterly of the center line of the South track of the Northerly interchange tracks of the Chicago North Shore and Milwaukee Railway Company with said Minneapolis, St. Paul and Sault Ste. Marie Railway Company; situate in the Village of Mundelein, Lake County, Illinois.

STATE OF ILLINOIS

(County of Cook)

Item No.	Legal Description
54	Rights, power, privileges and beneficial interest of the Chicago North Shore and Milwaukee Railway Company in and to that certain trust agreement dated the first day of February, 1949, and known as Chicago Title and Trust Company Trust Number 34115, including all interest in the property held subject to said trust agreement, which property consists, among other things, of the following: Parcel 1: Lots 70, 71, 90, 91 and 92 in Manus North Shore Terrace, a Subdivision of the East Half (E 1/2) of the North West Quarter (NW 1/4) of Section 2, Township 42 North, Range 12 East of the Third Principal Meridian, also Parcel 2: That part of vacated New England Avenue lying Westerly of and adjacent to said Lots 70, 71, 91 and 92 and which lies between the North line of New Hampshire Avenue extended to the Westerly line of said vacated New England Avenue and the South line of Connecticut Avenue extended to the Westerly line of said vacated New England Avenue (except the North 33 feet of that part of said vacated New England Avenue which lies South of the North line of New Hampshire Avenue extended West to the West line of said vacated New England Avenue), also Parcel 3: That part of vacated New Jersey Avenue lying Southerly of and adjacent to said Lot 71, which lies Westerly of the Easterly line of said Lot 71, extended Southerly to the Northerly line of said Lot 91, also Parcel 4: That part of vacated Connecticut Avenue lying Southerly of and adjacent to said Lot 92 which lies Westerly of the Easterly line of said Lot 92 extended Southerly to the South line of said vacated Connecticut Avenue in Cook County, Illinois.
56 (a)	All that part of the East Half (E 1/2) of the South West Quarter (SW 1/4) of Section 30, Township 42 North, Range 13 East of the Third Principal Meridian, bounded and described as follows: Beginning at a point 325 feet West of the West line of the East 40 acres of the South 60 acres of the East Half (E 1/2) of the South West Quarter (SW 1/4) of said Section 30 which is 1758.47 feet North of the South line of the South West Quarter (SW 1/4) of said Section 30; thence North on a line parallel with said West line for a distance of 218.28 feet to the North line of said South 60 acres; thence West on and along said North line of said South 60 acres, 106.12 feet to a point which is 135 feet Easterly of the Easterly right-of-way line of the Chicago and North Western Railway Company, measured at right angles thereto; thence Southeasterly on and along a line parallel with and 135 feet Easterly from the Easterly right-of-way line of the Chicago and North Western Railway Company, measured at right angles thereto, 225.34 feet, more

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	or less, to a point which is 1758.47 feet North of the South line of the South West Quarter (SW 1/4) of said Section 30; thence Easterly on and along a line 1758.47 feet North of and parallel to the South line of said Section 30 for a distance of 52.22 feet, more or less, to the point of beginning.
56 (b)	All that part of the East Half (E 1/2) of the South West Quarter (SW 1/4) of Section 30, Township 42 North, Range 13 East of the Third Principal Meridian, bounded and described as follows: Beginning at a point 325 feet West of the West line of the East 40 acres of the South 60 acres of the East Half (E 1/2) of the South West Quarter (SW 1/4) of said Section 30, which is 1758.47 feet North of the South line of the South West Quarter (SW 1/4) of said Section 30; thence West on and along a line 1758.47 feet North of and parallel with the South line of the South West Quarter (SW 1/4) of said Section 30 for a distance of 52.22 feet, more or less, to a point which is 135 feet Easterly of the Easterly right-of-way line of the Chicago and North Western Railway Company, measured at right angles thereto; thence Southeasterly on and along a line parallel with and 135 feet Easterly from said Easterly right-of-way line for a distance of 309.72 feet, more or less, to a point which is 1458.47 feet North of the South line of the South West Quarter (SW 1/4) of said Section 30; thence Easterly on and along a line 1458.47 feet North of and parallel to the South line of said Section 30 for a distance of 52.22 feet, more or less, to a point 185.58 feet Easterly of the Easterly right-of-way line of said Railway Company, measured at right angles thereto; thence Northwesterly on and along a line 185.58 feet Easterly from and parallel to the Easterly right-of-way line of said Railway Company, 309.72 feet, more or less, to place of beginning.
(c)	All that part of the East Half (E 1/2) of the South West Quarter (SW 1/4) of Section 30, Township 42 North, Range 13 East of the Third Principal Meridian, bounded and described as follows: Beginning at a point in the West line of the East 40 acres of the South 60 acres of the East Half (E 1/2) of the South West Quarter (SW 1/4) of said Section 30, which is 1000 feet North of the South line of the South West Quarter (SW 1/4) of said Section 30; thence North on said West line for a distance of 458.47 feet; thence West parallel to said South line, 303.15 feet, more or less, to a point which is 135 feet Easterly of the Easterly right-of-way line of the Chicago and North Western Railway Company, measured at right angles thereto; thence Southeasterly on and along a line parallel to and 135 feet Easterly of the Easterly right-of-way line of said Railway Company to a point which is 1000 feet North of the South line of the South West Quarter (SW 1/4) of said Section 30; thence Easterly on and along a line 1000 feet North of and parallel to the South line of said Section 30, to the place of beginning, (subject to an easement for driveway purposes over the East 25 feet thereof).

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56 (d)	Together with an easement for a right-of-way for highway purposes, over and across a strip of land 25 feet in width, lying North of and adjoining said tract of land last described lying West of and adjoining the West line of the East 40 acres of the South 60 acres of the East Half (E 1/2) of the South West Quarter (SW 1/4) of said Section 30, lying East of a line drawn parallel to and 25 feet Westerly of said West line and lying South of the North line of said South 60 acres, said easement connecting said premises last above described with the public highway known as Avoca Avenue.
65A	The North 61.2 feet of the West 210 feet of Lot 11, and the South 82 feet of the West 210 feet of Lot 12, Block 1, Village of Glencoe, Cook County, Illinois.
71A	All those parts of Block 16 in John C. Garland's Addition to Winnetka which lie Westerly of a line drawn 116 feet Easterly of, measured at right angles to and parallel with, the Easterly right-of-way line of the Chicago and North Western Railway Company and Easterly of the Easterly line of relocated Wilson Street and Northerly of a line drawn 133 feet Southerly of, measured at right angles to and parallel with, the North line of said Block 16 and Southerly of a line drawn 183 feet Southerly of, measured at right angles to and parallel with, the North line of said Block 16.
71B	Parcel 1: All that part of Block Sixty-four (64) in the Village of Winnetka, described as follows: Commencing at a point in a straight line, which straight line is ninety-one (91) feet North Easterly of, measured at right angles to and parallel with, the Easterly right-of-way line of the Chicago and North Western Railway Company (said straight line being the North Easterly line of Wilson Street), which last mentioned point is one hundred forty and seventy-three hundredths (140.73) feet North Westerly of the North line of Willow Road (also known as Willow Street), as measured along said last described straight line, and which last mentioned point is also the point of intersection of said last described straight line with a straight line which is parallel with and one hundred eighteen and two tenths (118.2) feet North of the North line of Willow Road; thence North Westerly on and along said hereinbefore described straight line which is ninety-one (91) feet North Easterly of, measured at right angles to and parallel with, the Easterly right-of-way line of the Chicago and North Western Railway Company, ninety-eight and sixty-nine hundredths (98.69) feet to a point; thence East on and along a straight line which is parallel with and two hundred one and two tenths (201.2) feet North of the North line of Willow Road, one hundred fourteen and twenty-seven hundredths (114.27) feet to a point in a straight line which is parallel with and one hundred (100) feet West of the West line of Cedar Street; thence South on and along a straight line which is parallel with and one hundred (100) feet West of the West line of Cedar Street, eighty-three and no hundredths (83.00) feet to a point in a straight line, which last mentioned straight line is parallel with and one hundred eighteen and two tenths (118.2) feet North of the North line of Willow Road, and which last mentioned point is one hundred (100) feet West of the West line of Cedar Street, as measured along said

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last described parallel line; thence West on and along said straight line which is parallel with and one hundred eighteen and two tenths (118.2) feet North of the North line of Willow Road, sixty-one and sixteen hundredths (61.16) feet to the place of beginning.

Parcel 2

All that part of Block Sixty-four (64) in the Village of Winnetka, described as follows: Commencing at a point in the West line of Cedar Street, which point is one hundred eighteen and two tenths (118.2) feet North of the North line of Willow Road (also known as Willow Street), as measured along the West line of Cedar Street; thence West on and along a straight line which is parallel with and one hundred eighteen and two tenths (118.2) feet North of the North line of Willow Road, one hundred (100) feet to a point in a straight line which is parallel with and one hundred (100) feet West of the West line of Cedar Street; thence North on and along a straight line which is parallel with and one hundred (100) feet West of the West line of Cedar Street, seventy-three and four hundredths (73.04) feet to a point, which last mentioned point is one hundred eighty-three and four hundredths (183.04) feet South of the South line of Ash Street, as measured along a straight line which is parallel with and one hundred (100) feet West of the West line of Cedar Street; thence East on and along a straight line, one hundred (100) feet to a point in the West line of Cedar Street, which last mentioned point is one hundred eighty-two and eighty-five hundredths (182.85) feet South of the South line of Ash Street, as measured along the West line of Cedar Street; thence South on and along the West line of Cedar Street seventy-two and eighty-five hundredths (72.85) feet to the place of beginning.

Parcel 3

All that part of Block Sixty-four (64) in the Village of Winnetka, described as follows: Commencing at a point in the West line of Cedar Street, which point is one hundred ten (110) feet South of the South line of Ash Street, as measured along the West line of Cedar Street; thence West on and along a straight line which is parallel with and one hundred ten (110) feet South of the South line of Ash Street, one hundred (100) feet to a point in a straight line which is parallel with and one hundred (100) feet West of the West line of Cedar Street; thence South on and along a straight line which is parallel with and one hundred (100) feet West of the West line of Cedar Street, Seventy-three and four hundredths (73.04) feet to a point, which last mentioned point is one hundred eighty-three and four hundredths (183.04) feet South of the South line of Ash Street, as measured along a straight line which is parallel with and one hundred (100) feet West of the West line of Cedar Street; thence East on and along a straight line, one hundred (100) feet to a point in the West line of Cedar Street, which last mentioned point is one hundred eighty-two and eighty-five hundredths (182.85) feet South of the South line of Ash Street, as measured along the West line of Cedar Street; thence North on and along the West line of Cedar Street, seventy-two and eighty-five hundredths (72.85) feet to the place of beginning.

Parcels 1, 2 and 3 above are situated in the Village of Winnetka, New Trier Township, Cook County, Illinois.

Item No.	Legal Description
73	All that part of Block 22, Gage's Addition to Wilmette, lying Easterly of a straight line drawn 70 feet Easterly of, measured at right angles to, and parallel with the Easterly right-of-way line of the Chicago and North Western Railway Company (excepting the East 30.0 feet of the North 148.75 feet of said block) in the Village of Wilmette, Cook County, Illinois.

State of Wisconsin } ss.
DEPARTMENT OF STATE
Received this 1st *day of* DECEMBER *A. D. 19*53 *at* 2:00 *o'clock P.M. and recorded in Vol.* 45 *of* RAILROAD MORTGAGES *on page* 1-15.
Assistant Secretary of State

Counterpart No. 237

ILLINOIS CENTRAL RAILROAD COMPANY

TO

GUARANTY TRUST COMPANY OF NEW YORK.
TRUSTEE

Supplemental Indenture

Dated January 1, 1954

Providing for Consolidated Mortgage Thirty Year 3¼% Bonds, Series F

SUPPLEMENTAL INDENTURE, dated January 1, 1954, between ILLINOIS CENTRAL RAILROAD COMPANY, a corporation of the State of Illinois, hereinafter called the Company, party of the first part, and GUARANTY TRUST COMPANY OF NEW YORK, a corporation of the State of New York, hereinafter called the Trustee, party of the second part.

WHEREAS, the Company heretofore executed and delivered to the Trustee an Indenture, dated November 1, 1949 (hereinafter called the Indenture dated November 1, 1949), providing for the issue from time to time of mortgage bonds of the Company known as its Consolidated Mortgage Bonds (hereinafter sometimes called the Bonds); and

WHEREAS, the Company thereafter executed and delivered to the Trustee its supplemental indenture dated June 1, 1952, supplemental to the Indenture dated November 1, 1949, (a) setting forth the terms and provisions of a series of Bonds designated Consolidated Mortgage Thirty Year 4¼% Bonds, Series D (hereinafter called the Bonds of Series D), and (b) providing additional or other restrictions or limitations upon the issue of Bonds and additional covenants and undertakings of the Company; and

WHEREAS, the Company thereafter executed and delivered to the Trustee its supplemental indenture dated August 1, 1952 (hereinafter called the Supplemental Indenture dated August 1, 1952), supplemental to the Indenture dated November 1, 1949, setting forth the terms and provisions of a series of Bonds designated Consolidated Mortgage Thirty Year 3⅞% Bonds, Series E (hereinafter called the Bonds of Series E), the Indenture dated November 1, 1949, as amended and supplemented by the above-mentioned supplemental indenture dated June 1, 1952 and the Supplemental Indenture dated August 1, 1952, being hereinafter called the Consolidated Mortgage and the terms defined therein being used herein; and

WHEREAS, there have been authenticated and delivered under the Consolidated Mortgage $3,972,000 principal amount of Consolidated Mortgage Thirty Year 3¾% Bonds, Series A (until November 1, 1955, interest rate 4⅛%), due November 1, 1979 (hereinafter called the Bonds of Series A), $5,519,000 principal amount of Consolidated Mortgage Thirty Year 3¾% Bonds, Series B (until November 1, 1955, interest rate 5⅛%), due November 1, 1979 (hereinafter called the Bonds of Series B), $19,366,000 principal amount of Consolidated Mortgage Twenty-Five Year 3¾% Bonds, Series C, due November 1, 1974 (hereinafter called the Bonds of Series C), $13,000,000 principal amount of Bonds of Series D, due June 1, 1982, and $62,000,000 principal amount of Bonds of Series E, due August 1, 1982; and

WHEREAS, the Company desires to create a new series of Bonds, to be designated Consolidated Mortgage Thirty Year 3¾% Bonds, Series F (hereinafter sometimes called the Bonds of Series F), and desires by this Supplemental Indenture, as provided in Sections 1.07 and 16.01(g) of the Consolidated Mortgage, to set forth the terms and provisions of the Bonds of Series F; and

WHEREAS, the execution and delivery of this Supplemental Indenture have in all respects been duly authorized and all conditions and requirements necessary to make this Supplemental Indenture a valid and binding agreement and to authorize the Bonds of Series F have been duly performed, done and complied with;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and of the sum of $10 to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, the Company covenants and agrees to and with the Trustee for the equal and proportionate benefit and security of the holders of the Bonds as hereinafter set forth:

ARTICLE I.

Bonds of Series F.

SECTION 1.01. The Bonds of Series F shall be designated Consolidated Mortgage Thirty Year 3¾% Bonds, Series F, shall be issuable at one time or from time to time, in accordance with the terms of the Consolidated Mortgage, (a) shall be dated (except as otherwise provided in the Consolidated Mortgage in respect of registered bonds) as of January 1, 1954; (b) shall mature on January 1, 1984; (c) shall bear interest at the rate of 3¾% per annum, payable semi-annually on each January 1 and July 1 after the date thereof until the principal amount thereof shall become due and payable, and at the rate of 6% per annum on any overdue principal and, to the extent permitted by law, on any overdue instalments of interest; (d) shall be payable as to principal, premium, if any, and interest at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or, at the option of the bearer or registered holder of any thereof, at the office or agency of the Company in Chicago, Illinois, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; (e) shall be redeemable before maturity as a whole or in part at any time, as provided in Section 1.02 hereof and in Article Seventh of the Consolidated Mortgage; (f) shall be issuable as coupon Bonds with the privilege of registration as to principal in the denomination of $1,000 and as registered Bonds without coupons in denominations of $1,000 and such multiples thereof as may from time to time be approved by the Company (such approval to be conclusively evidenced by the execution thereof), the coupon Bonds and the registered Bonds without coupons and the several denominations of registered Bonds without coupons being interchangeable in like aggregate principal amounts; (g) shall be entitled to the benefits of the Sinking Fund referred to in Section 1.04 hereof; and (h) shall be limited to the aggregate principal

amount of not exceeding $15,000,000, exclusive of Bonds authenticated and delivered upon transfer of or in exchange for other Bonds or in lieu of lost, stolen, destroyed or mutilated Bonds.

SECTION 1.02. The Bonds of Series F shall be redeemable before maturity, as a whole or in part by lot, upon notice given as provided in Section 7.04 of the Consolidated Mortgage, at any time at the option of the Company, at a redemption price equal to the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption, plus premiums equal to the following percentages of the principal amount, namely:

IF REDEEMED DURING TWELVE MONTHS' PERIOD BEGINNING JANUARY 1

1954	3¾%	1969	1⅞%
1955	3⅝%	1970	1¾%
1956	3½%	1971	1⅝%
1957	3⅜%	1972	1½%
1958	3¼%	1973	1⅜%
1959	3⅛%	1974	1¼%
1960	3 %	1975	1⅛%
1961	2⅞%	1976	1 %
1962	2¾%	1977	⅞%
1963	2⅝%	1978	¾%
1964	2½%	1979	⅝%
1965	2⅜%	1980	½%
1966	2¼%	1981	⅜%
1967	2⅛%	1982	¼%
1968	2 %		

and without premium if redeemed on or after January 1, 1983; or through the operation of the Sinking Fund referred to in Section 1.04 hereof, at a redemption price equal to the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption.

SECTION 1.03. The Bonds of Series F, the coupons to be attached to the coupon Bonds of Series F and the Trustee's certificate of authentication on the Bonds of Series F shall be substantially in the following forms:

[FORM OF COUPON BOND OF SERIES F]

No. $1,000

ILLINOIS CENTRAL RAILROAD COMPANY

Consolidated Mortgage Thirty Year 3¾% Bond, Series F

Due January 1, 1984

Illinois Central Railroad Company, a corporation of the State of Illinois (hereinafter called the Company), for value received, hereby promises to pay to the bearer, or if this Bond be registered as to principal, to the registered holder hereof, on the first day of January, 1984 (unless this Bond shall be called for previous redemption and payment thereof duly provided for) one thousand dollars ($1,000), and to pay interest on said principal amount from the date hereof at the rate of three and three-quarters per cent. (3¾%) per annum, semi-annually on the first day of January and on the first day of July in each year until said principal amount shall become due and payable, but only according to the tenor and upon presentation and surrender of the interest coupons appertaining hereto, as they severally mature; and to pay interest at the rate of six per cent. (6%) per annum on any overdue principal and, to the extent permitted by law, on any overdue instalments of interest. Payment of the principal of, and premium, if any, and interest on, this Bond will be made at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or, at the option of the bearer or registered holder hereof, at the office or agency of the Company in Chicago, Illinois, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

This Bond is one of the Consolidated Mortgage Bonds of the Company (hereinafter sometimes called the Bonds), all issued and to be

issued in one or more series under, and equally secured by, an indenture, dated November 1, 1949, executed by the Company to Guaranty Trust Company of New York, as Trustee (hereinafter sometimes called the Trustee), as supplemented by supplemental indentures dated June 1, 1952, August 1, 1952 and January 1, 1954, to which indenture and any and all supplements thereto (said indenture, as so supplemented, being hereinafter sometimes called the Consolidated Mortgage) reference is hereby made for a description of the properties and franchises mortgaged and pledged, the nature and extent of the security, the rights of the holders of the Bonds and coupons and the rights, duties and immunities of the Trustee thereunder. This Bond is one of a series of the Bonds known as the Consolidated Mortgage Thirty Year 3¾% Bonds, Series F (hereinafter sometimes called the Bonds of Series F), which are limited to the aggregate principal amount of not exceeding $15,000,000.

The Bonds are issuable in series and the several series of Bonds may be for varying aggregate principal amounts, and the Bonds of any one series may differ from the Bonds of any other series as to date, maturity, interest rate, redemption, conversion and sinking fund provisions, if any, and otherwise, all as in the Consolidated Mortgage provided.

If an Event of Default, as defined in the Consolidated Mortgage, shall occur, the principal of the Bonds may be declared, or may become, due and payable in the manner and with the effect provided in the Consolidated Mortgage.

The Consolidated Mortgage permits the amendment thereof and the modification or alteration, in any respect, of the rights and obligations of the Company and the rights of the holders of the Bonds of all or any series and the holders of appurtenant coupons, if any, thereunder and hereunder at any time by the concurrent action of the Company and of the holders of specified percentages of the Bonds then outstanding, affected by such amendment, modification or alteration (including, in the case, among others, of a modification of the terms of payment of the principal of, or premium or interest on, this Bond, the consent of the holder hereof), all as more fully provided in the Consolidated Mortgage.

The Bonds of Series F are entitled to the benefit of the Sinking Fund provided for in the Consolidated Mortgage, to the extent therein provided.

As provided in the Consolidated Mortgage, the Bonds of Series F are redeemable before maturity at the option of the Company at any time as a whole or from time to time in part, or through the operation of the Sinking Fund, upon publication of notice of such redemption once in each calendar week for four successive weeks, the first publication to be not less than 30 days nor more than 60 days prior to the date designated for such redemption, in two newspapers printed in the English language and customarily published on each business day, one of general circulation in the Borough of Manhattan, City and State of New York, and one of general circulation in the City of Chicago, State of Illinois; and if the redemption be at the option of the Company and not through the operation of the Sinking Fund, upon payment of the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption, plus premiums equal to the following percentages of the principal amount, namely:

If Redeemed During Twelve Months' Period Beginning January 1

1954	3¾%	1969	1⅞%
1955	3⅝%	1970	1¾%
1956	3½%	1971	1⅝%
1957	3⅜%	1972	1½%
1958	3¼%	1973	1⅜%
1959	3⅛%	1974	1¼%
1960	3 %	1975	1⅛%
1961	2⅞%	1976	1 %
1962	2¾%	1977	⅞%
1963	2⅝%	1978	¾%
1964	2½%	1979	⅝%
1965	2⅜%	1980	½%
1966	2¼%	1981	⅜%
1967	2⅛%	1982	¼%
1968	2 %		

and without premium if redeemed on or after January 1, 1983; or if the redemption be through the operation of the Sinking Fund, upon payment of the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption. If this Bond is duly called for redemption and payment duly provided for, this Bond shall cease to bear interest on and after the date designated for such redemption.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on, this Bond or any part thereof, or for any claim based thereon or otherwise in respect thereof, or based on or in respect of the indebtedness represented thereby or of the Consolidated Mortgage, against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any successor corporation, as such, either directly or through the Company or any successor corporation, whether by any legal or equitable proceeding, under any rule of law, statute or constitution or by the enforcement of any assessment or penalty or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors, as such, being expressly waived and released by the holder hereof by the acceptance of this Bond and as part of the consideration for the issue hereof, and being likewise waived and released by the terms of the Consolidated Mortgage.

This Bond shall be transferable by delivery unless registered as to principal in the holder's name at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or at the office or agency of the Company in Chicago, Illinois, such registration being noted hereon. After such registration no further transfer hereof shall be valid unless made at either of said offices or agencies by the registered holder hereof, in person or by attorney duly authorized, and similarly noted hereon; but this Bond may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored. This Bond shall continue to be subject to successive registrations and transfers to bearer at the option of the bearer or registered holder. Such registration, however, shall not affect the transferability by delivery of the coupons, which shall always remain payable to bearer and transferable by delivery. The Company and the Trustee may deem and treat the bearer of this Bond, or, if this Bond is registered as herein authorized, the person in whose name the same is registered, as the absolute owner hereof for all purposes. The Company and the Trustee may deem and treat the bearer of any coupon appurtenant to this Bond (whether or not this Bond is registered as to principal) as the absolute owner of such coupon, for all purposes.

The holder of any coupon Bond or Bonds of this series may, at his option, surrender for cancellation his Bond or Bonds, with all unpaid coupons thereto appertaining, at either of said offices or agencies in exchange for a registered Bond or Bonds without coupons of this series of authorized denominations for the same aggregate principal amount, and any such registered Bond or Bonds without coupons may in turn be re-exchanged for a coupon Bond or Bonds of this series for the same aggregate principal amount with all unpaid coupons thereto appertaining, in each case as provided in the Consolidated Mortgage, and on payment, if the Company shall so require, of the charges therein authorized.

Neither this Bond nor any coupon appertaining hereto shall be entitled to any benefit under the Consolidated Mortgage, or be valid or obligatory for any purpose, until this Bond shall have been authenticated by the certificate hereon of the Trustee.

In Witness Whereof, Illinois Central Railroad Company has caused this Bond to be signed by the manual or facsimile signature of its President or one of its Vice Presidents, and its corporate seal or a facsimile thereof to be hereunto affixed or imprinted or engraved hereon and to be attested by its Secretary or one of its Assistant Secretaries, and coupons for said interest, bearing the engraved facsimile signature of its Treasurer, to be attached hereto, as of January 1, 1954.

Illinois Central Railroad Company

By_____
Vice President.

Attest:

_____
Secretary.

[FORM OF INTEREST COUPON FOR BONDS OF SERIES F]

No. $18.75

On the 1st day of , 19 , unless the Bond hereinafter mentioned shall have been called for previous redemption and payment thereof duly provided for, Illinois Central Railroad Company will pay to the bearer, upon surrender of this coupon, at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or, at the option of the bearer, at the office or agency of the Company in Chicago, Illinois, eighteen and 75/100 dollars in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, being six months' interest then due on its Consolidated Mortgage Thirty Year 3¾% Bond, Series F, due January 1, 1984, No. .

.....

Treasurer.

[FORM OF REGISTERED BOND OF SERIES F]

No. ..... $.....

ILLINOIS CENTRAL RAILROAD COMPANY

Consolidated Mortgage Thirty Year 3¾% Bond, Series F

Due January 1, 1984

Illinois Central Railroad Company, a corporation of the State of Illinois (hereinafter called the Company), for value received, hereby promises to pay to or registered assigns, on the first day of January, 1984 (unless this Bond shall be called for previous redemption and payment thereof duly provided for) dollars ($), and to pay interest on said principal amount from the date hereof at the rate of three and three-quarters per cent.

(3¾%) per annum, semi-annually on the first day of January and on the first day of July in each year until said principal amount shall become due and payable; and to pay interest at the rate of six per cent. (6%) per annum on any overdue principal and, to the extent permitted by law, on any overdue instalments of interest. Payment of the principal of, and premium, if any, and interest on, this Bond will be made at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or, at the option of the registered holder hereof, at the office or agency of the Company in Chicago, Illinois, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

This Bond is one of the Consolidated Mortgage Bonds of the Company (hereinafter sometimes called the Bonds) all issued and to be issued in one or more series under, and equally secured by, an indenture, dated November 1, 1949, executed by the Company to Guaranty Trust Company of New York, as Trustee (hereinafter sometimes called the Trustee), as supplemented by supplemental indentures dated June 1, 1952, August 1, 1952 and January 1, 1954, to which indenture and any and all supplements thereto (said indenture, as so supplemented, being hereinafter sometimes called the Consolidated Mortgage) reference is hereby made for a description of the properties and franchises mortgaged and pledged, the nature and extent of the security, the rights of the holders of the Bonds and coupons and the rights, duties and immunities of the Trustee thereunder. This Bond is one of a series of the Bonds known as the Consolidated Mortgage Thirty Year 3¾% Bonds, Series F (hereinafter sometimes called the Bonds of Series F), which are limited to the aggregate principal amount of not exceeding $15,000,000.

The Bonds are issuable in series and the several series of Bonds may be for varying aggregate principal amounts, and the Bonds of any one series may differ from the Bonds of any other series as to date, maturity, interest rate, redemption, conversion and sinking fund provisions, if any, and otherwise, all as in the Consolidated Mortgage provided.

If an Event of Default, as defined in the Consolidated Mortgage, shall occur, the principal of the Bonds may be declared, or may become,

due and payable in the manner and with the effect provided in the Consolidated Mortgage.

The Consolidated Mortgage permits the amendment thereof and the modification or alteration, in any respect, of the rights and obligations of the Company and the rights of the holders of the Bonds of all or any series and the holders of appurtenant coupons, if any, thereunder and hereunder at any time by the concurrent action of the Company and of the holders of specified percentages of the Bonds then outstanding, affected by such amendment, modification or alteration (including, in the case, among others, of a modification of the terms of payment of the principal of, or premium or interest on, this Bond, the consent of the registered holder hereof), all as more fully provided in the Consolidated Mortgage.

The Bonds of Series F are entitled to the benefit of the Sinking Fund provided for in the Consolidated Mortgage, to the extent therein provided.

As provided in the Consolidated Mortgage, the Bonds of Series F are redeemable before maturity at the option of the Company at any time as a whole or from time to time in part, or through the operation of the Sinking Fund, upon publication of notice of such redemption once in each calendar week for four successive weeks, the first publication to be not less than 30 days nor more than 60 days prior to the date designated for such redemption, in two newspapers printed in the English language and customarily published on each business day, one of general circulation in the Borough of Manhattan, City and State of New York, and one of general circulation in the City of Chicago, State of Illinois; and if the redemption be at the option of the Company and not through the operation of the Sinking Fund, upon payment of the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption, plus premiums equal to the following percentages of the principal amount, namely:

If Redeemed During Twelve Months' Period Beginning January 1

1954	3¾%	1969	1⅞%
1955	3⅝%	1970	1¾%
1956	3½%	1971	1⅝%
1957	3⅜%	1972	1½%
1958	3¼%	1973	1⅜%
1959	3⅛%	1974	1¼%
1960	3 %	1975	1⅛%
1961	2⅞%	1976	1 %
1962	2¾%	1977	⅞%
1963	2⅝%	1978	¾%
1964	2½%	1979	⅝%
1965	2⅜%	1980	½%
1966	2¼%	1981	⅜%
1967	2⅛%	1982	¼%
1968	2 %		

and without premium if redeemed on or after January 1, 1983; or if the redemption be through the operation of the Sinking Fund, upon payment of the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption. If this Bond is duly called for redemption and payment duly provided for, this Bond shall cease to bear interest on and after the date designated for such redemption.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on, this Bond or any part thereof, or for any claim based thereon or otherwise in respect thereof, or based on or in respect of the indebtedness represented thereby or of the Consolidated Mortgage, against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any successor corporation, as such, either directly or through the Company or any successor corporation, whether by any legal or equitable proceeding, under any rule of law, statute or constitution or by the enforcement of any assessment or penalty or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors, as such, being expressly waived and released by the holder hereof by the acceptance of this Bond and as part of the

consideration for the issue hereof, and being likewise waived and released by the terms of the Consolidated Mortgage.

This Bond is transferable by the registered holder hereof, in person or by attorney duly authorized, at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or at the office or agency of the Company in Chicago, Illinois, upon surrender and cancellation of this Bond, and thereupon one or more new registered Bonds without coupons of this series of authorized denominations and for the same aggregate principal amount will be issued to the transferee in exchange therefor, as provided in the Consolidated Mortgage, and on payment, if the Company shall so require, of the charges provided for in the Consolidated Mortgage. The Company and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for all purposes.

This Bond may be exchanged at either of said offices or agencies for one or more registered Bonds without coupons of this series of other authorized denominations and for the same aggregate principal amount, or for one or more coupon Bonds of this series for the same aggregate principal amount, with all unpaid coupons thereto appertaining, and any such coupon Bond or Bonds, with all unpaid coupons thereto appertaining, may in turn be re-exchanged for a registered Bond or Bonds without coupons of this series of authorized denominations and for the same aggregate principal amount, in each case as provided in the Consolidated Mortgage, and on payment, if the Company shall so require, of the charges therein authorized.

This Bond shall not be entitled to any benefit under the Consolidated Mortgage, and shall not be valid or obligatory for any purpose, until it shall have been authenticated by the certificate hereon of the Trustee.

IN WITNESS WHEREOF, Illinois Central Railroad Company has caused this Bond to be signed by the manual or facsimile signature of its President or one of its Vice Presidents, and its corporate seal or a facsimile thereof to be hereunto affixed or imprinted or engraved hereon and to be attested by its Secretary or one of its Assistant Secretaries, as of

ILLINOIS CENTRAL RAILROAD COMPANY

By_____
Vice President.

Attest:

_____
Secretary.

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds, of the Series designated therein, referred to in the within-mentioned Consolidated Mortgage.

GUARANTY TRUST COMPANY OF NEW YORK,
Trustee

By_____
Authorized Officer.

SECTION 1.04. The Company covenants and agrees that, so long as any of the Bonds of Series F are outstanding, the amount payable into the Sinking Fund established in Section 8.01 of the Consolidated Mortgage (now applicable to Bonds of Series A, Bonds of Series B, Bonds of Series C and Bonds of Series D so long as any of the Bonds of such series are outstanding) shall be increased by an amount equal to 1% of the aggregate principal amount of Bonds of Series F theretofore authenticated and delivered, and that it will pay such augmented amount to the Trustee on or before May 1 in each calendar year beginning with May 1, 1954, to the extent that the consolidated net income of the Company and its 90% Subsidiaries for the preceding calendar year, determined as provided in Section 8.02 of the Consolidated Mortgage, is sufficient for the purpose and for the purpose of meeting the payment required for the Series E Sinking Fund provided for in Section 1.04 of the Supplemental Indenture dated August 1, 1952. If while any Bonds of Series F are outstanding, there shall be no Bonds of Series A, Bonds of Series B, Bonds of Series C, Bonds of Series D or Bonds of Series E still outstanding, the amount payable into the Sinking Fund shall be, to the extent that the consolidated net income of the Company and its 90% Subsidiaries for the preceding calendar year, determined as above provided, is sufficient for the purpose, a sum equal to 1% of the aggregate principal amount of the Bonds of Series F

theretofore authenticated and delivered. The Sinking Fund established in Section 8.01 of the Consolidated Mortgage, as augmented and amended by the foregoing provisions of this Section 1.04, is hereinafter called the Sinking Fund. If at any time the consolidated net income of the Company and its 90% Subsidiaries in any calendar year is insufficient to meet the maximum amounts (including any cumulative payments then due) payable into all sinking funds then existing under the Consolidated Mortgage which by their terms rank *pari passu* as a charge against consolidated net income (including, without limitation, the Sinking Fund and the Series E Sinking Fund), the available consolidated net income shall be distributed among such sinking funds in proportion to the respective aggregate principal amounts then outstanding of the Bonds for which such sinking funds shall, respectively, have been established.

For purposes of this Section 1.04 references to Bonds of Series F authenticated and delivered shall not be deemed to include (a) Bonds of Series F held in the treasury of the Company which have never been issued or pledged and (b) Bonds of Series F authenticated and delivered upon a transfer of which or in exchange or in substitution for or in lieu of which other Bonds of Series F shall have been authenticated and delivered under any of the provisions of the Consolidated Mortgage.

In lieu of any cash payment required by this Section 1.04, the Company may deliver to the Trustee Outstanding Prior Lien Bonds or (after November 1, 1955) Bonds of Series A, Bonds of Series B, Bonds of Series C, Bonds of Series D or Bonds of Series F (hereinafter in this Section 1.04 sometimes called Original Bonds) theretofore issued by the Company and repurchased or may apply any Outstanding Prior Lien Bonds, theretofore pledged under the Consolidated Mortgage pursuant to Section 6.02 thereof and not theretofore made the basis for the authentication and delivery of Bonds. Each such Outstanding Prior Lien Bond or Original Bond shall be credited against the Company's obligations under this Section 1.04 in an amount equal to the

lower of (a) the principal amount thereof or (b) the cost thereof to the Company (exclusive of accrued interest), as shown by an Officers' Certificate filed with the Trustee.

The Bonds of Series F shall for all purposes of Article Eighth of the Consolidated Mortgage, as permitted by Section 8.06 thereof, be deemed to be included in the term "Eligible Bonds" as that term is used in said Article Eighth and each cash payment into the Sinking Fund pursuant to this Section 1.04 shall be applied to the retirement of Eligible Bonds as provided in, and subject to the terms, conditions and limitations of, said Article Eighth, including the limitations that (1) Sinking Fund payments made pursuant to this Section 1.04 prior to November 1, 1955, shall be applied only to the retirement of Outstanding Prior Lien Bonds so long as any thereof shall remain outstanding, (2) the principal amount of Bonds of Series F to be redeemed in any one year at the Sinking Fund redemption price shall in no event exceed 2% of the aggregate principal amount of the Bonds of Series F theretofore authenticated and delivered, (3) any Bonds of Series F purchased for the Sinking Fund from the Company shall have theretofore been issued by the Company and repurchased and (4) any Officers' Certificate filed with the Trustee pursuant to the third paragraph of Section 8.04 of the Consolidated Mortgage shall state, in the case of any Bonds of Series F, that such Bonds of Series F were theretofore issued and repurchased by the Company.

ARTICLE II.

Miscellaneous.

SECTION 2.01. The Trustee shall not be responsible for the correctness of the recitals or statements herein contained, which shall be taken as the statements of the Company, and the Trustee makes no representations and shall have no responsibility for, or in respect of, the validity or sufficiency of this Supplemental Indenture or the execution hereof by the Company.

SECTION 2.02. This Supplemental Indenture is executed as and shall constitute an instrument supplemental to the Consolidated Mortgage, and shall be construed in connection with and as a part of the Consolidated Mortgage.

SECTION 2.03. This Supplemental Indenture may be simultaneously executed in several counterparts, and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument. The Company acknowledges receipt of at least one executed counterpart of this Supplemental Indenture.

SECTION 2.04. The beneficiaries under this Supplemental Indenture are the holders and owners from time to time of the Bonds of Series F outstanding under the Consolidated Mortgage, as supplemented by this Supplemental Indenture. The initial issue of the Bonds of Series F consists of Bonds payable to bearer.

SECTION 2.05. The post-office address and residence of the Trustee at the date hereof is Guaranty Trust Company of New York, 140 Broadway, New York 15, N. Y., being in the City of New York, County of New York and State of New York.

IN WITNESS WHEREOF, Illinois Central Railroad Company, party of the first part hereto, has caused these presents to be signed by its President or one of its Vice Presidents and its corporate seal to be hereto affixed and attested by its Secretary or one of its Assistant Secretaries, and Guaranty Trust Company of New York, party of the second part hereto, has caused these presents to be signed by its President or one of its Vice Presidents and its corporate seal to be hereto

affixed and attested by its Secretary or one of its Assistant Secretaries, as of the day and year first above written.

ILLINOIS CENTRAL RAILROAD COMPANY

By J. H. WRIGHT
Vice President.

Attest:

A. L. CHURCH
Secretary.

In the presence of:

W. B. GUBBINS

G. W. BRAMFELD

GUARANTY TRUST COMPANY OF NEW YORK

By E. L. GOLDSMITH
Vice President.

Attest:

W. W. MERKER
Assistant Secretary.

In the presence of:

JOHN F. ROSS

W. E. KESSLER

STATES OF ILLINOIS, }
COUNTY OF COOK, } ss.:

BE IT REMEMBERED, That on this 7th day of January, 1954, before me, OLIVE O'REILLY, a Notary Public duly commissioned, qualified and acting within and for the county and state aforesaid, personally appeared J. H. WRIGHT, a Vice President of Illinois Central Railroad Company, a corporation of the State of Illinois, party of the first part to the foregoing instrument, who is to me personally well known, and personally known to me to be a Vice President of the said corporation and the same person whose name is subscribed to and who executed the foregoing instrument as a Vice President of said corporation, and, being informed of the contents thereof, he duly acknowledged the execution of the same for and on behalf of and as the act and deed of said corporation, and that as such Vice President he executed said instrument and affixed said corporation's corporate seal thereto, and that said corporation executed said instrument through and by him for the considerations and purposes therein expressed in the capacity therein stated and by order of the board of directors of said corporation, and said J. H. WRIGHT, being by me duly sworn, did depose and say that he resides at River Forest in Cook County, Illinois, that he is a Vice President of said corporation, that he knows the seal of said corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and he acknowledged said instrument to be the free and voluntary act and deed of said corporation, by it voluntarily executed; and he on oath acknowledged himself to be a Vice President of the said corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of said corporation by himself as Vice President of said corporation; and said J. H. WRIGHT is to me known to be the identical person who subscribed the name of the said corporation, maker thereof, to the foregoing instrument, as its Vice President, and stated and acknowledged to me that he signed, executed and delivered the same as his free and voluntary act and deed and as the free and voluntary act and deed of said corporation for the consideration, uses

and purposes therein mentioned and set forth; and he acknowledged to me that said corporation executed said instrument through and by him for the consideration and purposes therein expressed in the capacity therein stated, and that the foregoing instrument was the act and deed of said corporation, and that he executed the same for the purposes and consideration therein expressed and as the act of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Olive O'Reilly
Notary Public.

My commission expires May 3, 1954.

(SEAL.)

State of New York, } ss.:
County of New York, }

Be it remembered, That on this 11th day of January, 1954, before me, Walter J. Grimes, a Notary Public duly commissioned, qualified and acting within and for the county and state aforesaid, personally appeared E. L. Colegrove, a Vice President of Guaranty Trust Company of New York, a corporation of the State of New York, party of the second part to the foregoing instrument, who is to me personally well known, and personally known to me to be a Vice President of the said corporation and the same person whose name is subscribed to and who executed the foregoing instrument as a Vice President of said corporation, and, being informed of the contents thereof, he duly acknowledged the execution of the same for and on behalf of and as the act and deed of said corporation, and that as such Vice President he executed said instrument and affixed said corporation's corporate seal thereto, and that said corporation executed said instrument through and by him for the considerations and purposes therein expressed in the capacity therein stated and by order of the board of directors of said corporation, and said E. L. Colegrove, being by me duly sworn, did depose and say that he resides at One Brooklands, Bronxville 8, New York, that he is a Vice President of said corporation, that he knows the seal of said corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and he acknowledged said instrument to be the free and voluntary act and deed of said corporation, by it voluntarily executed; and he on oath acknowledged himself to be a Vice President of the said corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of said corporation by himself as Vice President of said corporation; and said E. L. Colegrove is to me known to be the identical person who subscribed the name of the said corporation, maker thereof, to the foregoing instrument, as its Vice President, and stated and acknowledged to me that he signed, executed and delivered the same as his free and voluntary act and deed and as the free and voluntary act and deed of said corporation for the consideration, uses and purposes therein

mentioned and set forth; and he acknowledged to me that said corporation executed said instrument through and by him for the consideration and purposes therein expressed in the capacity therein stated, and that the foregoing instrument was the act and deed of said corporation, and that he executed the same for the purposes and consideration therein expressed and as the act of said corporation.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year last above written.

Walter J. Grimes
Notary Public.

WALTER J. GRIMES
Notary Public, State of New York
No. 30-6674750
Qualified in Nassau County
Certificates filed in the following offices:
County Clerk: New York County
Register: New York County
Term Expires March 30, 1954

State of Wisconsin } ss.
DEPARTMENT OF STATE
Received this 20th day of January A. D. 19 54 at 10:00 o'clock A. M. and recorded in Vol. 45 of Railroad Mortgages on Page 16-27 incl.
Secretary of State

State of New York, } ss.:
County of New York, }

No. 88890 Form 1

I, ARCHIBALD R. WATSON, County Clerk and Clerk of the Supreme Court, New York County, a Court of Record having by law a seal, DO HEREBY CERTIFY that

WALTER J. GRIMES

whose name is subscribed to the annexed affidavit, deposition, certificate of acknowledgment or proof, was at the time of taking the same a NOTARY PUBLIC in and for the State of New York, duly commissioned and sworn and qualified to act as such throughout the State of New York; that pursuant to law a commission, or a certificate of his official character, and his autograph signature, have been filed in my office; that as such Notary Public he was duly authorized by the laws of the State of New York to administer oaths and affirmations, to receive and certify the acknowledgment or proof of deeds, mortgages, powers of attorney and other written instruments for lands, tenements and hereditaments to be read in evidence or recorded in this State, to protest notes and to take and certify affidavits and depositions; and that I am well acquainted with the handwriting of such Notary Public, or have compared the signature on the annexed instrument with his autograph signature deposited in my office, and believe that the signature is genuine.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 13 day of JAN 1954, 195

FEE PAID 50¢

Archibald R. Watson
County Clerk and Clerk of the Supreme Court, New York County

IN THE

DISTRICT COURT OF THE UNITED STATES

For the District of Minnesota
Fourth Division

In Proceedings for the Reorganization of a Railroad

In the Matter of Wisconsin Central Railway Company, *Debtor*	No. 17104

CONSUMMATION ORDER AND FINAL DECREE

This cause coming on for hearing on the petition of the Reorganization Managers for the consummation order and final decree, and due notice of said petition and of this hearing having been served and published as directed in the order entered by the Court in these proceedings on February 11, 1954, the Court, being fully advised in the premises,

FINDS:

A. The Plan of Reorganization for Wisconsin Central Railway Company, Debtor, a Wisconsin corporation, was duly confirmed by order of this Court entered in these proceedings on October 1, 1953.

B. Pursuant to the Plan, Henry S. Mitchell, George W. Morgan, and Abraham Watner were duly designated as Reorganization Managers, and such designations were approved, respectively, by orders of this Court entered in these proceedings on July 27, August 18, and August 5, 1953. The persons so designated and approved will be referred to hereinafter as the Managers.

C. Pursuant to the order of the Court entered in these proceedings on December 29, 1953, the Managers filed an ap-

plication with the Interstate Commerce Commission on January 6, 1954 (and an amendment thereto on January 26, 1954), for an order authorizing and approving the transfer of the property of the Debtor to the reorganized company and the issuance of securities and assumption of obligations and liabilities by the reorganized company as contemplated by the Plan of Reorganization. On February 16, 1954, the Commission issued a report and order granting the authority requested in the Managers' application.

D. By order entered in these proceedings on February 19, 1954, the Court approved the determination of the Managers that the reorganized company should be a corporation of the State of Minnesota under the name Wisconsin Central Railroad Company, approved the proposed Articles of Incorporation and By-Laws, and directed that the proposed corporation be organized under the laws of the State of Minnesota and qualified to transact business as a foreign railroad corporation in other states as might be required by law. Pursuant to said order the Managers have caused the Articles of Incorporation of Wisconsin Central Railroad Company (hereinafter called the New Company) to be executed, acknowledged, and filed with the Secretary of State of Minnesota, and the New Company has become the reorganized company under the Plan; the By-Laws as approved by the Court have been duly adopted; the New Company has filed in these proceedings a statement adopting the Plan and submitting to the jurisdiction of this Court for the purposes of these proceedings, has filed with the Interstate Commerce Commission a joinder in the Managers' application for authority to consummate the Plan, and has initiated the necessary action to qualify as a foreign corporation where required by law; and the New Company has issued to a nominee of the Managers, for a cash consideration of $100 a share, 10 of its Common Shares, without par value, for the purpose of providing it with the minimum amount of stated capital with which to begin business, as

required by Minnesota law. The Managers propose, subject to the approval of the Court, that the members of the first Board of Directors named in the Articles of Incorporation shall resign, upon consummation of the Plan, and that the following persons shall be elected to fill the vacancies so created, to serve as directors until their successors are duly elected and qualified: Lionel M. Hendler, Paul D. Miller, Henry S. Mitchell, George W. Morgan, Leonard H. Murray, John N. Peyton, Roger B. Shepard, Abraham Watner, and Edgar F. Zelle.

E. In the exercise of their discretionary authority under the Plan, the Managers have determined, subject to the approval of the Court: (1) that a cash distribution on account of principal shall be made to the holders of the Debtor's First General 4's in the aggregate amount of $1,245,500, at the rate of $100 per $1,000 principal amount of said bonds, with interest thereon at the rate of 4% per annum for the period from January 1, 1954, to March 1, 1954 (such determination being based on the expected availability to the New Company, upon consummation of the Plan, of approximately $6,783,614 in cash, temporary cash investments, and equipment trust proceeds subject to withdrawal—not including approximately $423,986 to be held in a special fund for land-grant rate adjustments—and upon estimated requirements aggregating approximately $5,525,000 for working capital and other purposes, determined in accordance with standards suggested in the supplemental report of the Interstate Commerce Commission on the Plan, dated March 17, 1952); (2) that the new First Mortgage 4% Bonds, Series A, shall bear fixed interest from January 1, 1954, and that a cash payment of interest on the principal amount thereof shall be made at the rate of 4% per annum for the period from July 1, 1952 (the effective date of the Plan), to January 1, 1954, except to holders of the Debtor's First General 4's, to whom interest on their claims

to January 1, 1954, has been paid or made available for payment by order of this Court heretofore entered in these proceedings; (3) that the new General Mortgage 4½% Income Bonds, Series A, shall bear contingent interest from January 1, 1954, and that a cash payment of interest on the principal amount thereof shall be made at the rate of 4½% per annum for the period from July 1, 1952, to January 1, 1954 (such interest having been earned, according to the provisions of the Plan relating to Available Net Income); (4) that scrip shall be issued in lieu of bonds in denominations less than $50 and in lieu of stock certificates for fractional shares; (5) that the interests of the holders of the Debtor's Refunding 5's in the Common Shares of the New Company to be deposited under the Common Stock Escrow Agreement shall be preserved by the issuance of Contingent Claim Certificates, which will become void if the Court, in deciding the so-called "reserved issue" between such holders and Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, shall allot all of the escrowed stock to the latter, but otherwise will entitle such holders to their respective pro rata shares of such portion of the escrowed stock as the Court may allot to them; and (6) that the New Company shall assume the present operating agreement with Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, without prejudice to its entering into negotiations looking toward a new or modified agreement.

F. By order entered herein on February 11, 1954, the Managers were directed to file with the Clerk of the Court copies of certain documents prepared for the consummation of the Plan, and said documents are now on file with the Clerk, numbered as follows:

1. Deed to Wisconsin Central Railroad Company from Edgar F. Zelle, Trustee of the property of Wisconsin Central Railway Company, Debtor.

2. Instruments of satisfaction and release of the following mortgages:
   (a) First General Mortgage of Wisconsin Central Railway Company;
   (b) Superior and Duluth Division and Terminal First Mortgage of Wisconsin Central Railway Company; and
   (c) First and Refunding Mortgage of Wisconsin Central Railway Company.
3. First Mortgage of Wisconsin Central Railroad Company, including therein the forms of the First Mortgage 4% Bonds, Series A, due January 1, 2004, to be issued thereunder.
4. General Mortgage of Wisconsin Central Railroad Company, including therein the forms of the General Mortgage 4½% Income Bonds, Series A, due January 1, 2029, to be issued thereunder.
5. Form of certificate for Common Shares of Wisconsin Central Railroad Company.
6. Resolution appointing transfer agent and registrar for Common Shares of Wisconsin Central Railroad Company and authorizing issuance of scrip in lieu of stock certificates for fractional Common Shares.
7. Form of scrip certificate for Common Shares of Wisconsin Central Railroad Company.
8. Common Stock Escrow Agreement, including therein the form of the Contingent Claim Certificates to be issued thereunder.
9. Bond Scrip Agreement, including therein the forms of the Bond Scrip to be issued thereunder.
10. Exchange Agency Agreement.
11. General Notice of Exchange of Securities.

G. The issuance by the New Company, pursuant to the Plan of Reorganization, of its First Mortgage 4% Bonds, Series A, due January 1, 2004, General Mortgage 4½% Income Bonds, Series A, due January 1, 2029, First Mortgage Bond Scrip, General Mortgage Bond Scrip, Common Shares, Scrip Certificates for fractional Common Shares, and Contingent Claim Certificates, is subject to the provisions of Section 20a of the Interstate Commerce Act and Section 77(f) of the Bankruptcy Act, and the authority for such issuance granted by the Interstate Commerce Commission in the report and order entered in its Finance Docket No. 14720 on February 16, 1954, satisfies the requirements of said Section 20a and Section 77(f).

H. The issuance, transfer, and exchange of securities, and the execution, delivery, filing, and recording of documents, as provided for in this order and in the documents hereinafter approved, are all to be done pursuant to the Plan of Reorganization for the Debtor, which has been confirmed by this Court in accordance with the provisions of Section 77 of the Bankruptcy Act, and are for the purpose of carrying out and putting into effect said Plan, and no further authorization therefor or approval thereof is required.

IT IS THEREFORE ORDERED AND DECREED:

1. *Approval of Documents and Forms of Securities.* The documents and forms of securities referred to in paragraph F of this order, and the determinations made by the Managers as recited in paragraph E of this order, are hereby in all respects approved. The Managers' selection of directors of the New Company to succeed the first directors upon consummation of the Plan, as recited in paragraph D of this order, is hereby approved.

2. *General Authorization to Proceed with Consummation of Plan.* The Managers and the New Company are hereby

authorized and directed to proceed with and complete the consummation of the Plan in accordance with the terms and provisions thereof, of this order, and of the documents approved in paragraph 1 of this order, and to take all action necessary or appropriate to that end not inconsistent with the orders of this Court or the Plan. Pending his discharge pursuant to the further order of this Court, the trustee of the property of the Debtor is authorized and directed to cooperate with the Managers and the New Company to the extent necessary to facilitate the consummation of the Plan. The Managers and the New Company shall have full power and authority to carry out the Plan and the orders of this Court and the Interstate Commerce Commission relative thereto, to participate in such proceedings, file such appearances, execute and file for record or otherwise such pleadings, papers, and other documents, and take any and all other such action, as may be necessary or appropriate to accomplish the consummation of the Plan, the laws of any state to the contrary notwithstanding.

3. *Transfer of Property.* Except as otherwise provided in this order, at 12:01 A.M., Central Standard Time, on March 1, 1954 (referred to in this order as the Consummation Date), all of the business and affairs of the Debtor, and all right, title, and interest of the Debtor and the trustee of its property, in and to its property of every kind and description, whether real, personal, or mixed, whether tangible or intangible, and whether of present or future interests, and all rights, privileges, and franchises of the Debtor shall, the laws of any state or the decisions or orders of any state authority to the contrary notwithstanding, vest in and become the absolute property of Wisconsin Central Railroad Company (referred to in this order as the New Company), a corporation organized and existing under the laws of the State of Minnesota, free and clear of all rights, claims, interests, liens, and encumbrances of the

creditors of the Debtor and of the holders of the shares of capital stock of the Debtor, and except as otherwise provided in this order the Debtor shall thereupon be released and discharged forever from all of its debts and liabilities, whether or not the same shall have been presented or allowed as claims in these proceedings. The New Company and its property shall also be free and clear of all such rights, claims, interests, liens, encumbrances, debts, obligations, and liabilities, except as otherwise provided in this order.

4. *Confirmatory Deed.* In furtherance and confirmation of the transfer and vesting of property decreed in the foregoing paragraph 3, the trustee of the property of the Debtor shall execute and deliver a deed in the form of Document 1 listed in paragraph F of this order. The said trustee is further authorized and directed thereafter to execute and deliver all such other conveyances, bills of sale, assignments, and other instruments as may be necessary or proper to convey, assign, and transfer all of the right, title, and interest of the Debtor and said trustee in and to the property vested in the New Company by paragraph 3 of this order.

5. *Cancellation of Existing Mortgages.* (a) The mortgages listed in paragraph F of this order, numbered 2(a) to 2(e), and all indentures and agreements supplemental or amendatory thereto, are hereby declared to be, as of the Consummation Date, null and void, satisfied, and released, except as hereinafter provided in this paragraph 5, and the bonds and coupons secured thereby or issued thereunder shall thereafter (except as otherwise provided in paragraph 20 of this order with respect to certain unclaimed interest moneys) be void and of no effect as claims against the Debtor or any of its properties, except to entitle the holders thereof to receive the new securities and cash distributable to them in respect of such old bonds under the provisions of the Plan and this order; provided, however, that this order neither affects nor purports to affect any rights, claims, and demands which the trustees under the Debtor's First and Re-

funding Mortgage may have or claim to have (on behalf of the holders of bonds secured by said mortgage who are entitled to the benefits of an agreement dated April 1, 1917, entitled "Agreement to Pay Interest at the Rate of 5% Per Annum on Certain First and Refunding Bonds of the Wisconsin Central Railway Company to be known as 'Series B'," between the Debtor, Minneapolis, St. Paul and Sault Ste. Marie Railway Company, and Empire Trust Company, as Trustee) to be subrogated to Minneapolis, St. Paul & Sault Ste. Marie Railroad Company with respect to certain Common Shares of the New Company that are to be allotted to said Railroad Company in escrow, pending adjudication by this Court of such claim of subrogation, which is hereby reserved for subsequent determination in these proceedings.

(b) Any and all funds held on the Consummation Date by First National Bank of Minneapolis or Northwestern National Bank of Minneapolis in any special account or accounts created pursuant to any order or orders entered in these proceedings, and consisting of proceeds of mortgaged property of the Debtor, also any balances on the Consummation Date in the Land Department Cash Account and the Special Account created pursuant to Order No. 132-A, entered in these proceedings on March 14, 1953, any temporary cash investments earmarked for said Special Account, and the balances in the Special Fund for Additions and Betterments to Road Property and the Special Fund for Additions and Betterments to Equipment, shall at that time vest absolutely and without restriction in the New Company and be payable thereafter to or upon its order.

6. *Confirmatory Instruments of Satisfaction and Release.* In confirmation of the termination of the aforesaid mortgages to the extent specified in paragraph 5(a) of this order, and of the respective liens thereof, the trustees now acting under said mortgages are hereby authorized and directed, severally and respectively, to execute and deliver instruments

of satisfaction and release substantially in the forms set forth in Documents 2(a) to 2(c) listed in paragraph F of this order. Whether executed before or after the Consummation Date, each such satisfaction and release shall be effective as of the Consummation Date, and as of that time each of said trustees, except the trustees under the Debtor's First and Refunding Mortgage in relation to the claim of subrogation reserved for subsequent determination by paragraph 5(a) of this order, shall be discharged as a trustee and relieved of all of its obligations, liabilities, responsibilities, and duties with respect to the particular mortgage, and all indentures and agreements supplemental thereto, under which it is acting as trustee. Each of said trustees, except the trustees under the Debtor's First and Refunding Mortgage in relation to the claim of subrogation reserved for subsequent determination by paragraph 5(a) of this order, is further authorized and directed to transfer, convey, and deliver or release to or upon the order of the New Company all shares of stock, evidences of indebtedness and other securities, all money, credits, choses in action, and all other property, rights, and interests of every kind or description held by it as trustee as aforesaid, and to execute and deliver upon the request of the Managers or the New Company any additional conveyances, bills of sale, assignments, or other instruments that may be necessary or proper to accomplish and evidence the satisfaction, release, and cancellation of its respective mortgage and any indentures and agreements supplemental thereto. The said trustees are directed to execute their respective releases and other instruments as aforesaid, and to surrender property as aforesaid now held by them as trustees under their respective mortgages, for the sole and express purpose of remising, releasing, conveying, and quitclaiming whatever interest, other than the aforesaid claim of subrogation, such trustees have as trustees under their respective mortgages and indentures supplementary or amendatory thereto, and

no personal covenant or liability shall be implied against or be assumed or undertaken by any trustee executing any such release or other instrument pursuant to this order, by reason of such execution or of any covenant in any instrument so executed, except as may be expressly provided in such instrument.

7. *Repurchase of 10 Common Shares by the New Company.* The 10 Common Shares of the New Company, without par value, which were issued to a nominee of the Managers for a consideration of $100 a share in cash, for the purpose of providing it with the minimum amount of stated capital with which to begin business, pursuant to the order entered herein on February 19, 1954, shall at the direction of the Managers be repurchased by the New Company at the price paid therefor and shall thereafter be included in the 208,000 Common Shares of the New Company, without par value, to be issued and distributed in consummation of the Plan.

8. *Issuance of Common Shares and Scrip.* Upon the adoption by its Board of Directors of the resolution of appointment set forth in Document 6 listed in paragraph F of this order, the New Company, at the direction of the Managers, shall execute and deliver to The Bank of New York, as Transfer Agent, appropriate instructions for (a) the issuance and deposit under the Common Stock Escrow Agreement of 23,850 Common Shares of the New Company, (b) the issuance, upon requisition by the Exchange Agent pursuant to the Exchange Agency Agreement, of not more than 184,150 Common Shares of the New Company, and (c) the issuance of scrip certificates for fractional Common Shares in accordance with said resolution, all as authorized by the Interstate Commerce Commission in its aforesaid report and order for distribution pursuant to and in consummation of the Plan, and shall execute and deliver to Empire Trust Company, as

Registrar, appropriate instructions for the registration of such Common Shares.

9. *Execution of Common Stock Escrow Agreement and Creation of Common Stock Escrow.* The New Company is hereby authorized and directed to execute and enter into the Common Stock Escrow Agreement in the form of Document 8 listed in paragraph F of this order, and The First National Bank of Chicago is hereby authorized to execute and become a party to said agreement as Escrow Agent. Thereupon, at the instance of the Managers, 23,850 Common Shares of the New Company shall be deposited with the Escrow Agent, under and subject to the terms and conditions of said agreement, and upon requisition by the Exchange Agent the Escrow Agent shall issue and deliver Contingent Claim Certificates for not exceeding 100,000 Units (reflecting $10,000,000 principal amount of the Debtor's Refunding 5's), as authorized by the Interstate Commerce Commission in its aforesaid report and order, for distribution in accordance with the Plan and this order.

10. *Execution of New Mortgages.* (a) The New Company is hereby authorized and directed to execute and deliver, in the form of Document 3 listed in paragraph F of this order, the First Mortgage to First National Bank of Minneapolis and Frank B. Weck, Trustees, dated as of January 1, 1954, and to deposit and pledge with First National Bank of Minneapolis, Trustee as aforesaid, the securities listed in Granting Clause Sixth of said First Mortgage, and to execute and deliver, in the form of Document 4 listed in paragraph F of this order, the General Mortgage to The Northern Trust Company and Thomas H. Jolls, Trustees, dated as of January 1, 1954. First National Bank of Minneapolis and Frank B. Weck, and The Northern Trust Company and Thomas H. Jolls, are authorized and directed to become parties to said First Mortgage and General Mortgage, respectively, as trustees.

(b) The balance in the Fiduciary Account for Land Grant Claims, and any temporary cash investments earmarked for said Fiduciary Account, aggregating $423,985.37 as of the Consummation Date, shall vest at that time in the New Company in trust, to be segregated from its general funds and held as a fund for the settlement of land grant rate adjustments. Said fund shall continue to be held in a separate bank account or invested in direct or guaranteed obligations of the United States of America, and the New Company shall pay such adjustments out of said fund from time to time and make ultimate disposition of the balance thereof, if any, as provided in Section 10 of Article VIII of the First Mortgage.

11. *Protection of Mortgage Liens Between Consummation Date and Date of Actual Recording and Filing.* Both of the mortgages executed pursuant to paragraph 10 of this order shall be and become effective as of the Consummation Date, whether actually executed and delivered before or after that date. The lien of each of said mortgages, in the order of their priority, shall attach on the Consummation Date and be effective thereafter against, and be prior to, any other liens attaching to any of the property subject to the respective lien of such mortgage in the interval between the Consummation Date and the recording or filing for record of such mortgage or the deposit and pledge of collateral thereunder and prior to the termination of these proceedings, unless any such other lien so attaching would be prior to the lien of such mortgage if it were already recorded or filed for record or if the pledge thereunder were already made. This Court reserves its exclusive jurisdiction over the entire property and estate to be vested in the New Company as provided in this order, and over any claims to liens that may be asserted against the same, to the extent necessary to give effect to the provisions of this paragraph 11.

12. The New Company is hereby authorized and directed to execute and enter into the Bond Scrip Agreement with

The First National Bank of Chicago, as Bond Scrip Agent, in the form of Document 9 listed in paragraph F of this order, and The First National Bank of Chicago is hereby authorized and directed to execute and become a party to said Bond Scrip Agreement as Bond Scrip Agent. As authorized by the Interstate Commerce Commission in its aforesaid report and order, there shall be issued, under and pursuant to the provisions of said Bond Scrip Agreement, scrip in lieu of First Mortgage Bonds and General Mortgage Bonds in denominations less than $50, in amounts required for the distribution of securities referred to in said Bond Scrip Agreement and otherwise as provided therein. Upon the termination of the Bond Scrip Agreement the New Company shall take over all undelivered bonds and cash remaining in the hands of the Bond Scrip Agent, hold the same in trust, and continue the redemption of bond scrip in accordance with the terms thereof.

13. *Issuance of First Mortgage Bonds and General Mortgage Bonds.* The New Company shall execute, issue, and deliver as provided in paragraph 14(b) of this order, in accordance with the provisions of the Plan, the following bonds, which the Interstate Commerce Commission in its aforesaid report and order has authorized to be issued under the First Mortgage and the General Mortgage, respectively:

(a) $14,706,900 principal amount of Wisconsin Central Railroad Company First Mortgage 4% Bonds, Series A, due January 1, 2004; and

(b) $20,441,000 principal amount of Wisconsin Central Railroad Company General Mortgage 4½% Income Bonds, Series A, due January 1, 2029.

14. *Execution of Exchange Agency Agreement; Delivery of New Securities to and Deposit of Cash with Exchange Agent.* (a) The New Company is hereby authorized and directed to execute and enter into the Exchange Agency

Agreement with The First National Bank of Chicago, Exchange Agent, substantially in the form of Document 10 referred to in paragraph F of this order, and The First National Bank of Chicago is hereby authorized and directed to execute and become a party to said agreement as Exchange Agent, to receive the securities entitled to participate in the Plan as stated in the Exchange Agency Agreement and deliver the new securities and cash distributable in respect of such securities at the rates of exchange stated in paragraph 15 of this order, and otherwise to conduct the exchange in accordance with the Exchange Agency Agreement. Upon the termination of the Exchange Agency Agreement the New Company shall take over all undistributed securities and cash remaining in the possession of the Exchange Agent, hold the same in trust, and continue the exchange of securities and distribution of cash in accordance with the applicable provisions of the Plan, this order, and the Exchange Agency Agreement.

(b) First Mortgage Bonds and General Mortgage Bonds in the principal amounts of $14,706,900 and $20,441,000, respectively, shall be delivered to or upon the order of the Exchange Agent for distribution under the Plan.

(c) The New Company shall deposit with the Exchange Agent the following amounts in cash for the purposes here specified:

(i) $1,245,500, for distribution to the holders of the Debtor's First General 4's as a payment of principal on their claims;

(ii) $8,303.33, to be paid as interest at the rate of 4% per annum for the first two months of 1954 on the cash distribution referred to in clause (i) above;

(iii) $209,844, to be paid as interest at the rate of 4% per annum for the period from July 1, 1952, to January 1, 1954, on the $3,497,400 principal amount of First Mort-

gage Bonds deliverable in exchange for the Debtor's S. & D. and First and Refunding Bonds; and

(iv) $1,379,767.50, to be paid as interest at the rate of 4½% per annum for the period from July 1, 1952, to January 1, 1954, on the $20,441,000 principal amount of General Mortgage Bonds deliverable in exchange for the Debtor's S. & D. and First and Refunding Bonds.

The Exchange Agent is authorized and directed to distribute the aforesaid amounts of cash at the rates specified in paragraph 15(c) of this order and in accordance with the applicable provisions of the Exchange Agency Agreement.

15. *Distribution of New Securities and Cash by Exchange Agent.* (a) The new securities shall be distributed to the persons entitled thereto at the following rates per $1,000 principal amount of outstanding bonds:

Outstanding Bonds	New Securities: First Mtge. Bonds	New Securities: General Mtge. Bonds	New Securities: Common Shares
First General 4's	$ 900		
S. & D. 4's	150	$ 550	10.11
Refunding 4's	150	1,000	5
Refunding 5's	150	1,050	7.92

(b) The Exchange Agent shall deliver scrip issued under the New Company's instructions to its Transfer Agent in lieu of stock certificates for fractional Common Shares.

(c) The cash deposited with the Exchange Agent shall be distributed at the following rates:

(i) The cash distribution to holders of the Debtor's First General 4's at the rate of $100 for each $1,000 bond surrendered;

(ii) Interest on the cash distribution to the holders of the Debtor's First General 4's at the rate of 66⅔ cents per $100 of cash distributed;

(iii) Interest on First Mortgage Bonds delivered to holders of the Debtor's S. & D. and First and Refunding Bonds at the rate of $6 per $100 principal amount of First Mortgage Bonds delivered; and

(iv) Interest on General Mortgage Bonds delivered to holders of the Debtor's S. & D. and First and Refunding Bonds at the rate of $6.75 per $100 principal amount of General Mortgage Bonds delivered (or $3.38 with any $50 General Mortgage Bond delivered).

16. *Notice of Exchange.* The Managers are authorized and directed to publish timely notice of the exchange of securities, once or from time to time, as they may deem advisable, in the following newspapers:

Boston	Herald Traveler
New York	Wall Street Journal
Philadelphia	Bulletin
Baltimore	Sun
Washington	Star
Chicago	Wall Street Journal
Milwaukee	Journal
Minneapolis	Star
	Tribune
Dallas	Wall Street Journal
Denver	Post
San Francisco	Examiner

Such notice shall be substantially in the form of Document 11 referred to in paragraph F of this order. Publication may also be made in London, England, if the Managers deem it advisable. The Managers shall also make available to holders of securities entitled to participate in the exchange, by mailing or otherwise, the information contained in said notice, together with letters of transmittal and instructions for the surrender of bonds for exchange.

17. The New Company shall assume and be deemed to have assumed, as of the Consummation Date, the Operating

Agreement between A. E. Wallace, Receiver of Wisconsin Central Railway Company, and Minneapolis, St. Paul and Sault Ste. Marie Railway Company, dated December 3, 1932, as amended and supplemented to the Consummation Date, to which Edgar F. Zelle, Trustee of the property of the Debtor, and Minneapolis, St. Paul & Sault Ste. Marie Railroad Company are at the present time parties; without prejudice, however, to the right of the New Company to enter into such negotiations as may be necessary to effectuate a new or modified agreement.

18. *Assumption of Executory Contracts.* The New Company shall assume and be deemed to have assumed, as of the Consummation Date, all contracts made by the receivers of Wisconsin Central Railway Company or the trustees of the property of the Debtor pursuant to their duties as such, and not fully performed prior to the Consummation Date, and all executory contracts made by the Debtor and not duly disaffirmed by said trustees or any of them prior to the Consummation Date.

19. *Assumption and Payment of Certain Claims.* The following claims, liabilities, and obligations, to the extent unpaid on the Consummation Date, shall be paid in cash or assumed by the New Company, subject to any applicable statutes of limitation, with the same relative priority as they shall have, immediately prior to the Consummation Date, with respect to other obligations of the Debtor and of the trustee of the property of the Debtor:

(i) Claims against the Debtor entitled to priority over its respective mortgages;

(ii) Liabilities and obligations incurred in the operation of the Debtor's property by the receivers prior to the reorganization proceedings or by the receiver or the trustees of the property of the Debtor during the reorganization proceedings; and

(iii) Taxes (other than those of the United States of America) levied, assessed, or accrued against the Debtor or the bankruptcy trustee;

provided, however, that all such claims, liabilities, and obligations may be paid and discharged by the New Company or may be adjusted or compromised and dealt with in such manner as may be determined by the Board of Directors of the New Company.

20. *Payment of Certain Interest Moneys on Old Securities.* (a) The New Company shall hold in a special fund, in trust, the balance of the moneys remaining on deposit with United States Trust Company of New York, 45 Wall Street, New York, N. Y., on the Consummation Date, for the payment of interest, as ordered by this Court in the reorganization proceedings, on the Debtor's First General 4's for the period from July 1, 1949, to January 1, 1954, and United States Trust Company of New York, as paying agent for such interest, is authorized and directed to make payment thereof in cash, to the extent due and unpaid, on First General 4's presented to it from time to time for endorsement of such interest payments thereon.

(b) The New Company shall hold in a special fund, in trust, the balance of the moneys remaining on deposit with Agency, Bank of Montreal, 64 Wall Street, New York, N. Y., on the Consummation Date, for the payment of interest coupons matured on January 1, 1933, and July 1, 1949, and intervening interest-payment dates on the Debtor's First General 4's, and shall also deposit in said fund, in trust, an amount in cash equal to interest due and payable on the Debtor's First General 4's on July 1, 1932, and earlier dates but not paid, as of the Consummation Date, because the coupons therefor had not been presented for payment. Said Agency, Bank of Montreal, as paying agent for such interest, is authorized and directed to make payment thereof in cash upon surrender to it from time to time of the coupons for such interest.

(c) The New Company shall appoint a responsible paying agent in the Borough of Manhattan, New York, N. Y., and deposit with it, in trust, an amount in cash equal to interest as follows:

(i) Interest due and payable on the Debtor's S. & D. Bonds on November 1, 1932, and earlier dates but not paid, as of the Consummation Date, because the coupons therefor had not been presented for payment;

(ii) Interest due and payable on the Debtor's First and Refunding 4's on October 1, 1932, and earlier dates but not paid, as of the Consummation Date, because the coupons therefor had not been presented for payment; and

(iii) Interest due and payable on the Debtor's First and Refunding 4's on April 1, 1933, and October 1, 1937, and intervening interest-payment dates but not paid, as of the Consummation Date, because the coupons therefor had not been presented for payment to or acquired by the guarantor of such coupons, Minneapolis, St. Paul and Sault Ste. Marie Railway Company.

Said paying agent shall make payment of interest as aforesaid in cash upon surrender to it from time to time of the coupons for such interest.

(d) After the close of business on February 28, 1959, the New Company may continue the agencies referred to in this paragraph 20 or it may terminate them and take over any remaining funds and hold the same in trust for payment to the persons entitled to such interest upon proper presentation of their claims from time to time.

21. *Assumption and Payment of Taxes Due to the United States.* The New Company shall on the Consummation Date assume liability for and pay in full in due course any and all taxes due the United States of America from the Debtor, the receivers, the bankruptcy trustees, or any of them, subject to the statutes of limitations normally applicable to the assessment and collection of such taxes; provided, however, that the liability of the New Company for any taxes that were the subject of litigation on October 1, 1953, the date of confirmation of the Plan, or that have or may become the subject of litigation thereafter and prior to the expiration of the applicable statutes of limitation, shall be determined pursuant to law; and provided, further, that the New Company shall not be precluded by anything in this paragraph 21 from contesting the merits of any claim for taxes by the United States of America in the manner provided by law.

22. *Assumption of Certain Claims of the United States for Overpayments.* In connection with any settlements of transportation accounts between the United States of America and the Debtor, any of the receivers or bankruptcy trustees, or the New Company, the New Company shall recognize and pay or allow for any and all sums determined through audit, adjustment, compromise, or litigation to be due the United States of America by virtue of the provisions of Section 322 of the Transportation Act of 1940, 54 Stat. L. 955, for overpayments made prior to the Consummation Date, with the same relative priority as such claims shall have, immediately prior to the Consummation Date, with respect to other obligations of the Debtor and of its trustee, and without requiring proof thereof in these proceedings and without prejudice by reason of such sums not having been proved herein.

23. *Assumption of Equipment Obligations.* As authorized by the Interstate Commerce Commission in its aforesaid report and order of February 16, 1954, the New Company shall assume and be deemed to have assumed, as of the Consummation Date, the following obligations and liabilities, to the extent not paid or otherwise discharged prior to the Consummation Date (unpaid balances shown as of February 28, 1954):

(a) The unpaid balance, in the amount of $447,083, of the purchase price under a conditional sale agreement, dated as of May 1, 1949, between Edgar F. Zelle, as trus-

tee of the property of the Debtor, and First National Bank of Minneapolis, owner by assignment from General Motors Corporation, covering the purchase of three 4500 H.P. Diesel-Electric Freight Locomotives, numbered 2201, 2202, and 2203 but each composed of three units lettered A, B, and C, respectively;

(b) The unpaid balance, in the amount of $427,876, of the purchase price under a conditional sale agreement, dated May 10, 1949, between Edgar F. Zelle, as trustee of the property of the Debtor, and First National Bank of Minneapolis, owner by assignment from American Locomotive Company, covering the purchase of four 3000 H.P. Diesel-Electric Freight Locomotives, numbered 2220 to 2223, both inclusive, but each composed of two units lettered A and B, respectively;

(c) The unpaid balance, in the amount of $163,082, of the purchase price under a conditional sale agreement, dated September 20, 1949, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from American Locomotive Company, covering the purchase of two 1000 H.P. Diesel-Electric Combination Road-Switching Locomotives, numbered 2360 and 2361, and two 1000 H.P. Diesel-Electric Switching Locomotives, numbered 2109 and 2110;

(d) The unpaid balance, in the amount of $546,000, of the purchase price under a conditional sale agreement, dated as of May 15, 1950, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from General Motors Corporation, covering the purchase of two 3000 H.P. Diesel-Electric Passenger Locomotives, numbered 2500 and 2501 but each composed of two units lettered A and B, respectively, and two 3000 H.P. Diesel-Electric Freight Locomotives, numbered 2224 and 2225 but each composed of two units lettered A and B, respectively;

(e) The unpaid balance, in the amount of $49,500, of the purchase price under a conditional sale agreement, dated May 16, 1950, between Edgar F. Zelle, as trustee of

the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from American Locomotive Company, covering the purchase of one 1000 H.P. Diesel-Electric Road-Switching Locomotive, numbered 2362;

(f) The unpaid balance, in the amount of $449,280, of the purchase price under a conditional sale agreement, dated as of July 21, 1952, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from General Motors Corporation, covering the purchase of one 1500 H.P. Model F-7-B Booster Unit Diesel-Electric Locomotive, numbered 2204C, and five 1200 H.P. Model SW-9 Diesel-Electric Switching Locomotives, numbered 2111 to 2115, both inclusive;

(g) The unpaid balance, in the amount of $152,425, of the purchase price under a conditional sale agreement, dated as of August 1, 1953, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from American Car and Foundry Company, covering the purchase of 25 Steel Ballast Cars, numbered 61001 to 61049, both inclusive, odd numbers only; and

(h) The unpaid principal balance of $2,987,000 under Wisconsin Central Railway Equipment Trust, Series D, dated as of June 1, 1953, due in semiannual installments of $103,000 principal amount on June 1 and December 1, with the final installment due June 1, 1968, bearing dividends at the rate of 4% per annum, payment of principal and interest having been assumed by the Debtor's trustee.

24. *Assumption and Payment of Reorganization Expenses.* The New Company is authorized and directed to pay the reasonable and necessary expenses (exclusive of the out-of-pocket expenses of the Managers and the fees and expense of their attorneys) incurred and to be incurred by the Managers in carrying out and putting into effect the Plan of Reorganization, to the extent that the same shall not have been paid prior to the Consummation Date, within the maximum limit

of allowances for such expenses heretofore determined by the Interstate Commerce Commission and approved by this Court. The New Company shall also pay, in such amounts as have heretofore been or shall hereafter be allowed by this Court, but only to the extent that the same shall not have been paid prior to the Consummation Date, all other expenses and costs of the administration of these proceedings, including allowances of fees or compensation for services and reimbursement for expenses heretofore or hereafter rendered or incurred in connection with these proceedings or the Plan by or on behalf of the parties to these proceedings, and shall pay such fees and expenses approved in the prior equity receivership proceedings as heretofore have been or hereafter may be authorized by this Court for payment in these proceedings. For the purposes of this paragraph 24 all compensation for services rendered and all expenses incurred by the trustees now acting under the mortgages referred to in paragraph F of this order, numbered 2(a) to 2(c), that would have been secured, respectively, by the liens of said mortgages if they had not been satisfied, cancelled, and released by and pursuant to this order, shall be deemed to be expenses incurred in connection with these proceedings or the Plan. The New Company shall pay to the trustees under the Debtor's First and Refunding Mortgage reasonable compensation for services rendered and reimbursement for expenses incurred by them, including attorneys' fees, in securing an adjudication of the claim of subrogation referred to in paragraph 5(a) of this order, in such amount as may hereafter be approved and allowed by this Court.

25. *Termination of Trustee's Possession and Operation of Debtors' Property; Indemnification of Trustee.* Until the Consummation Date, the trustee of the property of the Debtor shall continue to have all of the title and, subject to the control of the Court, shall exercise all of the powers heretofore vested in him by the orders of this Court. From and after the Consummation Date, said trustee shall continue in office until the

further order of this Court, and he shall be entitled to compensation as heretofore fixed by the Court, which shall be paid by the New Company, until the entry of said further order, but he shall be relieved of all further duties, responsibility, and control as trustee in respect of the operation of the property and business of the Debtor, and the New Company shall possess its assets free from the control of this Court, except as otherwise expressly provided in this order. Said trustee shall prepare and file with the Court, with reasonable dispatch, a final statement of account covering the period of his operation of the property and business of the Debtor. From and after the Consummation Date there shall be no liability on said trustee for any obligations incurred by him in his official capacity as such trustee during the period in which he shall have operated the property and business of the Debtor pursuant to the authority of this Court, and the New Company shall be and become liable for, and shall indemnify and hold said trustee harmless against, any and all such obligations.

26. *Trustee's Checks; Payments for Periods Overlapping Consummation Date.* All checks and vouchers of the trustee of the Debtor's property signed prior to the Consummation Date shall be honored, and said trustee is authorized to draw checks and vouchers on the funds of the New Company after the Consummation Date and deliver the same as may be requested by the New Company to facilitate any payments to be made by it, and all such checks and vouchers shall be similarly honored. Wage, salary, rental, tax, and other payments in respect of periods commencing before and terminating after the Consummation Date may be made by single checks or vouchers, whether of the trustee of the Debtor's property or of the New Company.

27. *Pending Litigation.* The New Company shall have the right, if it so elects, to be substituted at its own cost and expense as a party in lieu of the Debtor, or in lieu of the trustee of the Debtor's property, in any or all litigation or proceedings by or against the Debtor or against said trustee, now pending on appeal or otherwise, or to continue such litigation

or proceedings in the name or names of the present parties thereto.

28. *Disposition of Old Securities.* All unissued or blank bonds now held by the trustees under the mortgages referred to in paragraph F of this order, numbered 2(a) to 2(c), shall be delivered to or upon the order of the New Company; all securities surrendered for exchange pursuant to this order shall be cancelled and delivered to or upon the order of the New Company; and all such securities shall thereafter be cremated or otherwise disposed of in a manner consistent with any applicable rules and regulations of the Interstate Commerce Commission.

29. *Recording and Filing Documents.* Upon the payment of their proper recording and filing fees, all recording officers of states, counties, and municipalities in which the properties of the New Company shall be situated after the Consummation Date shall record or file for record all such documents provided in this order, or in the documents herein approved, to be recorded or filed for record, as may be tendered to them for recording or filing, the laws of any state to the contrary notwithstanding.

30. *Injunctive Provisions.* All persons, firms, and corporations whatsoever, and wheresoever situated or domiciled, are hereby restrained and enjoined from interfering with the carrying out of the Plan of Reorganization by attaching, garnishing, levying upon, enforcing liens against or upon, or in any manner whatsoever disturbing any portion of the property, real, personal, or mixed, of any kind or character, belonging to or being in the possession of Wisconsin Central Railroad Company, the New Company, and from interfering with or taking steps to interfere with the New Company, its officers and agents, or the operation of the lines of railroad or properties or conduct of the business of the New Company, by reason or on account of any claim or interest as holder or owner of any share or shares of stock of any class or any

certificate representing such share or shares of stock of the Debtor or as holder or owner of any beneficial interest therein, or by reason or on account of any obligation or obligations incurred by the Debtor or its receivers or bankruptcy trustees.

31. *Reservation of Jurisdiction for Certain Purposes; Termination of Proceedings.* The Court hereby reserves jurisdiction to adjudicate the claim of subrogation referred to in paragraph 5(a) of this order, to allow fees or compensation for services and reimbursement for expenses heretofore or hereafter rendered or incurred in connection with these proceedings or the Plan, to authorize for payment in these proceedings fees and expenses approved in the prior equity receivership proceedings, to pass on the final statement of account of the trustee of the property of the Debtor, to pass on the final report of the Managers, and to take such further action as may be necessary to put into effect the Plan, this order, and any other order heretofore entered by this Court relative thereto; provided, however, that nothing in this paragraph 31 shall be construed as a reservation of jurisdiction to change the provisions of the Plan or any of the rights vested thereunder or any of the rights of the holders of the new securities or of persons entitled to receive such securities, and, except as otherwise provided in this order, these proceedings, and the jurisdiction of this Court in or by virtue thereof, are hereby terminated, effective at the Consummation Date, and the case is closed.

ENTER:

GUNNAR H. NORDBYE
District Judge

February 26th, 1954
(Endorsed)
Filed Feb. 26, 1954
CHELL M. SMITH, CLERK
BY: Lawrence R. Tapper, Deputy

UNITED STATES OF AMERICA } ss:
DISTRICT OF MINNESOTA }

I, CHELL M. SMITH, Clerk of the United States District Court in and for the District of Minnesota, do hereby certify that the annexed and foregoing is a true and full copy of the original Consummation Order and Final Decree and of the endorsements thereon, now remaining among the records of the said Court in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the seal of the aforesaid Court at Minneapolis this 1st day of March, A. D. 1954.

CHELL M. SMITH
Clerk.

By ..... *Antha. E. Zimmerman* .....
Deputy Clerk.

State of Wisconsin } ss.
DEPARTMENT OF STATE

Received this 9th day of March A. D. 1954 at 8:30 o'clock P. M. and recorded in Vol. 45 of Railroad Mortgages on Page 28-42

Wm. Stuart Nunnemacher
Assistant Secretary of State

UNITED STATES TRUST COMPANY OF NEW YORK
as Trustee

SATISFACTION AND RELEASE
OF
WISCONSIN CENTRAL RAILWAY COMPANY
FIRST GENERAL MORTGAGE

DATED, MARCH 1st, 1954

- - - - - - - - - - - -

KNOW ALL MEN BY THESE PRESENTS, that:

(1) United States Trust Company of New York, a corporation of the State of New York, is the sole trustee under that certain indenture of mortgage and deed of trust executed by Wisconsin Central Railway Company, a corporation of the State of Wisconsin, to United States Trust Company of New York and John A. Stewart, Trustees, dated July 13, 1899, as amended and supplemented by supplemental indentures dated July 13, 1899, April 21, 1900, and December 15, 1924, and by a supplemental indenture executed by Wisconsin Central Railway Company and E. A. Whitman, as Receiver of Wisconsin Central Railway Company, dated June 5, 1941 (hereinafter referred to as the "First General Mortgage"), under which there were issued Wisconsin Central Railway Company First General Mortgage Fifty Year Four Per Cent. Gold Bonds, due July 1, 1949, in the aggregate principal amount of $25,481,000, of which $13,026,000 principal amount have been surrendered to said trustee and cancelled and the remaining $12,455,000 principal amount are outstanding.

(2) A Plan of Reorganization for Wisconsin Central Railway Company has been confirmed by order entered October 1, 1953, by the United States District Court for the District of Minnesota, Fourth Division, in proceedings for the reorganization of a railroad under Section 77 of the Bankruptcy Act, entitled "In the Matter of Wisconsin Central Railway Company, Debtor, No. 17104."

(3) Said District Court, by the consummation order and final decree entered in said reorganization proceedings on February 26, 1954, vested title to all of the property of said debtor in Wisconsin Central Railroad Company, a corporation of the State of Minnesota, the reorganized company incorporated pursuant to said Plan of Reorganization, and declared the First Central Mortgage to be null and void and the lien thereof cancelled and released, as of 12:01 A.M., Central Standard Time, on March 1, 1954, and authorized and directed the undersigned, United States Trust Company of New York, as such trustee, in confirmation of the termination of said First General Mortgage and the release of the lien thereof, to execute and deliver this instrument of satisfaction and release.

WHEREFORE, in consideration of the foregoing and in compliance with the orders and directions of the Court in said reorganization proceedings, the undersigned, United States Trust

Company of New York, as such trustee, does hereby: (1) remise, release, convey, and quit-claim unto Wisconsin Central Railroad Company, a corporation of the State of Minnesota, the above-mentioned reorganized company, and its successors and assigns, all estate, right, title, interest, claim and demand whatsoever which it may have acquired under and by virtue of or arising from the First General Mortgage in and to all property of every kind or character whatsoever and wheresoever situated, real, personal, or mixed, conveyed or intended to be conveyed by the First General Mortgage, all to the same effect as if herein fully set forth; (2) acknowledge full satisfaction and discharge of the First General Mortgage and full discharge of all rights, claims, and demands which it, as such trustee, may have acquired by virtue of the First General Mortgage; and (3) consent and direct that the First General Mortgage be discharged of record, both as a real estate mortgage and as a chattel mortgage, and authorize the recording officer of each county and state in which the First General Mortgage has been recorded or filed to discharge the same of record in his office.

IN WITNESS WHEREOF, United States Trust Company of New York has caused this instrument to be signed and acknowledged by one of its Vice Presidents, and its corporate seal to be affixed hereto and the same to be attested by one of its Assistant Secretaries, all as of 12:01 A.M., Central Standard Time, on the first day of March, 1954.

UNITED STATES TRUST COMPANY OF NEW YORK,

As Trustee under the First General Mortgage of Wisconsin Central Railway Company, dated July 13, 1899, and indentures supplemental thereto

(CORPORATE SEAL)

By T. J. MADDEN
Vice President

ATTEST:

F. GUNDERSDORF
Assistant Secretary

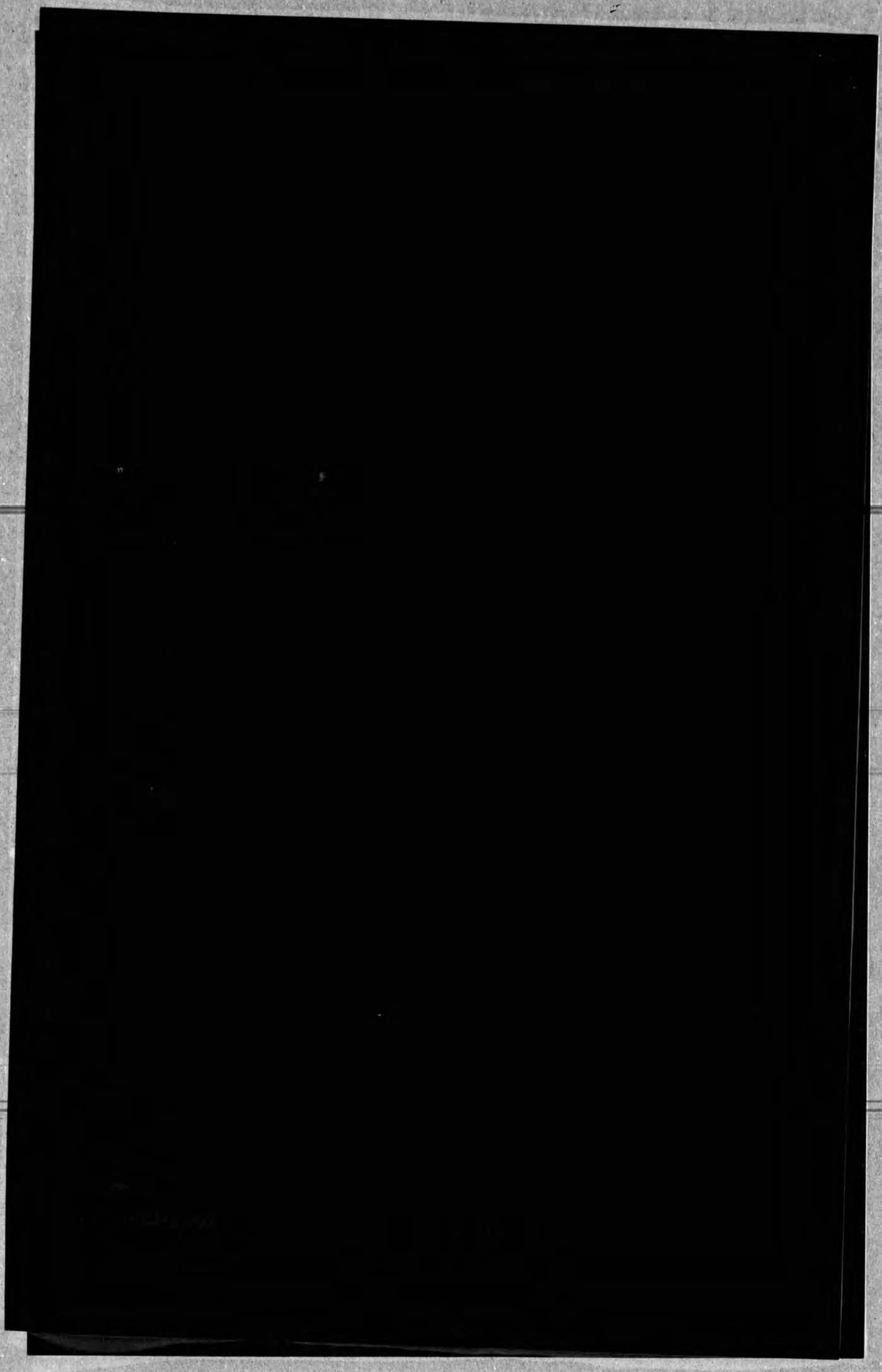
In the presence of

E. WITTING

C. J. PAINE

STATE OF NEW YORK)
) SS.
COUNTY OF NEW YORK)

On this 9th day of March, 1954, before me, Barth E. Rockett, a Notary Public in and for the County and State aforesaid, personally appeared T. J. Madden and F. Gundersdorf, to me personally known and to me known to be a vice president and an assistant secretary, respectively, of United States Trust Company of New York, a corporation of the State of New York, and the



persons who executed the foregoing instrument, who, being by me duly sworn, did say: that they are a vice president and an assistant secretary, respectively, of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; and that they executed the foregoing instrument as such officers, and said instrument was signed, sealed, and delivered, on behalf of said corporation by its authority and the authority of its board of trustees. And the said T. J. Madden and F. Gundersdorf acknowledged the execution and delivery of the foregoing instrument, by them as such officers, as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in the county and state aforesaid this 9th day of March, 1954.

BARTH E. ROCKETT
Notary Public, State of New York
No. 41-8609400
Qualified in Queens County
Certs. filed with Queens Co. Reg's and N. Y. Co. and Bronx Co. Clk's and Reg's Office. Term Expires March 30, 1954.

(NOTARIAL SEAL)

STATE OF WISCONSIN)
) SS.
Department of State)

Received this 10th day of May A.D. 1954 at 10:00 o'clock A.M. and recorded in Vol. 45 of Railroad Mortgages on pages 43-44.

ROBERT C. ZIMMERMAN
Assistant Secretary of State

UNITED STATES TRUST COMPANY OF NEW YORK
as Trustee

SATISFACTION AND RELEASE
OF
WISCONSIN CENTRAL RAILWAY COMPANY
FIRST GENERAL MORTGAGE

DATED, MARCH 1st, 1954

- - - - - - - - - - - -

KNOW ALL MEN BY THESE PRESENTS, that:

(1) United States Trust Company of New York, a corporation of the State of New York, is the sole trustee under that certain indenture of mortgage and deed of trust executed by Wisconsin Central Railway Company, a corporation of the State of Wisconsin, to United States Trust Company of New York and John A. Stewart, Trustees, dated July 13, 1899, as amended and supplemented by supplemental indentures dated July 13, 1899, April 21, 1900, and December 15, 1924, and by a supplemental indenture executed by Wisconsin Central Railway Company and E. A. Whitman, as Receiver of Wisconsin Central Railway Company, dated June 5, 1941 (hereinafter referred to as the "First General Mortgage"), under which there were issued Wisconsin Central Railway Company First General Mortgage Fifty Year Four Per Cent. Gold Bonds, due July 1, 1949, in the aggregate principal amount of $25,481,000, of which $13,026,000 principal amount have been surrendered to said trustee and cancelled and the remaining $12,455,000 principal amount are outstanding.

(2) A Plan of Reorganization for Wisconsin Central Railway Company has been confirmed by order entered October 1, 1953, by the United States District Court for the District of Minnesota, Fourth Division, in proceedings for the reorganization of a railroad under Section 77 of the Bankruptcy Act, entitled "In the Matter of Wisconsin Central Railway Company, Debtor, No. 17104."

(3) Said District Court, by the consummation order and final decree entered in said reorganization proceedings on February 26, 1954, vested title to all of the property of said debtor in Wisconsin Central Railroad Company, a corporation of the State of Minnesota, the reorganized company incorporated pursuant to said Plan of Reorganization, and declared the First General Mortgage to be null and void and the lien thereof cancelled and released, as of 12:01 A.M., Central Standard Time, on March 1, 1954, and authorized and directed the undersigned, United States Trust Company of New York, as such trustee, in confirmation of the termination of said First General Mortgage and the release of the lien thereof, to execute and deliver this instrument of satisfaction and release.

WHEREFORE, in consideration of the foregoing and in compliance with the orders and directions of the Court in said reorganization proceedings, the undersigned, United States Trust Company of New York, as such trustee, does hereby: (1) remise, release, convey, and quitclaim unto Wisconsin Central Railroad Company, a corporation of the State of Minnesota, the above-mentioned reorganized company, and its successors and assigns, all estate, right, title, interest, claim, and demand whatsoever which it may have acquired under and by virtue of or arising from the First General Mortgage in and to all property of every kind or character whatsoever and wheresoever situated, real, personal, or mixed, conveyed or intended to be conveyed by the First General Mortgage, all to the same effect as if herein fully set forth; (2) acknowledge full satisfaction and discharge of the First General Mortgage and full discharge of all rights, claims, and demands which it, as such trustee, may have acquired by virtue of the First General Mortgage; and (3) consent and direct that the First General Mortgage be discharged of record, both as a real estate mortgage and as a chattel mortgage, and authorize the re-

cording officer of each county and state in which the First General Mortgage has been recorded or filed to discharge the same of record in his office.

IN WITNESS WHEREOF, United States Trust Company of New York has caused this instrument to be signed and acknowledged by one of its Vice Presidents, and its corporate seal to be affixed hereto and the same to be attested by one of its Assistant Secretaries, all as of 12:01 A.M., Central Standard Time, on the first day of March, 1954.

(CORPORATE SEAL)

UNITED STATES TRUST COMPANY OF NEW YORK,
As Trustee under the First General Mortgage of Wisconsin Central Railway Company, dated July 13, 1899, and indentures supplemental thereto

ATTEST:

F. GUNDERSDORF
Assistant Secretary

By T. J. MADDEN
Vice President

In the presence of

E. WITTING

C. J. PAINE

STATE OF NEW YORK)
) SS.
COUNTY OF NEW YORK)

On this 9th day of March, 1954, before me, Barth E. Rockett, a Notary Public in and for the County and State aforesaid, personally appeared T. J. Madden and F. Gundersdorf, to me personally known and to me known to be a vice president and an assistant secretary, respectively, of United States Trust Company of New York, a corporation of the State of New York, and the persons who executed the foregoing instrument, who, being by me duly sworn, did say: that they are a vice president and an assistant secretary, respectively, of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; and that they executed the foregoing instrument as such officers, and said instrument was signed, sealed, and delivered, on behalf of said corporation by its authority and the authority of its board of trustees. And the said T. J. Madden and F. Gundersdorf acknowledged the execution and delivery of the foregoing instrument, by them as such officers, as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in the county and state aforesaid this 9th day of March, 1954.

(NOTARIAL SEAL)

BARTH E. ROCKETT
Notary Public, State of New York
No. 41-8609400
Qualified in Queens County
Certs. filed with Queens Co. Reg's and N.Y.Co. and Bronx Co. Clk's and Reg's Office
Term Expires March 30, 1954

STATE OF WISCONSIN)
) SS.
Department of State)

Received this 10th day of May A.D. 1954 at 10:00 o'clock A.M. and recorded in Vol. 45 of Railroad Mortgages on pages 43-44.

ROBERT C. ZIMMERMAN
Assistant Secretary of State

INDEXED

CHEMICAL BANK & TRUST COMPANY
as Successor Trustee

SATISFACTION AND RELEASE
OF
WISCONSIN CENTRAL RAILWAY COMPANY
SUPERIOR AND DULUTH DIVISION AND
TERMINAL FIRST MORTGAGE

DATED, MARCH 1st, 1954

- - - - - - - - - - -

KNOW ALL MEN BY THESE PRESENTS, that:

(1) Chemical Bank & Trust Company, a corporation of the State of New York, is the sole successor trustee under that certain indenture of mortgage and deed of trust executed by Wisconsin Central Railway Company, a corporation of the State of Wisconsin, to United States Trust Company of New York and Edward W. Sheldon, Trustees, dated May 1, 1906, as amended and supplemented by a supplemental indenture dated March 17, 1909 (hereinafter referred to as the "Superior and Duluth Division and Terminal First Mortgage"), under which there were issued and are outstanding Wisconsin Central Railway Company Superior and Duluth Division and Terminal First Mortgage Thirty Year Four Per Cent. Gold Bonds, due May 1, 1936, in the aggregate principal amount of $7,500,000.

(2) A Plan of Reorganization for Wisconsin Central Railway Company has been confirmed by the United States District Court for the District of Minnesota, Fourth Division, in proceedings for the reorganization of a railroad under Section 77 of the Bankruptcy Act, entitled "In the Matter of Wisconsin Central Railway Company, Debtor, No. 17104."

(3) Said District Court, by the consummation order and final decree entered in said reorganization proceedings on February 26, 1954, vested title to all of the property of said debtor in Wisconsin Central Railroad Company, a corporation of the State of Minnesota, the reorganized company incorporated pursuant to said Plan of Reorganization, and declared the Superior and Duluth Division and Terminal First Mortgage to be null and void and the lien thereof cancelled and released, as of 12:01 A.M., Central Standard Time, on March 1, 1954, and ordered and directed the undersigned, Chemical Bank & Trust Company, as such trustee, in confirmation of the termination of said Superior and Duluth Division and Terminal First Mortgage and the release of the lien thereof, to execute and deliver this instrument of satisfaction and release.

WHEREFORE, in consideration of the foregoing and in compliance with the orders and directions of the Court in said reorganization proceedings, the undersigned, Chemical Bank & Trust Company, as such trustee, does hereby: (1) remise, release, convey, and quitclaim unto Wisconsin Central Railroad Company, a corporation of the State of Minnesota, the above-mentioned reorganized company, and its successors and assigns, all estate, right, title, interest, claim, and demand whatsoever which it may have acquired under and by virtue of or arising from the Superior and Duluth Division and Terminal First Mortgage in and to all property of every kind or character whatsoever and wheresoever situated, real, personal, or mixed, conveyed or intended to be conveyed by the Superior and Duluth Division and Terminal First Mortgage, all to the same effect as if herein fully set forth; (2) acknowledge full satisfaction and discharge of the Superior and Duluth Division and Terminal First Mortgage and full discharge of all rights, claims, and demands which it, as such trustee, may have acquired by virtue of the Superior and Duluth Division and Terminal First Mortgage; and (3) consent and direct that the Superior and Duluth Division and Terminal First Mortgage be discharged of record, both as a real

estate mortgage and as a chattel mortgage, and authorize the recording officer of each county and state in which the Superior and Duluth Division and Terminal First Mortgage has been recorded or filed to discharge the same of record in his office.

IN WITNESS WHEREOF, Chemical Bank & Trust Company has caused this instrument to be signed and acknowledged by one of its Vice Presidents, and its corporate seal to be affixed hereto and the same to be attested by one of its Assistant Secretaries, all as of 12:01 A.M., Central Standard Time, on the first day of March, 1954.

(CORPORATE SEAL)

CHEMICAL BANK & TRUST COMPANY,
As Successor Trustee under the Superior and Duluth Division and Terminal First Mortgage of Wisconsin Central Railway Company, dated May 1, 1906, and indenture supplemental thereto

Attest:

E. J. HORN
Assistant Secretary

By WILLIAM D. CARR
Vice President

In the presence of:

R. J. LIGHTHALL

R. G. PINTARD

STATE OF NEW YORK)
) SS.
COUNTY OF NEW YORK)

On this 8th day of March, 1954, before me, James M. Doyle, a Notary Public in and for the County and State aforesaid, personally appeared William D. Carr and E. J. Horn, to me personally known and to me known to be a vice president and an assistant secretary, respectively, of Chemical Bank & Trust Company, a corporation of the State of New York, and the persons who executed the foregoing instrument, who, being by me duly sworn, did say: that they are a vice president and an assistant secretary, respectively, of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; and that they executed the foregoing instrument as such officers, and said instrument was signed, sealed, and delivered, on behalf of said corporation by its authority and the authority of its board of directors. And the said William D. Carr and E. J. Horn acknowledged the execution and delivery of the foregoing instrument, by them as such officers, as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in the county and state aforesaid this 8th day of March, 1954.

(NOTARIAL SEAL)

JAMES M. DOYLE
Notary Public, State of New York
No. 31-1015375
Qualified in New York County
Certs. filed with N. Y. Co. Clks. and Reg's. Off.
Commission Expires March 30, 1955

STATE OF WISCONSIN)
) SS.
DEPARTMENT OF STATE)

Received this 10th day of May A.D. 1954 at 10:05 o'clock A.M. and recorded in Volume 45 of Railroad Mortgages on pages 45-46.

ROBERT C. ZIMMERMAN
Assistant Secretary of State

INDEXED

EMPIRE TRUST COMPANY
and
FRANK K. BOSWORTH,
as Trustees

SATISFACTION AND RELEASE
OF
WISCONSIN CENTRAL RAILWAY COMPANY
FIRST AND REFUNDING MORTGAGE

DATED, MARCH 1st, 1954

- - - - - - - - - - -

KNOW ALL MEN BY THESE PRESENTS, that:

(1) Empire Trust Company, a corporation of the State of New York, is the corporate trustee and Frank K. Bosworth of Great Neck, Long Island, State of New York, is the individual trustee, by succession, under that certain indenture of mortgage and deed of trust executed by Wisconsin Central Railway Company, a corporation of the State of Wisconsin, to Empire Trust Company and Leroy W. Baldwin, Trustees, dated April 1, 1909, as amended and supplemented by a supplemental indenture dated April 1, 1919, by supplemental indentures dated April 1, 1917, and May 31, 1924, executed by Wisconsin Central Railway Company and Minneapolis, St. Paul and Sault Ste. Marie Railway Company, and by a supplemental indenture executed by Wisconsin Central Railway Company and E. A. Whitman, as Receiver of Wisconsin Central Railway Company, dated July 1, 1939 (said indenture of mortgage and deed of trust as amended and supplemented being hereinafter referred to as the "First and Refunding Mortgage"), under which there were issued Wisconsin Central Railway Company First and Refunding Mortgage Four Per Cent. Gold Bonds, due April 1, 1959, in the aggregate principal amount of $15,867,000 (including $10,051,000 principal amount entitled to the benefits of an agreement dated April 1, 1917, entitled "Agreement to Pay Interest at the Rate of 5% Per Annum on Certain First and Refunding Bonds of the Wisconsin Central Railway Company to be known as 'Series B'," between Wisconsin Central Railway Company, Minneapolis, St. Paul and Sault Ste. Marie Railway Company, and Empire Trust Company, as Trustee), of which $51,000 principal amount (entitled to the benefits of said agreement) have been surrendered to said corporate trustee and cancelled and the remaining $15,816,000 principal amount (including $10,000,000 principal amount entitled to the benefits of said agreement) are outstanding.

(2) A Plan of Reorganization for Wisconsin Central Railway Company has been confirmed by the United States District Court for the District of Minnesota, Fourth Division, in proceedings for the reorganization of a railroad under Section 77 of the Bankruptcy Act, entitled "In the Matter of Wisconsin Central Railway Company, Debtor, No. 17104."

(3) Said District Court, by the consummation order and final decree entered in said reorganization proceedings on February 26, 1954, vested title to all of the property of said debtor in Wisconsin Central Railroad Company, a corporation of the State of Minnesota, the reorganized company incorporated pursuant to said Plan of Reorganization, and declared the First and Refunding Mortgage to be null and void (except for certain rights, claims, and demands as hereinafter stated) and the lien thereof cancelled and released, as of 12:01 A.M., Central Standard Time, on March 1, 1954, and authorized and directed the undersigned, Empire Trust Company and Frank K. Bosworth, as such trustees, in confirmation of the termination of said First and Refunding Mortgage and the release of the lien thereof, to execute and deliver this instrument of satisfaction and release.

WHEREFORE, in consideration of and compliance with the orders and directions of the Court in said reorganization proceedings, the undersigned, Empire Trust Company and

Frank K. Bosworth, as such trustees, do hereby: (1) remise, release, convey, and quit-claim unto Wisconsin Central Railroad Company, a corporation of the State of Minnesota, the above-mentioned reorganized company, and its successors and assigns, all estate, right, title, interest, claim, and demand whatsoever which they, or either of them, may have acquired under and by virtue of or arising from the First and Refunding Mortgage in and to all property of every kind or character whatsoever and wheresoever situated, real, personal, or mixed, conveyed or intended to be conveyed by the First and Refunding Mortgage, except such as has heretofore been released therefrom, all to the same effect as if herein fully set forth; (2) acknowledge full satisfaction and discharge of the First and Refunding Mortgage and full discharge of all rights, claims, and demands which they, or either of them, as such trustees, may have acquired by virtue of the First and Refunding Mortgage, except all rights, claims, and demands which the trustees under said First and Refunding Mortgage may have or claim to have (on behalf of the holders of bonds secured by said mortgage who are entitled to the benefits of said agreement of April 1, 1917) to be subrogated to certain securities to be issued to Minneapolis, St. Paul & Sault Ste. Marie Railroad Company (successor to Minneapolis, St. Paul and Sault Ste. Marie Railway Company), and which have been reserved, in said consummation order and final decree, for subsequent determination by said District Court in said reorganization proceedings; and (3) consent and direct that the First and Refunding Mortgage be discharged of record, both as a real estate mortgage and as a chattel mortgage, and authorize the recording officer of each county and state in which the First and Refunding Mortgage has been recorded or filed to discharge the same of record in his office.

IN WITNESS WHEREOF, Empire Trust Company has caused this instrument to be signed and acknowledged by one of its Vice Presidents, and its corporate seal to be affixed hereto and the same to be attested by one of its Assistant Secretaries, and Frank K. Bosworth has hereunto set his hand and seal, all as of 12:01 A.M., Central Standard Time, on the first day of March, 1954.

(CORPORATE SEAL)

EMPIRE TRUST COMPANY

ATTEST:

By B. E. EARLE
Vice President

A. R. DIMELOW
Assistant Secretary

In the presence of:

HENRY PIRNER

HAROLD G. OLSEN

FRANK K. BOSWORTH (L.S.)
As Trustees under the First and Refunding Mortgage of Wisconsin Central Railway Company, dated April 1, 1909, and indentures supplemental thereto

STATE OF NEW YORK)
) SS.
COUNTY OF NEW YORK)

On this 9th day of March, 1954, before me Harry S. Butcher, a Notary Public in and for the County and State aforesaid, personally appeared B. E. Earle and A. R. Dimelow, to me personally known and to me known to be a Vice president and an assistant secretary, respectively, of Empire Trust Company, a corporation of the State of New York, and the persons who executed the foregoing instrument, who, being by me duly sworn, did say: that they are a vice president and an assistant secretary, respectively, of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; and that they executed the foregoing instrument as such officers, and said instrument was signed, sealed, and delivered, on behalf of said corporation by its authority and the authority of its board of directors. And the said B. E. Earle and A. R. Dimelow acknowledged the execution and delivery of the foregoing instrument, by them as such officers, as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in the county and state aforesaid this 9th day of March, 1954.

(NOTARIAL SEAL)

HARRY S. BUTCHER
Notary Public, State of New York, No. 24-5551450
Qualified in Kings Co. Certs. Filed with Co. Clk. New York and Register, New York. Commission Exp. Mar. 30, 1954

STATE OF NEW YORK)
) SS.
COUNTY OF NEW YORK)

On this 9th day of March, 1954, before me Harry S. Butcher, a Notary Public in and for the County and State aforesaid, personally appeared Frank K. Bosworth, of Great Neck, Long Island, State of New York, to me personally known and known to me to be the person who executed the foregoing instrument, who, being by me duly sworn, did say and acknowledge that he executed and delivered the foregoing instrument; and said Frank K. Bosworth acknowledged that he signed, sealed, and delivered said instrument as his 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 in the county and state aforesaid this 9th day of March, 1954.

(NOTARIAL SEAL)

HARRY S. BUTCHER
Notary Public, State of New York
No. 24-5551450
Qualified in Kings Co. Certs. Filed With Co. Clerk, New York and Register, New York. Commission Expires March 30, 1954

STATE OF WISCONSIN)
) SS.
DEPARTMENT OF STATE)

Received this 10th day of May A.D. 1954 at 10:10 o'clock A.M. and recorded in Volume 45 of Railroad Mortgages on pages 47-49.

ROBERT C. ZIMMERMAN
Assistant Secretary of State

TRUSTEE'S DEED OF CONVEYANCE
BY
EDGAR F. ZELLE, TRUSTEE OF THE PROPERTIES OF WISCONSIN CENTRAL RAILWAY COMPANY
TO
WISCONSIN CENTRAL RAILROAD COMPANY
DATED, MARCH 1, 1954

- - - - - - - - -

KNOW ALL MEN BY THESE PRESENTS, that the Grantor, Edgar F. Zelle, as trustee of the properties of Wisconsin Central Railway Company, a corporation of the State of Wisconsin, duly appointed by the District Court of the United States for the District of Minnesota, Fourth Division, in proceedings for the reorganization of a railroad under Section 77 of the Bankruptcy Act, entitled "In the Matter of Wisconsin Central Railway Company, Debtor, No. 17104" (hereinafter referred to as the "Trustee"), having title to, and being in possession of and operating the properties of said debtor in the States of Illinois, Michigan, Minnesota, and Wisconsin, in consideration of and compliance with certain orders of said District Court in the reorganization proceedings, as mentioned below, has remised, released, transferred, assigned, conveyed, quitclaimed, and set over, and by these presents does remise, release, transfer, assign, convey, quitclaim, and set over unto the Grantee, Wisconsin Central Railroad Company, a corporation of the State of Minnesota (the reorganized company under the Plan of Reorganization hereinafter referred to), all and singular the following described property, rights, privileges, and franchises:

FIRST. All of the right, title, and interest of the Trustee in and to all and singular the lines of railroad now owned, operated, or leased by the Trustee, including all main lines, branch lines, yard, spur, side, industrial, switch, connecting, terminal, passing and shop tracks, and turnouts, and all undivided interests and leasehold interests therein;

SECOND. All of the rights, title, and interest of the Trustee, legal or equitable, in and to all lands, tenements, hereditaments, easements, rights of way, and other real property and interests in real property of whatever kind or description and wherever situated, and in and to all structures, improvements, and fixtures thereon, now owned or possessed by the Trustee;

THIRD. All right, title, and interest of the Trustee, of every name and nature, legal or equitable, in and to all mechanical equipment, machinery, tools, implements, furniture, supplies, materials, and other chattels now owned or possessed by the Trustee;

FOURTH. All estate, right, title, and interest of the Trustee, of every kind and nature, legal or equitable, in and to all locomotives, however propelled or operated, passenger, freight, mail, express, baggage, or other railway cars, work cars, buses, tractors, trailers, trucks, automobiles, and other vehicles and conveyances for the transportation of passengers, employees, freight, mail, express, baggage, and materials, including all right, title, and interest now vested in the Trustee or in and to any and all such property leased to or held or possessed by the Trustee under any equipment trust agreement, conditional sale agreement, rental agreement, lease, chattel mortgage, or other instrument;

FIFTH. All right, title, and interest of the Trustee in and to securities of other corporations;

SIXTH. All estate, right, title, interest, terms and remainders of terms, franchises, privileges, and rights of action of the Trustee, of whatsoever name and nature,

in law or in equity, in and to all trackage, terminal, or operating contracts, agreements, leases, leasehold rights, joint facilities, and other rights and privileges;

SEVENTH. All right, title, and interest of the Trustee, of every name and nature, in and to any and all telegraph, telephone, or other communication facilities, and the rights and agreements covering the rights to the use of any and all telegraph, telephone, or other communication facilities along the lines of railroad now owned or operated by the Trustee;

EIGHTH. Any and all rights, powers, franchises, privileges, and immunities now owned or possessed by the Trustee that may be necessary for or appurtenant to the use, operation, management, maintenance, renewal, alteration, or improvement of the lines of railroad or of any other property now owned by the Trustee;

NINTH. All right, title, and interest of the Trustee in all cash, bills, notes or accounts receivable, contracts, shares of stock, bonds, and other obligations;

TENTH. All right, title, and interest of the Trustee in all choses in action, including all claims and demands and all causes of action or pending suits, together with full power, including power of substitution and revocation, for the Trustee, and in his name or in the name of the Grantee, but for the sole use of the Grantee, to ask, demand, sue for, prosecute suits for, collect, receive, compound, or give acquittances for any of the same;

Together with all other properties of any and every kind or character whatsoever and wheresoever situated, real, personal, or mixed, at the date of the execution and delivery of this instrument belonging to the Trustee; all tolls, revenues, earnings, income, rents, issues, and profits of said properties; all of the estate, right, title, interest, property, possession, claim and demand whatsoever of the Trustee, as well in equity as in law, in and to said properties and every part and parcel thereof and of, in, and to the appurtenances and franchises appertaining thereto; all additions, improvements, and betterments to or upon or in connection with said properties; and all of the lands, tenements, hereditaments, reversions, remainders, rights, privileges, immunities, and benefits appertaining to said properties or any of the same:

TO HAVE AND TO HOLD, possess, and enjoy all and singular of the foregoing unto the Grantee, its successors and assigns, to its and their own proper use and benefit forever.

This conveyance is made by the Grantor pursuant to a Plan of Reorganization for Wisconsin Central Railway Company, a corporation of the State of Wisconsin, approved by order of the Interstate Commerce Commission, dated September 15, 1952, in proceedings entitled "Wisconsin Central Railway Company Reorganization, Finance Docket No. 14720," and confirmed by order of the District Court of the United States for the District of Minnesota, Fourth Division, entered October 1, 1953, in proceedings for the reorganization of a railroad under Section 77 of the Bankruptcy Act, entitled "In the Matter of Wisconsin Central Railway Company, Debtor, No. 17104," and this instrument is executed in connection with and for the purpose of consummating said Plan of Reorganization and pursuant to the authorization and direction, and subject to the terms, conditions, and provisions, of the consummation order and final decree entered by said District Court in said reorganization proceedings.

This instrument is executed by, and shall be binding upon, the Trustee, his successors and assigns, for the uses and purposes above set forth and referred to, effective as of 12:01 A.M., Central Standard Time, on the first day of March, 1954.

In order to facilitate the recording of this instrument in several counties, more than one counterpart hereof has been executed, and each fully executed counterpart hereof shall be of full force and effect in like manner and to like extent as if it had in fact been the sole original executed instrument.

IN WITNESS WHEREOF, Edgar F. Zelle, as such Trustee, and not as an individual, has hereunto set his hand and seal as of 12:01 A.M. Central Standard Time, on the first day of March, 1954.

EDGAR F. ZELLE (L.S.)
As Trustee of the Properties of
Wisconsin Central Railway Company,
Debtor

In the presence of:

ROBERT DILLER

BESSIE M. RIERSON

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

I, H. J. Helgeson, a Notary Public in and for the County and State aforesaid, do hereby certify that on this 1st day of March, 1954, before me personally appeared Edgar F. Zelle, to me known to be the person who is described in and who executed the foregoing instrument, and acknowledged that he executed and delivered the same as his free and voluntary act and deed for the uses and purposes therein set forth, pursuant to the authorization and direction of the District Court of the United States for the District of Minnesota, Fourth Division, and in his capacity as trustee of the properties of the debtor railroad corporation in certain proceedings under Section 77 of the Bankruptcy Act entitled "In the matter of Wisconsin Central Railway Company, Debtor, No. 17104," pending in said District Court.

(NOTARIAL SEAL)

H. J. HELGESON,
Notary Public, Hennepin County, Minn.
My Commission Expires Feb. 9th, 1958.

STATE OF WISCONSIN)
) SS.
DEPARTMENT OF STATE)

Received this 10th day of May A.D. 1954 at 10:15 o'clock A.M. and recorded in Volume 45 of Railroad Mortgages on pages 50-52.

ROBERT C. ZIMMERMAN
Assistant Secretary of State

This Indenture of Mortgage and Deed of Trust dated as of the first day of January, One Thousand Nine Hundred Fifty-four (hereinafter referred to as the "Mortgage"), between WISCONSIN CENTRAL RAILROAD COMPANY, a Minnesota corporation (hereinafter referred to as the "Company"), party of the first part, and FIRST NATIONAL BANK OF MINNEAPOLIS, a national banking association having its principal office at Fifth Street and Marquette Avenue in the City of Minneapolis, Minnesota, and FRANK B. WECK, of the City of Minneapolis, Minnesota (hereinafter together referred to as the "Trustees"), parties of the second part,

WITNESSETH:

WHEREAS, the Company was organized in order to carry out a certain plan of reorganization approved by order of the Interstate Commerce Commission dated September 15, 1952, in proceedings entitled "Wisconsin Central Railway Company Reorganization, Finance Docket No. 14720," and confirmed by order of the District Court of the United States for the District of Minnesota, Fourth Division, entered October 1, 1953, in proceedings for the reorganization of a railroad under Section 77 of the Bankruptcy Act, entitled "In the Matter of Wisconsin Central Railway Company, Debtor, No. 17104" (said plan as so confirmed being hereinafter referred to as the "Plan," and the debtor in said proceedings being hereinafter referred to as the "Debtor"), and said order of confirmation has become final in all respects; and

WHEREAS, pursuant to the Plan and the order of the Court directing consummation of the Plan, the Company now owns the several lines of railway and other property and franchises heretofore owned by the Debtor and by Edgar F. Zelle, as trustee of the Debtor's property, by virtue of an appropriate conveyance from said trustee; and

WHEREAS, in order to comply with the provisions of the Plan and orders of the Court and to provide funds for its lawful corporate purposes, the Company has duly determined to issue its First Mortgage Bonds, not limited in aggregate principal amount except as hereinafter provided, to be secured by the Mortgage on the property of the Company hereinafter described or referred to as being or to become subject to the lien hereof, such Bonds to be issued in one or more series from time to time, the Bonds of each series to be issued originally either as coupon Bonds with or without the privilege of registration as to principal or as registered Bonds without coupons, or both, and all such Bonds to be authenticated by the certificate of the Corporate Trustee, all as hereinafter provided; and

WHEREAS, in accordance with the Plan, the Reorganization Managers designated pursuant thereto have duly determined, and the Court by its order directing consummation of the Plan has approved, the form and provisions of the Mortgage and of the Bonds of Series A to be issued thereunder; and

WHEREAS, the Bonds of Series A, the interest coupons to be attached to the coupon Bonds of Series A, and the Corporate Trustee's certificate of authentication to be endorsed on the Bonds of all series, are to be substantially in the following forms, respectively:

(Form of Coupon Bond of Series A)

No..... $.....

WISCONSIN CENTRAL RAILROAD COMPANY

FIRST MORTGAGE 4% BOND, SERIES A,
DUE JANUARY 1, 2004

WISCONSIN CENTRAL RAILROAD COMPANY, a corporation existing under the laws of the State of Minnesota (herein referred to as the "Company"), for value received,

hereby promises to pay to bearer or, if this Bond be registered as to principal, then to the registered holder hereof, on January 1, 2004, the principal sum of ..... Dollars ($.....) in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; and to pay interest on said principal sum in like coin or currency at the rate of 4% per annum, semi-annually on the first days of January and July in each year, from the date hereof until said principal sum becomes due and payable as herein provided and, if default be made in the payment of said principal sum when so due and payable, thereafter (to the extent permitted by law) at the highest rate of interest borne by any of the Bonds outstanding under the Mortgage hereinafter referred to until the Company's obligation with respect to the payment of said principal sum shall be discharged as provided in the Mortgage, but only, in the case of interest due on or before the date said principal sum becomes due and payable, upon presentation and surrender of the respective interest coupons hereto appertaining as they shall severally mature.

The principal of, premium if any, and interest on this Bond are payable at the office or agency of the Company in the City of Minneapolis, State of Minnesota, or at the option of the holder hereof at the office or agency of the Company in the Borough of Manhattan, City and State of New York.

This Bond is one of the First Mortgage Bonds of the Company (herein referred to as the "Bonds"), not limited in aggregate principal amount except as provided in the Mortgage, issued and to be issued under, and all equally and ratably secured by, a mortgage and deed of trust dated as of January 1, 1954 (herein referred to as the "Mortgage"), executed and delivered by the Company to First National Bank of Minneapolis and Frank B. Weck, as trustees, and their successors in trust (which trustees and their successors in trust are hereinafter referred to as the "Trustees"), to which Mortgage and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the

security, the rights of and restrictions upon the Company and the holders of the Bonds and coupons in respect of such security, the rights, duties and immunities of the Trustees and the terms and conditions under which the Bonds are, and may be, issued and secured. By the terms of the Mortgage, the Bonds may be for various principal sums and are issuable in series, and the Bonds of any series may differ from the Bonds of any other series as to denomination, date, maturity, interest rate, redemption, sinking fund provisions, conversion rights and otherwise, all as in the Mortgage provided. Bonds of Series A, of which this is one, are designated as the "First Mortgage 4% Bonds, Series A, due January 1, 2004," and the aggregate principal amount thereof is limited to $14,706,900.

If an event of default as defined in the Mortgage shall occur, the principal of this Bond may be declared or may become due and payable prior to the stated date of maturity hereof in the manner, with the effect and subject to the conditions provided in the Mortgage.

The Mortgage contains provisions permitting the Company and the Trustees at any time or times with the consent, evidenced as in the Mortgage provided, of the holders of not less than 66⅔% in aggregate principal amount of all of the Publicly Held Bonds, as defined in the Mortgage, then outstanding and to be directly affected thereby, to modify (with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises) the provisions of the Mortgage in respect of any sinking fund for the retirement of indebtedness of the Company, or to modify or alter in any manner any of the other provisions of the Mortgage or of any indenture supplemental thereto or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Company; provided, however, that without the consent of the holder of this Bond, evidenced as in the Mortgage provided (such consent to be conclusive and binding upon such holder and upon all future holders of this Bond), no such modification or alteration shall (a) alter or impair the obligation of the Company to pay the principal sum or the interest specified in this Bond at the places and in the manner specified in this Bond or in any interest coupon appertaining hereto, or (b) permit the creation by the Company of any mortgage or other lien in the nature of a mortgage ranking prior to or on a parity with the lien of the Mortgage or of any indenture supplemental thereto, with respect to any property covered thereby, otherwise than as permitted by the Mortgage, or (c) 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 or alteration shall alter or impair the obligation of the Company with respect to the time or times of payment of the principal sum or the interest specified in the Bonds, except that with the consent of the holders of not less than 75% in aggregate principal amount of all of the Publicly Held Bonds, as defined in the Mortgage, then outstanding, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the time of times of payment of the principal sum of any or all series of the Bonds then outstanding, whether before or after the maturity thereof and whether bearing fixed or contingent interest, may be postponed to any fixed or determinable date not exceeding 20 years beyond the original date of maturity of the principal sum thereof, or the time or times of payment of any interest on the Bonds of any or all series then outstanding, whether before or after such interest is due, may be postponed to any fixed or determinable date not later than five years after such interest first becomes payable and not beyond the original or postponed date of maturity of the principal thereof.

The Bonds of Series A are subject to redemption in part from time to time on any date prior to maturity through the operation of the Sinking Fund provided for in the Mortgage, at a redemption price equal to the principal sum to be redeemed, plus all accrued interest on such principal sum to the date fixed for redemption, upon publication of notice of such redemption once each week for four successive weeks, in a newspaper printed in the English language and customarily published on each business day and of general circu-

tion in the City of Minneapolis, State of Minnesota, and in a like newspaper in the Borough of Manhattan, City and State of New York, the first publication in each such newspaper to be not less than 30 or more than 60 days before the date fixed for redemption, all as provided in the Mortgage. The Bonds of Series A are also subject to redemption, in whole at any time or in part from time to time, on any date prior to maturity, other than through the operation of the Sinking Fund, at a redemption price equal to the principal sum thereof, plus all accrued interest to such principal sum to the date fixed for redemption and, in case of redemption prior to January 1, 1989, a premium equal to 4¾% of such principal sum decreased by ⅛ of 1% on January 1, 1955, and on each January 1 thereafter to and including January 1, 1989 (but without premium if redeemed after January 1, 1989), upon like publication of notice of such redemption except that if the date fixed for redemption is not an interest-payment date the first such publication to be not less than 60 or more than 90 days before the date fixed for redemption, all as provided in the Mortgage. Registered Bonds of Series A without coupons for principal sums exceeding $1,000 may be redeemed in portions amounting to $1,000 or multiples of $1,000, with interest and premium, if any, as aforesaid on the principal sum to be redeemed.

The Bonds of Series A are entitled to the benefit of annual payments into the Sinking Fund out of Available Net Income, if any, as defined and made applicable for such purposes under the terms of the Mortgage, and of such additional amounts, if any, as may be deposited in the Sinking Fund from time to time as required or permitted by the Mortgage.

This Bond is transferable by delivery unless registered as to principal in the holder's name at the office or agency maintained by the Company in said City of Minneapolis or in said Borough of Manhattan, on registry books kept for such purpose at such office or agency, such registration being noted hereon. After such registration no transfer hereof shall be valid unless made on said books at either said office or

agency by the registered holder hereof in person or by his attorney duly authorized in writing, and similarly noted hereon; but this Bond may be discharged from such registration by like transfer to bearer noted hereon, whereupon transferability by delivery shall be restored. Such registration, however, shall not affect the transferability by delivery of the coupons for the interest hereon, and such coupons shall continue to be payable to bearer and transferable by delivery.

The Company, the Trustees, any paying agent and any bond registrar may deem and treat the bearer hereof, or if registered as to principal the registered holder hereof, and the bearer of any interest coupon appertaining hereto whether or not this Bond shall be registered as to principal, as the absolute owner of this Bond or such coupon, as the case may be (whether or not this Bond or such coupon shall have become due and payable), for the purpose of receiving any payment then being made of or on account of the principal hereof, premium if any, and interest hereon, and for all other purposes, and neither the Company nor the Trustees nor any paying agent nor any bond registrar shall be bound by any notice to the contrary.

Coupon Bonds of Series A are issuable in denominations of $50, $100, $500 and $1,000. Registered Bonds without coupons of Series A are issuable in denominations of $1,000 and, with the consent of the Company, in denominations in multiples of $1,000. Upon presentation thereof for that purpose at the office or agency maintained by the Company in said City of Minneapolis or in said Borough of Manhattan, and in the manner, subject to the limitations, and upon payment of the charges provided in the Mortgage, coupon Bonds of Series A, with all unmatured coupons and any matured coupons in default appertaining thereto, may be exchanged for a like aggregate principal amount of registered Bonds without coupons of Series A of authorized denominations, coupon Bonds of Series A of the denominations of $50, $100 and $500 aggregating $1,000 in principal amount, with all unmatured coupons and any matured coupons in default appertaining thereto, may be exchanged for a coupon Bond of Series A

of the denomination of $1,000 bearing all unmatured coupons and any matured coupons in default appertaining thereto, and registered Bonds without coupons of Series A may be exchanged for a like aggregate principal amount of coupon Bonds of Series A of the denomination of $1,000 and bearing all unmatured coupons and any matured coupons in default appertaining thereto, or for a like aggregate principal amount of registered Bonds without coupons of Series A of other authorized denominations.

As provided in the Mortgage, no recourse shall be had for the payment of the principal of or the interest on this Bond, or for any claim based hereon, or because of the creation of the indebtedness represented hereby, or otherwise in respect hereof, or based on or in respect of the Mortgage or any indenture supplemental thereto, against any past, present or future incorporator, stockholder, officer or director, as such, of the Company, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability, except for fraud or wilful misconduct, by the acceptance hereof and as part of the consideration for the issue hereof, being expressly waived and released.

This Bond shall not be valid or become obligatory for any purpose unless and until the certificate of authentication hereon shall have been signed by the Corporate Trustee under the Mortgage.

In Witness Whereof, Wisconsin Central Railroad Company has caused this Bond to be signed by its President or one of its Vice Presidents, and its corporate seal to be affixed hereto or a facsimile thereof to be imprinted or engraved hereon and attested by its Secretary or an Assistant Secretary, and coupons for interest bearing the facsimile signature of its Treasurer to be attached hereto, and this Bond to be dated as of the first day of January, 1954.

Wisconsin Central Railroad Company

By .....
President

Attest:

.....
Secretary

(Form of Coupon for Coupon Bonds of Series A)

No..... $.....

On the first day of....., 19...., unless the Bond hereinafter mentioned shall have been called for previous redemption and payment thereof duly provided for, Wisconsin Central Railroad Company will pay to bearer upon surrender of this coupon at its office or agency in the City of Minneapolis, State of Minnesota, or at the option of the bearer at its office or agency in the Borough of Manhattan, City and State of New York,.....Dollars ($.....) in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, being 6 months' interest then payable on its First Mortgage 4% Bond, Series A, due January 1, 2004, No. .....

.....
Treasurer

(Form of Registered Bond without Coupons of Series A)

No..... $.....

Wisconsin Central Railroad Company

First Mortgage 4% Bond, Series A,
Due January 1, 2004

WISCONSIN CENTRAL RAILROAD COMPANY, a corporation existing under the laws of the State of Minnesota (herein referred to as the "Company"), for value received, hereby promises to pay to.....
....., or registered assigns, on January 1, 2004, the principal sum of .....

Dollars in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; and to pay interest on said principal sum in like coin or currency at the rate of 4% per annum, semi-annually on the first days of January and July in each year, from the date hereof until said principal sum becomes due and payable as herein provided and, if default be made in the payment of said principal sum when so due and payable, thereafter (to the extent permitted by law) at the highest rate of interest borne by any of the Bonds outstanding under the Mortgage hereinafter referred to until the Company's obligation with respect to the payment of said principal sum shall be discharged as provided in the Mortgage.

The principal of, premium if any, and interest on this Bond are payable at the office or agency of the Company in the City of Minneapolis, State of Minnesota, or at the option of the registered holder hereof at the office or agency of the Company in the Borough of Manhattan, City and State of New York.

This Bond is one of the First Mortgage Bonds of the Company (herein referred to as the "Bonds"), not limited in aggregate principal amount except as provided in the Mortgage, issued and to be issued under, and all equally and ratably secured by, a mortgage and deed of trust dated as of January 1, 1954 (herein referred to as the "Mortgage"), duly executed and delivered by the Company to First National Bank of Minneapolis and Frank B. Weck, as trustees, and their successors in trust (which trustees and their successors in trust are hereinafter referred to as the "Trustees"), to which Mortgage and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of and restrictions upon the Company and the holders of the Bonds and coupons in respect of such security, the rights, duties and immunities of the Trustees and the terms and conditions under which the Bonds are, and may be, issued and secured. By the terms of the Mortgage, the Bonds may be for various principal sums and are issuable

in series, and the Bonds of any series may differ from the Bonds of any other series as to denomination, date, maturity, interest rate, redemption, sinking fund provisions, conversion rights and otherwise, all as in the Mortgage provided. Bonds of Series A, of which this is one, are designated as the "First Mortgage 4% Bonds, Series A, due January 1, 2004," and the aggregate principal amount thereof is limited to $14,706,900.

If an event of default as defined in the Mortgage shall occur, the principal of this Bond may be declared or may become due and payable prior to the stated date of maturity hereof in the manner, with the effect and subject to the conditions provided in the Mortgage.

The Mortgage contains provisions permitting the Company and the Trustees at any time or times with the consent, evidenced as in the Mortgage provided, of the holders of not less than 66⅔% in aggregate principal amount of all of the Publicly Held Bonds, as defined in the Mortgage, then outstanding and to be directly affected thereby, to modify (with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises) the provisions of the Mortgage in respect of any sinking fund for the retirement of indebtedness of the Company, or to modify or alter in any manner any of the other provisions of the Mortgage or of any indenture supplemental thereto or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Company; provided, however, that without the consent of the holder of this Bond, evidenced as in the Mortgage provided (such consent to be conclusive and binding upon such holder and upon all future holders of this Bond), no such modification or alteration shall (a) alter or impair the obligation of the Company to pay the principal sum or the interest specified in this Bond at the places and in the manner specified in this Bond, or (b) permit the creation by the Company of any mortgage or other lien in the nature of a mortgage ranking prior to or on a parity with the lien of the Mortgage or of any indenture supplemental thereto, with respect to any property covered thereby, other-

wise than as permitted by the Mortgage, or (c) 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 or alteration shall alter or impair the obligation of the Company with respect to the time or times of payment of the principal sum or the interest specified in the Bonds, except that with the consent of the holders of not less than 75% in aggregate principal amount of all of the Publicly Held Bonds, as defined in the Mortgage, at the time outstanding, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the time or times of payment of the principal sum of any or all series of the Bonds then outstanding, whether before or after the maturity thereof, and whether bearing fixed or contingent interest, may be postponed to any fixed or determinable date not exceeding 20 years beyond the original date of maturity of the principal sum thereof, or the time or times of payment of any interest on the Bonds of any or all series then outstanding, whether before or after such interest is due, may be postponed to any fixed or determinable date not later than five years after such interest first becomes payable and not beyond the original or postponed date of maturity of the principal thereof.

The Bonds of Series A are subject to redemption in part from time to time on any date prior to maturity through the operation of the Sinking Fund provided for in the Mortgage, at a redemption price equal to the principal sum to be redeemed, plus all accrued interest on such principal sum to the date fixed for redemption, upon publication of notice of such redemption once each week for four successive weeks, in a newspaper printed in the English language and customarily published on each business day and of general circulation in the City of Minneapolis, State of Minnesota, and in a like newspaper in the Borough of Manhattan, City and State of New York, the first publication in each such newspaper to be not less than 30 or more than 60 days before the date fixed for redemption, all as provided in the Mortgage. The Bonds of Series A are also subject to redemption, in whole at any

time or in part from time to time, on any date prior to maturity, other than through the operation of the Sinking Fund, at a redemption price equal to the principal sum thereof, plus all accrued interest on such principal sum to the date fixed for redemption and, in case of redemption prior to January 1, 1989, a premium equal to 4⅜% of such principal sum decreased by ⅛ of 1% on January 1, 1955, and on each January 1 thereafter to and including January 1, 1989 (but without premium if redeemed after January 1, 1989), upon like publication of notice of such redemption except that if the date fixed for redemption is not an interest-payment date the first such publication to be not less than 60 or more than 90 days before the date fixed for redemption, all as provided in the Mortgage. Registered Bonds of Series A without coupons for principal amounts exceeding $1,000 may be redeemed in portions amounting to $1,000 or multiples of $1,000, with interest and premium, if any, as aforesaid on the principal sum to be redeemed.

The Bonds of Series A are entitled to the benefit of annual payments into the Sinking Fund out of Available Net Income, if any, as defined and made applicable for such purposes under the terms of the Mortgage, and of such additional amounts, if any, as may be deposited in the Sinking Fund from time to time as required or permitted by the Mortgage.

This Bond is transferable by the registered holder in person (or by his attorney duly authorized in writing) at the office or agency maintained by the Company in said City of Minneapolis or in said Borough of Manhattan, on registry books kept for such purpose at such office or agency, but only in the manner, subject to the limitations, upon payment of the charges provided in the Mortgage, and upon surrender and cancellation of this Bond. Upon any such transfer a new registered Bond or Bonds without coupons of this series and of authorized denominations for the same aggregate principal sum will be issued to the transferee in exchange therefor.

The Company, the Trustees, any paying agent and any bond registrar may deem and treat the registered holder hereof

as the absolute owner of this Bond (whether or not this Bond shall have become due and payable), for the purpose of receiving any payment then being made of or on account of the principal hereof, premium if any, and interest hereon, and for all other purposes, and neither the Company nor the Trustees nor any paying agent nor any bond registrar shall be bound by any notice to the contrary.

Coupon Bonds of Series A are issuable in denominations of $50, $100, $500 and $1,000. Registered Bonds without coupons of Series A are issuable in denominations of $1,000 and, with the consent of the Company, in denominations in multiples of $1,000. Upon presentation thereof for that purpose at the office or agency maintained by the Company in said City of Minneapolis or in said Borough of Manhattan, and in the manner, subject to the limitations, and upon payment of the charges provided in the Mortgage, coupon Bonds of Series A, with all unmatured coupons and any matured coupons in default appertaining thereto, may be exchanged for a like aggregate principal amount of registered bonds without coupons of Series A of authorized denominations, coupon Bonds of Series A of the denominations of $50, $100 and $500 aggregating $1,000 in principal amount, with all unmatured coupons and any matured coupons in default appertaining thereto, may be exchanged for a coupon Bond of Series A of the denomination of $1,000 bearing all unmatured coupons and any matured coupons in default appertaining thereto, and registered Bonds without coupons of Series A may be exchanged for a like aggregate principal amount of coupon Bonds of Series A of the denomination of $1,000 and bearing all unmatured coupons and any matured coupons in default appertaining thereto, or for a like aggregate principal amount of registered Bonds without coupons of Series A of other authorized denominations.

As provided in the Mortgage, no recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon, or because of the creation of the indebtedness represented hereby, or otherwise in respect hereof, or based on or in respect of the Mortgage or any indenture supplemental thereto, against any past, present or

future incorporator, stockholder, officer or director, as such, of the Company, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability, except for fraud or wilful misconduct, by the acceptance hereof and as part of the consideration for the issue hereof, being expressly waived and released.

This Bond shall not be valid or become obligatory for any purpose unless and until the certificate of authentication hereon shall have been signed by the Corporate Trustee under the Mortgage.

IN WITNESS WHEREOF, Wisconsin Central Railroad Company has caused this Bond to be signed by its President or one of its Vice Presidents, and its corporate seal to be affixed hereto or a facsimile thereof to be imprinted or engraved hereon and attested by its Secretary or an Assistant Secretary, and this Bond to be dated .....

WISCONSIN CENTRAL RAILROAD COMPANY

By .....
President

Attest:

.....
Secretary

(Form of Corporate Trustee's Certificate of Authentication on Bonds of all Series)

CORPORATE TRUSTEE'S CERTIFICATE OF AUTHENTICATION.

This is one of the Bonds of Series ... described in the within-mentioned Mortgage.

.....
As Corporate Trustee

By .....
Authorized Signature

and

WHEREAS, the Bonds of series other than Series A are to be substantially in the forms hereinabove set forth for the Bonds of Series A, but with such provision and form for coupons, if any, to be attached to such thereof as may be coupon Bonds, and with such omissions, insertions and variations as may be authorized and permitted by the Mortgage; and

WHEREAS, the execution and delivery of the Mortgage have been authorized by resolutions duly adopted by the stockholders and Board of Directors of the Company; and

WHEREAS, all acts and things prescribed by law and by the articles of incorporation and by-laws of the Company necessary to make the Bonds of Series A when executed by the Company and authenticated by the Corporate Trustee, as in the Mortgage provided, valid, binding and legal obligations of the Company, and to make the Mortgage a valid and binding mortgage and deed of trust to secure the payment of the Bonds, have been performed, and the execution and delivery of the Mortgage have been duly authorized in all respects;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium if any, and interest on all the Bonds at any time issued and outstanding hereunder, according to their tenor and effect, and the performance and observance of the covenants and conditions contained in the Bonds and in the Mortgage, and in consideration of the premises and the acceptance by the Trustees of the trusts hereby created, and of the acceptance of the Bonds (and coupons, if any) by the holders thereof, and of the sum of One Dollar in hand paid by the Trustees to the Company upon the execution and delivery of the Mortgage, receipt whereof is hereby acknowledged, the 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 Trustees, and to their successors in trust, and their assigns forever, subject to the terms of the Mortgage, all and singular the following described property, rights, privileges and franchises of the Company:

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

Group A: Main lines:

	Miles
Item (1). Beginning at Central Avenue in the City of Chicago, Illinois, and extending in a general northwesterly direction through the Counties of Cook and Lake, in the State of Illinois, the Counties of Kenosha, Racine, Walworth, Waukesha, Washington, Dodge, Fond du Lac, Winnebago, Outagamie, Waupaca, Portage, Wood, Marathon, Clark, Chippewa, Dunn and St. Croix, in the State of Wisconsin, and the County of Washington, in the State of Minnesota, to a connection with the tracks of Minneapolis, St. Paul & Sault Ste. Marie Railroad Company at Withrow, Minnesota (including the right to the free use of 3.06 miles of track from Central Avenue to Madison Street in the City of Chicago, Illinois), and having a length of approximately	423.89
Item (2). Beginning at a connection with the main line described in Item (1) of this *Group A* at Carnelian Junction, Minnesota, and extending westerly through the Counties of Washington and Ramsey, in the State of Minnesota, to a connection with the tracks of Northern Pacific Railway Company at Trout Brook Junction in St. Paul, Minnesota, and having a length of approximately	18.05

	Miles
Item (3). Beginning at a connection with the main line described in Item (1) of this *Group A* at Spencer, Wisconsin, and extending in a northerly direction through the Counties of Marathon, Clark, Taylor, Price and Ashland, in the State of Wisconsin, to the end of the track in Ashland, Wisconsin, and having a length of approximately	146.31
Item (4). Beginning at a connection with the main line described in Item (1) of this *Group A* at Owen, Wisconsin, and extending in a northwesterly direction through the Counties of Clark, Rusk, Sawyer, Washburn and Douglas, in the State of Wisconsin, to a connection with the tracks of Lake Superior Terminal & Transfer Railway Company near Tower Avenue in Superior, Wisconsin, and having a length of approximately	153.39
Item (5). Beginning at the Grassy Point Bridge and extending to the 6th Avenue West Passenger Station in the City of Duluth, St. Louis County, Minnesota, and having a length of approximately	4.71
Item (6). Beginning at a connection with the main line described in Item (1) of this *Group A* and extending to a connection with the tracks of Minneapolis, St. Paul & Sault Ste. Marie Railroad Company in the City of Neenah, Winnebago County, Wisconsin, and having a length of approximately	0.06
Total track in *Group A*	746.41

	Miles
Group B: Branch lines:	
Item (1). Extending from a connection with the main line described in Item (1) of *Group A* at Neenah, easterly to the end of the track at Manitowoc, all in the Counties of Winnebago, Calumet and Manitowoc, State of Wisconsin, and having a length of approximately	28.66
Item (2). Extending from a connection with the main line described in Item (1) of *Group A* at Marshfield, southeasterly to a connection with the tracks of Chicago & North Western Railway Company near Arpin, all in the County of Wood, State of Wisconsin, and having a length of approximately	12.76
Item (3). Extending from a connection with the tracks of Chicago & North Western Railway Company near Wisconsin Rapids, southerly to the end of the track at Nekoosa, all in the County of Wood, State of Wisconsin, and having a length of approximately	8.37
Item (4). Extending from a connection with the main line described in Item (1) of *Group A* at Marshfield, northwesterly to the end of the track at Greenwood, all in the Counties of Wood and Clark, in the State of Wisconsin, and having a length of approximately	22.66
Item (5). Extending from a connection with the main line described in Item (3) of *Group A* at Abbotsford, northeasterly to the end of the track at Athens, all in the Counties of Clark and Marathon, in the State of Wisconsin, and having a length of approximately	14.70
Item (6). Extending from a connection with the main line described in Item (3) of *Group*	

	Miles
A at Mellen, Wisconsin, easterly to the Wisconsin-Michigan state line, all in the Counties of Ashland and Iron, in the State of Wisconsin, and having a length of approximately	26.91
Item (7). Extending from a connection with the main line described in Item (1) of *Group A* at Chippewa Falls, southwesterly to a connection with the tracks of Chicago, Milwaukee, St. Paul and Pacific Railroad Company near Magenta, all in the Counties of Chippewa and Eau Claire, in the State of Wisconsin, and having a length of approximately	8.79
Item (8). Extending from a connection with the tracks of Chicago, Milwaukee, St. Paul and Pacific Railroad Company to the Freight Station in Eau Claire, Eau Claire County, Wisconsin, and having a length of approximately	1.12
Item (9). Extending from a connection with the main line described in Item (1) of *Group A* at Downing Junction, westerly to the end of the track at Glenwood City, all in the Counties of Dunn and St. Croix, in the State of Wisconsin, and having a length of approximately	3.59
Total track in *Group B*	127.56

Group C: The undivided one-half interest of the Company in each of the following lines of railroad:

Item (1). A line extending from a connection with the main line described in Item (1) of *Group A* at 2d Street to a connection with the same main line at Marion Street, all in the City of Oshkosh, Winnebago County, Wisconsin, owned jointly with Chicago, Milwaukee, St. Paul

	Miles
and Pacific Railroad Company, and having a length of approximately	0.25
Item (2). A line extending from a connection with the branch line described in Item (1) of *Group B* at Neenah, to a connection with the same branch line at Hilbert Junction, all in the Counties of Winnebago and Calumet, in the State of Wisconsin, owned jointly with Chicago, Milwaukee, St. Paul and Pacific Railroad Company, and having a length of approximately	15.76
Total track in *Group C*	16.01

Group D: Second and other main tracks:

All tracks owned by the Company or in which it has an interest and commonly designated as second and other main tracks, and used as part of or in connection with any of the lines of railroad above described in *Groups A, B* and *C*, and having an aggregate length of approximately 26.46

Group E: Other tracks and sidings:

All spur, side, industrial, switch, connecting, storage, yard, terminal, passing, and shop tracks and turnouts owned by the Company or in which it has an interest and used or provided for use in connection with any of the lines of railroad and tracks above described in *Groups A, B, C* and *D*, and having an aggregate length of approximately 385.01

SECOND. All right, title and interest, legal or equitable, of the Company in any and all other main and branch lines and tracks, cut-off, spur, industrial, switch, connecting, storage, yard or terminal tracks, superstructures, roadbeds,

bridges, trestles, culverts, viaducts, buildings, depots, stations, stock yards, warehouses, elevators, car houses, engine houses, freight houses, machine shops and other shops, turntables, fuel stations, water stations, signals, interlocking plants, telegraph and telephone lines, fences, docks, structures and fixtures.

THIRD. All right, title and interest, legal or equitable, of the Company in and to all lands, tenements, hereditaments, easements, rights of way and other real property and interests in real property of whatever kind or description and wherever situated, and in and to all structures, improvements and fixtures thereon.

FOURTH. All right, title and interest of every name and nature, legal or equitable, of the Company in any and all mechanical equipment, machinery, tools, implements, furniture, supplies, materials, and other chattels.

FIFTH. All right, title and interest of every kind and nature, legal or equitable, of the Company in and to Equipment (as defined in Article I) now owned by the Company, and any and all additions, betterments and improvements thereto, including all right, title and interest now vested in the Company in and to any and all such property now leased to or possessed by the Company under any Equipment Obligation.

SIXTH. The following described shares of capital stock of other corporations now owned by the Company and deposited with the Corporate Trustee:

	Number of Shares	Total Par Value
The Belt Railway Company of Chicago	2,400	$240,000
Gogebic and Montreal River Railroad Company	6,000	No par value

SEVENTH. All of the Company's estate, right, title, interest, terms and remainders of terms, franchises, privileges and rights of action of whatsoever name and nature in law or in equity in and to the following principal trackage, terminal or operating contracts or agreements or leases, and all amendments, supplements, renewals and extensions thereof:

Group A: Trackage Agreements:

(1) With The Baltimore and Ohio Chicago Terminal Railroad Company, dated March 1, 1938, terminating April 30, 1958, covering trackage rights between Central Avenue and the end of the tracks in Grand Central Station, Chicago, Illinois, approximately 7.95 miles in length.

(2) With the Chicago, Milwaukee, St. Paul & Pacific Railroad Company, dated July 31, 1938, for a term of 25 years, covering trackage rights between a connection with the Company's tracks at Rugby Junction, Wisconsin, and 31st Street in the City of Milwaukee, Wisconsin, approximately 25.41 miles in length.

(3) With the Chicago & North Western Railway Company, dated May 22, 1936, terminable by mutual consent, covering trackage rights between a connection with the Company's tracks at Arpin, Wisconsin, and a connection with the Company's tracks at Wisconsin Rapids, Wisconsin, approximately 11.54 miles in length.

(4) With the Chicago & North Western Railway Company, dated March 26, 1934, for a term of 99 years, covering trackage rights from a connection with the Company's tracks at Hurley, Wisconsin, extending west to Orva, Wisconsin, and east to Wakefield, Michigan, approximately 18.26 miles in length.

(5) With the Chicago, Milwaukee, St. Paul & Pacific Railroad Company, dated April 15, 1919, for a term of 99 years, covering trackage rights between a connection with the Company's tracks at Magenta, Wisconsin, and Eau Claire, Wisconsin, approximately 1.32 miles in length.

(6) With the Northern Pacific Railway Company, dated November 24, 1909, for an indefinite term, covering trackage rights between Wisconsin Central Junction and Soo Line Junction, St. Paul, Minnesota, approximately .08 of a mile in length.

Group B: Agreements relating to union and other stations, terminal yards and bridges:

(1) With The Belt Railway Company of Chicago, dated November 1, 1912, terminating September 1, 1962,

covering the use of freight terminal facilities in Chicago, Illinois, jointly with twelve other trunk lines which are parties to the agreement.

(2) With the Pennsylvania Railroad Company, dated June 18, 1935, terminable on 30 days' notice by either party, for trackage rights between a connection with the tracks of The Baltimore and Ohio Chicago Terminal Railroad Company at Roosevelt Road and Brighton Park, Chicago, Illinois.

(3) With The Baltimore and Ohio Chicago Terminal Railroad Company, dated March 1, 1938, terminating April 30, 1958, covering use of Grand Central Station, Lincoln Street enginehouse and coach yard facilities, including lead tracks thereto, trackage between Western Avenue and the Union Stock Yards connections at Brighton Park, in Chicago, Illinois, and station and team track facilities in Forest Park, Illinois.

(4) With the Central Terminal Railway Company, dated April 30, 1938, terminating April 30, 1958, for use of freight house facilities and trackage at Chicago, Illinois.

(5) With the Chicago, Milwaukee, St. Paul & Pacific Railroad Company, dated July 31, 1938, for a term of 25 years, covering terminal facilities at Milwaukee, Wisconsin.

(6) With the Chicago & North Western Railway Company, dated March 26, 1934, for a term of 99 years, covering use of yard trackage and trackage serving iron mines on the Gogebic Range in Northern Wisconsin and Michigan.

(7) With the Northern Pacific Railway Company, dated December 10, 1928, for a term of 50 years, covering use of terminal facilities at Ashland, Wisconsin.

(8) With the Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, dated December 3, 1932, as amended and supplemented July 1, 1937 and April 15, 1944, terminable by either party on six months' written notice,

in so far as the same covers the use of terminal facilities at Minneapolis, St. Paul and Duluth, Minnesota, and Superior, Wisconsin, including operating rights over various foreign line facilities at Minneapolis, St. Paul, Duluth and Superior in which the Minneapolis, St. Paul & Sault Ste. Marie Railroad Company is the contracting company.

EIGHTH. All of the Company's estate, right, title, interest, terms and remainders of terms, franchises, privileges and rights of action of whatsoever name and nature in law or in equity in and to any and all other leases, leasehold rights, joint facilities and other trackage contracts and operating rights and privileges and amendments and renewals and extensions thereof, not specifically described in granting clause SEVENTH, now owned by the Company in connection with or relating to the ownership, use or operation by the Company of any of its lines of railroad, or any terminals or union or other stations situated along, or at the terminus of, any of the Company's lines of railroad.

NINTH. Any and all right, title and interest of every name and nature of the Company in and to any and all telegraph, telephone or other communication facilities, and the rights and agreements covering the rights to the use of any and all such facilities along the Company's lines of railroad, as they may be used from time to time or subject to use by the Company.

TENTH. Any and all corporate rights, powers, franchises, privileges and immunities now owned or possessed by the Company which may be necessary for or appurtenant to the use, operation, management, maintenance, renewal, alteration or improvement of the Company's lines of railroad or of any other property now subject to the lien of the Mortgage.

ELEVENTH. All other property of every kind and description, real, personal or mixed, now owned by the Company or

in which it now has any right, title or interest, including all property of every kind and description acquired by the Company from Edgar F. Zelle, as trustee of the properties of the Debtor.

TWELFTH. All property of every kind and description which may hereafter be acquired by the Company, including but without being limited to all property which (a) shall be acquired in replacement of or substitution for or shall constitute additions, betterments or improvements to any property now or hereafter owned by the Company and subject to the lien of the Mortgage or which may at any time become subject to the lien of the Mortgage, or (b) shall be appurtenant to or acquired for use upon or in connection with any of the Company's lines of railroad or for use upon or in connection with any other property, real or personal, which may at the time be subject to the lien of the Mortgage, or (c) shall be acquired in whole or in part through the issuance or by the use of the proceeds of Bonds issued under the Mortgage or General Mortgage Bonds issued under the Company's General Mortgage or Prior Lien Bonds issued under a Prior Lien, or by the use of moneys deposited with the Trustee under any provision of the Mortgage or with the trustee of the General Mortgage or a Prior Lien under any provision thereof, or (d) by any provision of the Mortgage the Company is required to convey, mortgage, pledge, assign or transfer to the Trustees hereunder; provided, however, that if the Company shall acquire substantially all of the properties of any Class I Carrier (as defined in Article I), such properties shall be subject to the lien of the Mortgage only to the extent and under the conditions provided in Article XII.

THIRTEENTH. All property of every kind and description, in addition to that above described, which, at any time hereafter, by indenture or indentures supplemental hereto, or other instruments of transfer, may be expressly conveyed, mortgaged

or pledged, delivered, assigned or transferred to the Trustees by the Company or by a successor corporation, or with its consent by anyone in its behalf, as and for additional security or substitute security for the Bonds issued and to be issued hereunder, the Trustees being hereby authorized at any time and at all times to receive such conveyance, mortgage, pledge, delivery, assignment or transfer and to hold and apply any and all such properties subject to the trusts of the Mortgage; provided that any such conveyance, mortgage, pledge, delivery, assignment or transfer made pursuant to the provisions of this granting clause THIRTEENTH, as and for additional security or substituted security, may be made subject to any liens, reservations, limitations, conditions and provisions, consistent with the provisions of the Mortgage, which shall be specified or set forth in such supplemental indenture or instrument of transfer.

FOURTEENTH. All rents, issues, tolls, profits and other income from the premises and property herein or hereafter mortgaged, and conveyed or assigned, or intended so to be.

FIFTEENTH. All Securities (as defined in Article I) now owned or hereafter acquired by the Company.

For the purpose of the foregoing granting clauses FIRST to FIFTEENTH, inclusive:

(1) The word "property" shall be deemed to include property of every kind and description, whether real, personal, or mixed, whether tangible or intangible, and whether of present or future interests, including, without limitation, franchises, leaseholds, stocks, bonds and other securities;

(2) The "Company's lines of railroad" shall be deemed to include any main or branch or cut-off lines of railroad, and any and all main, branch, second, spur, side, industrial, switch, connecting, storage, yard, terminal, passing and shop tracks and turnouts, which the Company may

own, either solely or jointly, or over which the Company may operate or have any right to operate under any lease, trackage or operating agreement;

(3) Out of the grants hereby made, the last day of the term of each leasehold estate (whether created orally or by written instrument) now or hereafter enjoyed by the Company is hereby excepted and reserved, whether falling within the general or particular description of property herein described;

(4) It is not intended to subject to the lien hereof, and this grant shall not be deemed to apply to, the properties of any Class I Carrier (as defined in Article I) acquired by the Company or of any Class I Carrier which shall acquire substantially all of the assets of the Company as an entirety, or of any Class I Carrier consolidated with the Company or into which the Company shall be merged, whether owned at the time of such acquisition, consolidation or merger or thereafter acquired, except to the extent and under the conditions provided in Article XII;

(5) It is not intended to subject to the lien hereof, and this grant shall not be deemed to apply to

(a) any rents, issues, tolls, profits or other income from the premises and property herein or hereafter mortgaged and conveyed or assigned, or

(b) any cash, government securities, federal, state or local, or bills, notes or accounts receivable (except cash, government securities or bills, notes or accounts receivable deposited or required to be deposited with the Trustee pursuant to any of the provisions of the Mortgage), or

(c) any materials or supplies, or

(d) any Special Sequrities (as defined in Article 1),

unless and until one or more of the Events of Default enumerated in Section 2 of Article XVI shall have occurred; but, upon the occurrence of any such Event of Default, all such rents, issues, tolls, profits and other income, cash, government securities, bills, notes and accounts receivable, materials and supplies and Special Securities shall immediately become subject to the lien hereof to the extent permitted by law;

(6) The provisions of the Mortgage, including those in the foregoing granting clauses FIRST to FIFTEENTH, inclusive, shall be construed, and the lien of the Mortgage at any time shall be determined, in conformity with the following restrictions and rules of construction, which shall prevail over any other provision of the Mortgage in the event of any inconsistency therewith:

(a) Subject to the limitations of Article XII, the provisions of the Mortgage which may reasonably be construed to subject to the lien of the Mortgage property which may be acquired hereafter by the Company, or in which the Company hereafter may acquire an interest, shall be construed as applying to such property, and a liberal scope and effect shall be given to such provisions;

(b) Nothing in the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Company, which is hereby expressly reserved, to acquire any property or interest therein subject to liens or charges existing thereon at the time of the acquisition thereof, or to create any purchase money mortgage or other lien or charge on such property or interest in order to finance the cost thereof, or to extend the term of or to refund any such lien or purchase money mortgage;

(c) Nothing in the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Company, which is hereby expressly reserved, to consolidate with or merge into, or to convey or lease the mortgaged property as a whole, or substantially as a whole, to another corporation or corporations, or to merge another corporation or

corporations into the Company or to acquire property, as a whole or substantially as a whole, of another corporation or corporations, all as provided and with the exceptions and upon the terms and conditions set forth in Article XII;

(d) Nothing in the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Company, which is hereby expressly reserved, to subject to an Equipment Obligation (by transfer to a trustee thereunder, or otherwise) any Equipment constructed or acquired for its use, at any time within two years from the date the same is so constructed or acquired, if such Equipment Obligation is created for the purpose of providing for, or reimbursing the Company for, in whole or in part, the cost of such construction or acquisition, and if and to the extent that such Equipment has not theretofore been acquired or constructed by expenditures from the Equipment Replacement Fund, but the lien of the Mortgage shall attach to the right, title and interest of the Company then or thereafter existing in such Equipment, subject only to such Equipment Obligation;

(e) Nothing in the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Company, which is hereby expressly reserved, to use and apply any of its materials and supplies in the routine maintenance and repair of railroad equipment, whether owned by the Company or by any other railroad, after one or more Events of Default enumerated in Section 2 of Article XVI shall have occurred and be continuing; and

(f) Nothing in the Mortgage is intended or shall be construed to require the deposit with the Trustee of any Securities, or of any instruments of the character referred to in granting clauses SEVENTH, EIGHTH and NINTH, except such Securities and instruments as are by the terms of the Mortgage specifically required to be so deposited.

TO HAVE AND TO HOLD the premises, railroads, railroad property, appurtenances, rights, privileges, franchises, estates, leaseholds, securities and other property, real, personal and mixed, hereby granted, bargained, sold, conveyed, released, confirmed, mortgaged, pledged, assigned, transferred or set over, or intended so to be, or which may in any manner become subject to the lien of the Mortgage by indentures supplemental hereto or otherwise (all of which property at any given time subject to the lien of the Mortgage, whether by the terms of the Mortgage, including the after-acquired property clauses thereof, or by subsequent conveyance, delivery or pledge to the Trustees, or either of them, or otherwise, is herein sometimes referred to as the "mortgaged property");

SUBJECT, HOWEVER, to the following:

(1) The prior rights, charges, lien and title under the following Equipment Obligations assumed by the Company in accordance with the Plan and the orders of the Court:

(a) Conditional sale agreement, dated as of May 1, 1949, between Edgar F. Zelle, as trustee of the property of the Debtor, and First National Bank of Minneapolis, owner by assignment from General Motors Corporation, covering the purchase of three 4500 H.P. Diesel-Electric Freight Locomotives, numbered 2201, 2202 and 2203 but each composed of three units lettered A, B and C, respectively;

(b) Conditional sale agreement, dated May 10, 1949, between Edgar F. Zelle, as trustee of the property of the Debtor, and First National Bank of Minneapolis, owner by assignment from American Locomotive Company, covering the purchase of four 3000 H.P. Diesel-Electric Freight Locomotives, numbered 2220 to 2223, both inclusive, but each composed of two units lettered A and B, respectively;

(c) Conditional sale agreement, dated September 20, 1949, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from American Locomotive Company, covering the purchase of two 1000 H.P. Diesel-Electric Combination Road-Switching Locomotives, numbered 2360 and 2361, and two 1000 H.P. Diesel-Electric Switching Locomotives, numbered 2109 and 2110;

(d) Conditional sale agreement, dated as of May 15, 1950, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from General Motors Corporation, covering the purchase of two 3000 H.P. Diesel-Electric Passenger Locomotives, numbered 2500 and 2501 but each composed of two units lettered A and B, respectively, and two 3000 H.P. Diesel-Electric Freight Locomotives, numbered 2224 and 2225 but each composed of two units lettered A and B, respectively;

(e) Conditional sale agreement, dated May 16, 1950, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from American Locomotive Company, covering the purchase of one 1000 H.P. Diesel-Electric Road-Switching Locomotive, numbered 2362;

(f) Conditional sale agreement, dated as of July 21, 1952, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from General Motors Corporation, covering the purchase of one 1500 H.P. Model F-7-B Booster Unit Diesel-Electric Locomotive, numbered 2204C, and five 1200 H.P. Model SW-9 Diesel-Electric Switching Locomotives, numbered 2111 to 2115, both inclusive;

(g) Conditional sale agreement, dated as of August 1, 1953, between Edgar F. Zelle, as trustee of

the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from American Car and Foundry Company, covering the purchase of twenty-five Steel Ballast Cars, numbered 61001 to 61049, both inclusive, odd numbers only;

(h) Equipment Trust Agreement and Lease, Series D, dated as of June 1, 1953, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, Trustee, covering 6 Diesel-Electric Locomotives, 100 Gondola Cars and 350 Box Cars;

under which Equipment Obligations the unpaid balance of outstanding obligations as of the close of business on February 28, 1954, aggregated $5,222,246 in principal amount; and

(2) All and singular the other matters hereinabove set forth in the granting clauses hereof and Permitted Encumbrances (as defined in Article I) but only to the extent that the same shall constitute a prior lien or charge of record against any part of the mortgaged property;

But in Trust, Nevertheless, upon the terms and conditions of the Mortgage, for the equal and proportionate benefit and security (except as provided in Section 1 of Article XVI) of all present and future holders of Bonds and coupons, according to their tenor, purport and effect, without preference, priority or distinction (except as provided in Section 1 of Article XVI) as to lien or otherwise; so that (except as aforesaid) each and every Bond and coupon shall have the same right, lien and privilege under the Mortgage and shall be equally and ratably secured thereby in accordance with the provisions of the Mortgage;

And It Is Hereby Covenanted and Declared that all of the Bonds and coupons for interest thereon, if any, are to be

issued, authenticated and delivered, and that the mortgaged property is to be held and disposed of by the Trustees, upon and subject to the following covenants, conditions, uses and trusts:

ARTICLE I

Definitions

The terms defined in this Article I (unless otherwise expressly provided or unless the context otherwise requires) shall have the following meanings, respectively:

"Additions and Betterments" shall mean all physical additions to or improvements, extensions and betterments of the property of the Company becoming subject to the lien of the Mortgage, or located on any leasehold that is subject to the lien of the Mortgage, acquired or constructed by the Company after March 1, 1954, the cost of which, at the time of acquisition or construction, was properly chargeable to Capital Accounts, except:

(a) Equipment;

(b) Purchased Property; and

(c) Such additions, improvements, extensions, and betterments as:

(1) Were acquired or constructed through grants or donations; or

(2) Are subject to any Prior Lien; or

(3) Are located on any leasehold subject to the lien of the Mortgage, unless the lease by its terms will expire subsequent to the date of maturity of the latest maturing Bonds then outstanding or Bonds for the authentication and delivery of which Application is then being made, or unless the Company has the right to remove such Additions and Betterments or to be reimbursed for the Cost thereof upon termination of the lease; or

(4) The Company has covenanted in Sections 7 and 8 of Article X not to use as a basis for the au-

thentication and delivery of any Bonds, the release of any property, or the withdrawal, payment or application of any cash held by the Trustee.

"Application" shall mean a letter or other instrument in writing dated not more than 60 days prior to its delivery to the Trustee and signed by the President or a Vice President of the Company, setting forth briefly the nature of the matter or action covered by the application, referring to the particular provision or provisions of the Mortgage upon which the application is based, and enumerating the resolutions, certificates, opinions, securities, cash, instruments of transfer and other papers and documents or property delivered or to be delivered to the Trustee with or in connection with such application.

"Available Net Income" for any calendar year shall mean the consolidated income after fixed charges of the Company and its Wholly Owned Railroad Subsidiaries for such year, subject to the following:

(a) Such consolidated income shall be determined, in accordance with the Uniform System of Accounts applicable to such year, from the books of the Company and its Wholly Owned Railroad Subsidiaries without adjustment, except that:

(1) There shall be added to such consolidated income all amounts charged to operating expenses during such year on account of non-depreciable road property retired;

(2) There shall be deducted from such consolidated income all amounts credited to income of the Company during such year by reason of the settlement of land-grant rate adjustment the liability for which was assumed by the Company in consummation of the Plan;

(3) In determining such consolidated income, any adjustment necessary to correct the income account for

any prior year shall be made by appropriate entries either in the accounts of the current year (unless in violation of the applicable orders, instructions and regulations) or, in the discretion of the Board of Directors and subject to any requisite approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, in whole or in part in the accounts of any subsequent year or years; and in determining Available Net Income for any year any such entries made in the accounts of that year to adjust the income accounts of prior years, whether cleared through income or profit and loss accounts, shall be treated as items affecting the income accounts for the year in which they are entered on the books; and

(4) If in respect of any calendar year there is a deficit in Available Net Income after the adjustments provided in the preceding paragraphs (1), (2) and (3) have been made, the amount of such deficit shall be carried forward and deducted from such consolidated income in determining Available Net Income for the next succeeding calendar year or years until such deficit, and all accumulated or remaining deficits, be extinguished by what, in the absence of such deficit or deficits, would be Available Net Income.

(b) All computations of Available Net Income shall be made on a calendar year basis and each calendar year shall constitute an income period.

(c) Available Net Income for the calendar year 1954 shall be computed in the same manner as if the Company had come into ownership and possession on January 1, 1954, of the properties operated by the trustee of the properties of the Debtor and had issued on that date all securities issuable under the Plan.

"Board of Directors" shall mean the Board of Directors of the Company as from time to time constituted or any execu-

tive committee or other committee of the Board of Directors which shall be authorized by resolution of the Board of Directors or by the by-laws of the Company to act in place of the Board of Directors during any period or for any purpose germane to the Mortgage.

"Bonded," when used with reference to Bonds, Expenditures or Net Expenditures for Additions and Betterments, or Purchased Property, shall mean that such Bonds, Expenditures or Net Expenditures for Additions and Betterments, or Purchased Property have been made the basis by the Company for (a) the authentication and delivery of any Bonds or General Mortgage Bonds, (b) the release of any property from the lien of the Mortgage or of the General Mortgage or of any Prior Lien, (c) the withdrawal, payment or application of any cash held by the Trustee under any provision of the Mortgage or by the corporate trustee of the General Mortgage or by the trustee or mortgagee of any Prior Lien under any provision thereof, or (d) the surrender or other use, under the provisions of Section 7 or 8 of Article X, of Securities theretofore Bonded; and, when used with reference to Railroad Subsidiary Bonds, Railroad Subsidiary Stocks or Prior Lien Bonds, or any securities acquired in substitution therefor, shall mean that such Bonds or Stocks, or any securities acquired in substitution therefor, have been made the basis by the Company for (a) the authentication and delivery of any Bonds or General Mortgage Bonds, or (b) the withdrawal, payment or application of any cash held by the Trustee under any provision of the Mortgage or by the corporate trustee of the General Mortgage under any provision thereof.

If any Bonds, Expenditures or Net Expenditures for Additions and Betterments, Purchased Property, Railroad Subsidiary Bonds, Railroad Subsidiary Stocks or Prior Lien

Bonds, made the basis for any of the foregoing purposes, shall be in excess of the amount required for that particular purpose, such excess shall not be deemed to be Bonded.

All of the mortgaged property owned by the Company, and all of the Securities deposited with the Trustee, on the date of the execution and delivery of the Mortgage shall for all purposes of the Mortgage be deemed to be Bonded.

"Bondholders" shall mean, as of any particular date, all holders of coupon Bonds not registered as to principal and all registered owners of coupon Bonds registered as to principal and of registered Bonds without coupons, provided such Bonds, whether coupon or registered, are Outstanding Bonds.

"Bonds" shall mean all bonds of all series which have been authenticated and delivered at any time under the Mortgage.

"Capital Accounts" shall mean the following present accounts, or similar accounts performing the functions of said present accounts, maintained by the Company and by the trustee of the Debtor in accordance with the Uniform System of Accounts:

Account 701—Road and Equipment Property;
Account 702—Improvements on Leased Property; and
Account 705—Miscellaneous Physical Property.

"Certified Resolution" shall mean a resolution or resolutions certified by the Secretary or an Assistant Secretary of the Company, under its corporate seal, as having been duly adopted by the Board of Directors at a meeting held on a specified date and as being in full force and effect as of the date of certification.

"Chief Accounting Officer" shall mean, as of any particular time, the officer having general supervision over the accounts of the Company or his principal assistant.

"Class I Carrier" shall mean any common carrier corporation which had gross operating revenue of more than $1,000,000 for the calendar year next preceding the time of any transaction requiring a determination thereof under any provision of the Mortgage and determined in accordance with the Uniform System of Accounts.

"Company" shall mean and include not only Wisconsin Central Railroad Company, the party of the first part to the Mortgage, but also any corporation that shall have complied with the provisions of Article XII and that shall have become a successor corporation as defined in Section 1 of said Article XII.

"Contingent Interest" shall mean, with respect to the Bonds or other obligations of the Company, the interest thereon to the extent that such interest is payable on condition that there is Available Net Income or other funds applicable to such payment.

"Corporate Trustee" shall mean the First National Bank of Minneapolis or any corporation which shall be its successor as a trustee under the Mortgage.

"Cost," when used with reference to any Purchased Property, shall mean the amount properly charged to Capital Accounts as the cost or investment of the Company therein, except (a) in the case of Purchased Property which shall be required or permitted by the Uniform System of Accounts to be charged to Capital Accounts at the original cost thereof when first devoted to railroad purposes, the excess of such original cost over the cost or investment of the Company therein, and (b) the aggregate principal amount of any indebtedness secured by Prior Liens thereon and by lien on any Equipment included therein, whether or not assumed or guaranteed by the Company; and, when used with reference to Railroad Subsidiary Bonds and Railroad Subsidiary Stocks,

shall mean the amount properly charged to investment accounts in accordance with the Uniform System of Accounts as the cost or investment of the Company therein.

"Daily Newspaper" shall mean, with respect to any City or Borough, a newspaper printed in the English language and customarily published on each business day and of general circulation in such City or Borough.

"Debt Securities" shall mean Prior Lien Bonds, Railroad Subsidiary Bonds, and the bonds, notes, certificates of indebtedness and other obligations and claims for the payment of money of any private or municipal corporation or analogous legal entity other than the Company.

"Engineer" shall mean, as of any particular time, the Chief Engineer of the Company or his principal assistant.

"Engineer's Certificate" shall mean a certificate signed and verified by the Engineer and dated not more than 60 days prior to the delivery thereof to the Trustee.

"Equipment" shall mean locomotives, however propelled or operated, passenger, freight, mail, express, baggage or other railway cars.

"Equipment Obligation" shall mean with respect to the Company any obligation or guaranty of the Company (other than Bonds and General Mortgage Bonds), and with respect to a Railroad Subsidiary any obligation or guaranty of such Railroad Subsidiary, issued under and secured by a right, charge, lien or title with respect to Equipment evidenced by an equipment trust agreement, conditional sale agreement, rental agreement, lease, chattel mortgage or other such instrument.

"Equipment Replacement Fund" shall mean the fund created and maintained in accordance with the provisions of Article VII.

"Event of Default" shall mean any event defined as such in Section 2 of Article XVI.

"Expenditures for Additions and Betterments" shall mean the amount properly charged to Capital Accounts as the cost or investment of the Company therein.

"Fixed Interest" shall mean, with respect to the Bonds or other obligations of the Company, the interest thereon to the extent that such interest is payable unconditionally.

"General Mortgage" shall mean the indenture executed and delivered by the Company to The Northern Trust Company and Thomas H. Jolls, as trustees, dated as of January 1, 1954, as amended, modified or supplemented from time to time, or any mortgage having a substantially equivalent lien.

"General Mortgage Bonds" shall mean all bonds authenticated and delivered under the General Mortgage.

"Independent Engineer" shall mean any individual, partnership or corporation engaged in the engineering business and satisfactory to the Trustee, provided such individual, partnership or corporation has no financial interest in the transaction to which his, their or its certificate or opinion relates and neither such individual nor any partner of such partnership nor any officer or director of such corporation is an officer, director or employee of the Company or of any Railroad Subsidiary.

"Independent Engineer's Certificate" shall mean a certificate signed and verified by an Independent Engineer and dated not more than 60 days prior to the delivery thereof to the Trustee.

"Individual Trustee" shall mean Frank B. Weck, or any individual who shall be his successor as a trustee under the Mortgage.

"Interest Coverage Certificate" shall mean a certificate signed and verified by the Chief Accounting Officer and dated not more than 60 days prior to the delivery thereof to the Trustee, and which conforms to the provisions of Section 21 of Article IX.

"Mortgage" shall mean this indenture as originally executed or as the same may be supplemented, modified or amended from time to time.

"Net Expenditures for Additions and Betterments," when used in connection with any Application, shall mean the Expenditures for Additions and Betterments described therein, minus:

(a) The aggregate amounts credited to Capital Accounts prior to the date of such Application, in accordance with the requirements of the Uniform System of Accounts, by reason of the retirement of any of such Additions and Betterments; and

(b) The aggregate amounts provided by the Company prior to the date of such Application for depreciation and amortization of such Additions and Betterments.

"Officers' Certificate" shall mean a certificate which is signed and verified by the President or a Vice President and by the Chief Accounting Officer of the Company and dated not more than 60 days prior to the delivery thereof to the Trustee, and which conforms to the requirements of Section 2 of Article XX, when applicable.

"Opinion of Counsel" shall mean a written opinion of counsel, who shall be satisfactory to the Trustee and who may be counsel for the Company, dated not more than 60 days prior to the delivery thereof to the Trustee and conforming to the requirements of Section 2 of Article XX, when applicable.

"Outstanding Bonds" shall mean, as of any particular date, all Bonds of all series when no particular series is specified in the context, or all Bonds of any specified series, authenticated and delivered by the Trustee under the Mortgage, except (with respect to all Bonds of all series or all Bonds of any specified series, as the case may be):

(a) Bonds theretofore redeemed or cancelled or delivered to the Trustee for cancellation;

(b) Bonds for the payment, purchase or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee, provided that if such Bonds are to be redeemed notice of such redemption shall have been given, or provision satisfactory to the Trustee shall have been made for giving such notice, as provided in Article IV;

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the provisions of Section 7 of Article II; and

(d) Bonds then owned by the Company, other than Bonds then pledged by the Company, as evidenced by an Officers' Certificate delivered to the Trustee.

"Outstanding General Mortgage Bonds" shall mean, as of any particular date, all General Mortgage Bonds of all series when no particular series is specified in the context, or all General Mortgage Bonds of any specified series, authenticated and delivered by the corporate trustee under the General Mortgage, except (with respect to all General Mortgage Bonds of all series or all General Mortgage Bonds of any specified series, as the case may be):

(a) General Mortgage Bonds theretofore redeemed or cancelled or delivered to the corporate trustee of the General Mortgage for cancellation;

(b) General Mortgage Bonds for the payment, purchase or redemption of which moneys in the necessary

amount shall have been irrevocably deposited in trust with the corporate trustee of the General Mortgage, provided that if such General Mortgage Bonds are to be redeemed notice of such redemption shall have been given, or provision shall have been made for giving such notice, to the satisfaction of the Trustee;

(c) Lost, stolen, mutilated or destroyed General Mortgage Bonds in lieu of or in substitution for which other General Mortgage Bonds shall have been issued; and

(d) General Mortgage Bonds then owned by the Company, other than General Mortgage Bonds then pledged by the Company.

"Outstanding Prior Lien Bonds" shall mean, as of any particular date, all Prior Lien Bonds authenticated and delivered by the trustee under the mortgage or other lien securing the same, except:

(a) Prior Lien Bonds theretofore redeemed or cancelled or delivered for cancellation to the trustee or other holder of the mortgage or other lien securing such Prior Lien Bonds;

(b) Prior Lien Bonds then deposited and pledged with the Trustee;

(c) Prior Lien Bonds then held in pledge by the trustee or other holder of the mortgage or other lien securing such Prior Lien Bonds for the purpose of any sinking fund or analogous fund for the retirement of Prior Lien Bonds for which provision has been made in the instrument evidencing such mortgage or other lien;

(d) Prior Lien Bonds for the payment or redemption of which moneys in the necessary amount shall have been irrevocably deposited in trust with the Trustee or with the trustee or other holder of the mortgage or other lien securing such Prior Lien Bonds or in trust with any agency satisfactory to the Trustee, provided that if such Prior Lien Bonds are to be redeemed notice of such redemption shall have been given, or provision shall have

been made for giving such notice, to the satisfaction of the Trustee; and

(e) Lost, stolen, mutilated or destroyed Prior Lien Bonds in lieu of or in substitution for which other Prior Lien Bonds shall have been issued.

"Permitted Encumbrances" shall mean, as of any particular time, any of the following:

(a) Liens for taxes, assessments or governmental charges not then delinquent; liens for workmen's compensation awards and similar obligations not then delinquent; liens or encumbrances in connection with litigation against the Company concerning claims for personal injuries or damages to property arising out of the operation of its business if entitled to priority over the lien of the Mortgage by operation of law; other liens not exceeding $100,000 in the aggregate arising out of litigation against the Company; liens for the payment or discharge of which provisions satisfactory to the Trustee have been made; mechanics', laborers', materialmen's and similar liens not then delinquent; any of such liens irrespective of amount, whether or not delinquent, the validity of which is being contested at the time by the Company in good faith; and undetermined liens or charges incidental to construction;

(b) Liens securing indebtedness neither payable nor assumed nor guaranteed by the Company, nor on which it customarily pays interest, on property with respect to which the Company owns easements or rights of way;

(c) Rights reserved to or vested in any governmental authority or agency or in any municipality by the terms of any franchise, grant, license or permit or by any provision of law to terminate such franchise, grant, license or permit, or to purchase or appropriate or recapture, or to designate a purchaser of, any of the mortgaged property; or to demand and collect any tax or other compensation for the use of streets or other public places or to control or regulate the mortgaged property;

(d) Any obligation or duty affecting the mortgaged property, or the uses, removal, control or regulation thereof by any public authority, under any franchise, grant, license or permit or provision of law;

(e) Rights of lessees under leases from the Company, and interests of others than the Company in property owned jointly or in common; and

(f) Easements, rights of way, exceptions, reservations, restrictions, conditions, limitations, covenants, adverse rights or interests and any other defects or irregularities in title affecting the mortgaged property which do not materially affect the use of the mortgaged property for the purposes for which it is held by the Company, and may be properly ignored as to their effect upon the security of the Mortgage. Any Opinion of Counsel required by the Mortgage may recite that, as to the matters covered by this clause (f), it is based upon a written statement of the Engineer.

"Prior Lien" shall mean any lien prior to the lien of the Mortgage, except Equipment Obligations and Permitted Encumbrances, existing or placed on any property at the time of the acquisition thereof by the Company.

"Prior Lien Bonds" shall mean any indebtedness or obligation secured by a Prior Lien.

"Publicly Held Bonds" shall mean, as of any particular date, all Outstanding Bonds except those then pledged by the Company.

"Purchased Property" shall mean lines of railroad, bridges or railroad terminals, including the Equipment thereof, if any, purchased or acquired by the Company from others, directly connected with the lines of railroad owned by the Company and deemed by the Board of Directors to be necessary or useful in connection with the operation of the Company's system.

"Railroad Subsidiary" shall mean any corporation owning one or more lines of railroad, bridges or railroad terminals, including the Equipment thereof, if any, directly connected with the lines of railroad owned by the Company and deemed by the Board of Directors to be necessary or useful in connection with the operation of the Company's system, of which at least 50% of the total outstanding shares of capital stock having general voting rights is owned by the Company.

"Railroad Subsidiary Bonds" shall mean the bonds of a Railroad Subsidiary secured by a general lien on all or substantially all of its physical property, or, by a first lien on a substantial division thereof, subject only to Equipment Obligations and liens in the nature of Permitted Encumbrances.

"Railroad Subsidiary Stocks" shall mean the shares of any class of capital stock of a Wholly Owned Railroad Subsidiary issued prior to and outstanding upon the date it shall become a Wholly Owned Railroad Subsidiary and the shares of any class of capital stock thereafter issued by such Wholly Owned Railroad Subsidiary.

"Road Replacement Fund" shall mean the fund created and maintained by the Company in accordance with the provisions of Article VI.

"Securities" shall mean Debt Securities or Stocks or both.

"Special Securities" shall mean Securities of a private or municipal corporation or analogous legal entity in which the aggregate cost or investment of the Company does not exceed $5,000.

"Stocks" shall mean any proprietary interest in a corporation or other analogous legal entity or certificates evidencing the same.

"Trustee" shall mean the Corporate Trustee.

"Uniform System of Accounts" shall mean (a) the system of accounts for steam railroads prescribed by the Interstate Commerce Commission, and the instructions, interpretations, regulations and orders of the Interstate Commerce Commission thereunder, in effect at the date of the execution and delivery of the Mortgage or as thereafter modified, or (b) any other system of accounts thereafter prescribed by the Interstate Commerce Commission or by any other public regulatory body having similar jurisdiction over the accounts of the Company, or (c) to the extent not covered by the systems of accounts referred to in clauses (a) and (b) above, any system of accounts that is in accord with sound accounting principles as determined by a certified public accountant selected by the Company and approved by the Trustee.

"Value" shall mean, with respect to the unretired physical property of a Railroad Subsidiary or of a Wholly Owned Railroad Subsidiary, the value thereof to such Subsidiary and, with respect to Purchased Property, the value thereof to the Company in excess of the aggregate principal amount of indebtedness secured by Prior Liens and Equipment liens thereon, as determined by an Independent Engineer.

"Wholly Owned Railroad Subsidiary" shall mean a Railroad Subsidiary of which at least 90% of the total outstanding shares of capital stock of each class are owned by the Company.

ARTICLE II

Description of Bonds

Section 1. The Bonds shall be designated generally as the Company's "First Mortgage Bonds" and may be issued in one or more series as shall be authorized from time to time in the manner provided in the Mortgage.

The authorized aggregate principal amount of Bonds shall be unlimited, except as may be provided hereinafter and except as may be limited by applicable federal and state laws now or hereafter enacted.

Section 2. The initial series of Bonds shall be designated as "Series A" and shall be limited in aggregate principal amount to $14,706,900, and the Bonds of Series A to be issued pursuant to Section 1 of Article III shall:

(a) be designated "First Mortgage 4% Bonds, Series A, due January 1, 2004";

(b) be dated as of January 1, 1954, except that all registered Bonds without coupons issued during the first six months of the year 1954 shall be dated as of January 1, 1954, and all such Bonds issued thereafter shall be dated as of the first day following the close of the latest period for which interest on Bonds of Series A shall have been paid or made available for payment;

(c) mature January 1, 2004, unless previously redeemed pursuant to Article IV or declared due and payable pursuant to Article XVI;

(d) bear interest payable semi-annually on the first days of January and July of each calendar year at the rate of 4% per annum from the date thereof until the principal sum thereof becomes due and payable as herein provided, and, if default be made in the payment of said principal sum when so due and payable, thereafter (to the extent permitted by law) at the highest rate of interest borne by any of the Outstanding Bonds until the Company's obligation with respect to the payment of said principal sum shall be discharged as provided in the Mortgage; but (in the case of coupon Bonds) as to interest due on or before the date said principal sum becomes due and payable only upon presentation and surrender of the coupons appertaining thereto as they shall severally mature;

(e) be payable, both as to principal and interest, at the office or agency of the Company in the City of Minneapolis, State of Minnesota, or, at the option of the bearer or registered holder, at the office or agency of the Company in the Borough of Manhattan, City and State of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts;

(f) be redeemable before maturity at the option of the Company upon the terms stated in Article IV;

(g) be issued as coupon Bonds in the denominations of $50, $100, $500 and $1,000, and as registered Bonds without coupons in denominations of $1,000 and, with the consent of the Company (such consent as to any particular Bond to be evidenced conclusively by the execution thereof by the officers on behalf of the Company), in denominations in multiples of $1,000; the Bonds of either form to be exchangeable for other Bonds of either form in authorized denominations (except that Bonds of the denominations of $50, $100 or $500 shall be exchangeable only for Bonds of the denomination of $1,000 or larger, and Bonds of the denomination of $1,000 or larger shall not be exchangeable for Bonds of the denomination of $50, $100 or $500); and the Bonds of either form to be transferable or exchangeable, and the coupon Bonds to be registrable as to principal, at the office or agency of the Company in the City of Minneapolis, State of Minnesota, or in the Borough of Manhattan, City and State of New York, as provided in Section 5 of this Article II;

(h) be entitled to the benefit of the Sinking Fund, and redeemable through the operation thereof, as provided in Article VIII; and

(i) be substantially in the respective forms recited in the preambles of the Mortgage, and bear appropriate serial numbers.

SECTION 3. The Bonds of series other than Series A, and the coupons, if any, appertaining thereto, shall be substantially in the forms hereinbefore recited for the Bonds of Series A, with such omissions, variations and insertions as may be authorized, permitted or required by the Mortgage and as may be prescribed in the supplemental indenture creating such other series.

The Bonds, and the coupons, if any, appertaining thereto, may contain such specifications, descriptive words and recitals, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon, as the Company may deem appropriate and as are not inconsistent with the provisions of the Mortgage or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Bonds may be listed or to conform to usage.

The several series of Bonds may differ from the Bonds of Series A and as between series in respect of any or all of the following matters:

(a) title;

(b) date;

(c) date of maturity (which shall not be earlier than the date of maturity of Outstanding Bonds of Series A);

(d) interest rate, the extent to which any portion of

such interest shall be Contingent Interest, and the extent to which such Contingent Interest shall be cumulative;

(e) interest payment dates;

(f) place or places for the payment of principal and for the payment of interest;

(g) whether issuable as registered Bonds without coupons, or as coupon Bonds with or without the privilege of registration as to principal, or both, and the respective denominations of each and the place or places, if any, for registration as to principal of coupon Bonds and for registration and transfer of registered Bonds without coupons and the procedure therefor;

(h) provisions, if any, for exchanges as between denominations and forms, and the place or places for such exchanges;

(i) limitations, if any, upon the aggregate principal amount of Bonds of the series which may be issued;

(j) provisions, if any, for the payment of principal or interest or both without deduction for taxes or for reimbursement of taxes in case of payment thereof by the holders;

(k) provisions, if any, for exchangeability of Bonds of one series for Bonds of another series;

(l) provisions, if any, with regard to any obligation of the Company to permit the conversion of Bonds of any series into stock or other securities of the Company;

(m) provisions, if any, reserving to the Company the right to redeem all or any part of the Bonds of any series before maturity;

(n) provisions, if any, for any sinking fund with respect to the Bonds of any series and the priority thereof over any sinking fund with respect to the Bonds of any series except Bonds of Series A; and

(o) any other provisions not in conflict with the provisions of the Mortgage.

In authorizing the issue of any series of Bonds (other than Bonds of Series A), all matters in respect of the Bonds of such series set forth in clauses (a) to (g), inclusive, of this Section 3, and the form of the Bonds and coupons, if any, of such series, shall be determined and specified, and any and all matters permitted by clauses (h) to (o), inclusive, of this Section 3 may be determined and specified, in a supplemental indenture creating such series.

Bonds of any particular series shall be identical except that they may be of different numbers, of different denominations, in the form of coupon Bonds or registered Bonds without coupons, and may have serial maturities, in which case the several maturities may differ with respect to redemption price and interest rate.

SECTION 4. The Bonds shall be signed on behalf of the Company by its President or a Vice President, and its corporate seal or a facsimile thereof shall be affixed thereto or imprinted or engraved thereon and attested by its Secretary or an Assistant Secretary. Only such Bonds as shall bear thereon a certificate of authentication executed by the Trustee substantially in the form hereinbefore recited shall be secured by the Mortgage or be entitled to any right or benefit hereunder; and no Bond and no coupon thereunto appertaining shall be or become valid or obligatory for any purpose until such certificate shall have been duly executed on such Bond. Such certificate executed by the Trustee upon any Bond executed by the Company shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered hereunder and is one of the Bonds described in the Mortgage. The Trustee shall not authenticate or deliver any coupon Bond until all matured coupons thereunto appertaining shall have been detached and can-

celled except as otherwise provided in Section 5 or Section 7 of this Article II.

In case any person who, as an officer of the Company, shall have signed any of the Bonds or attested the seal thereon shall cease to be such officer before the Bonds so signed or sealed shall have been authenticated and delivered by the Trustee or disposed of by the Company, such Bonds, nevertheless, may be authenticated, delivered and disposed of as though the person had not ceased to be such officer; and any Bond may be signed on behalf of the Company and the seal of the Company may be attested by such persons as, at the actual date of the execution of the Bond, shall be the proper officers of the Company, although at the nominal date of such Bond any such person was not such officer.

The coupons attached to coupon Bonds shall bear the facsimile signature of the present Treasurer or of any future Treasurer of the Company, and for that purpose the Company may use the facsimile signature of any person who shall have been such Treasurer, notwithstanding the fact that at the time when such coupon Bonds shall be authenticated and delivered or disposed of he shall have ceased to be the Treasurer of the Company.

SECTION 5. In all cases in which the privilege of exchanging Bonds of any series exists and is exercised, the Bonds to be exchanged shall be surrendered at any office or agency maintained by the Company in accordance with the provisions of Section 2 of Article IX with respect to the Bonds of such series, and the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor the Bond or Bonds which the holder making the exchange shall be entitled to receive. All coupon Bonds surrendered for exchange and delivered in exchange shall have attached

thereto all unmatured coupons appertaining thereto and, in case at the time of any such exchange interest on the Bonds of the particular series is in default, shall in addition have attached thereto all matured coupons in default.

The Company shall keep, at the offices or agencies to be maintained by the Company in accordance with the provisions of Section 2 of Article IX, a register or registers in which, subject to such reasonable regulations as it may prescribe, the Company shall register Bonds entitled to registration and shall transfer registered Bonds. At all reasonable times such register or registers shall be open for inspection by the Trustee and, upon demand by holders of at least 10% in aggregate principal amount of Outstanding Bonds, by such holders.

Upon surrender for transfer of any registered Bond without coupons of any series at any office or agency maintained with respect to the Bonds of such series, the Company shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new registered Bond or Bonds without coupons of the same series and maturity for a like aggregate principal amount.

Upon presentation for registration of any coupon Bond registrable as to principal at any such office or agency, such Bond shall be registered as to principal in the name of the holder and the fact of such registration shall be noted on the Bond. No transfer of any coupon Bond so registered as to principal shall be valid unless made at any such office or agency and similarly noted on the Bond, but the same may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored. Coupon Bonds entitled to registration shall continue to be subject to successive registrations and transfers to bearer, at the option of the holders. Such registration of any coupon Bond shall not affect the negotiability of the

coupons appertaining thereto, which shall continue to be payable to bearer and transferable by delivery.

All Bonds presented or surrendered for exchange, transfer, registration or discharge from registration as provided in this Section 5 shall be in bearer form or, if registered, shall be accompanied by a written instrument or instruments of transfer in form approved by the Company duly executed by the registered holder or his legal representative, either in person or by duly authorized attorney.

Upon every exchange, transfer, registration or discharge from registration of Bonds the Company may require the payment of a sum sufficient to cover any tax or taxes or other governmental charge and in addition thereto a further sum not exceeding $2.00 for each new Bond then issued, except as otherwise provided in Section 6 of this Article II, in Section 3 of Article IV and in Section 6 of Article XIX.

The Company shall not be required to make transfers or exchanges of registered Bonds without coupons of any series for a period of 10 days next preceding any interest payment date of the Bonds of such series or next preceding any selection by lot of Bonds to be redeemed. The Company shall not be required to make transfers or exchanges of any Bonds selected for redemption.

If one or more Events of Default shall have occurred and be continuing, nevertheless the Company shall duly execute and the Trustee shall authenticate and deliver Bonds for the purposes of making the exchanges and transfers provided for in this Section 5.

SECTION 6. Definitive Bonds of each series shall be fully engraved. Pending the preparation of definitive Bonds of any series, the Company may execute and the Trustee shall authenticate and deliver one or more temporary Bonds

(printed or lithographed) of such series with or without one or more coupons and of any denomination or denominations, in bearer form, registrable or not registrable as to principal, or in registered form, which shall be substantially in the form of the definitive Bonds of such series, but with any omissions, insertions and variations appropriate for temporary Bonds, all as authorized by the Board of Directors and as provided in the written order of the Company for the authentication and delivery thereof. Every such temporary Bond shall be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. When definitive Bonds of any series are prepared and ready for delivery, the temporary Bonds of such series may be surrendered in exchange therefor, and the Trustee shall authenticate and deliver in exchange therefor, without expense to the holder, an equal aggregate principal amount of definitive Bonds of the same series and maturity. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of the Mortgage as definitive Bonds authenticated and delivered hereunder. Interest when and as payable upon temporary Bonds without coupons in bearer form and not registered as to principal shall be paid only upon presentation thereof for notation thereon of such payment.

When temporary Bonds of any series are authenticated and delivered, the Company will cause definitive Bonds of such series to be prepared without unreasonable delay.

SECTION 7. In case any temporary or definitive Bond and any coupons appertaining thereto shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon the written request of the Company, signed by its President or a Vice President, the Trustee may authenticate and deliver, a new Bond (with coupons corre-

sponding to the coupons, if any, appertaining to the mutilated, destroyed, lost or stolen Bond) of the same series and maturity and of like tenor, in exchange and substitution for the mutilated Bond and its coupons, if any, or in lieu of and substitution for the Bond and its coupons, if any, so destroyed, lost or stolen, or, if any such Bond or any coupon shall have matured or shall be about to mature or shall have been called for redemption, instead of issuing a substituted Bond or coupon the Company may pay the same without surrender thereof. In case of destruction, loss or theft of any Bond or coupon, the applicant for a substituted Bond or for such payment shall furnish to the Company, to the Trustee and to any paying agent of the Company, in their discretion, evidence to their satisfaction of the destruction, loss or theft of such Bond and its coupons, if any, and of the ownership thereof, and also such security or indemnity as may be required by the Company, the Trustee and such paying agent to save each of them harmless. The Trustee may authenticate any such substituted Bond and deliver the same with appurtenant coupons, if any, or the Trustee or any paying agent of the Company may make any such payment, upon the written request or authorization of the Company, signed by its President or a Vice President, and shall incur no liability to anyone by reason of anything done or omitted to be done by it in good faith under the provisions of this Section 7. Upon the issue of any substituted Bond, the Company may require the payment of a sum sufficient to cover any tax or taxes or other governmental charge and any other expense connected therewith, and also a further sum not exceeding $2.00 for each Bond so issued in substitution.

Notwithstanding any limitations contained in the Mortgage, any Bonds and coupons issued under the provisions of this Section 7 shall constitute original contractual obligations,

in accordance with their terms, on the part of the Company, and shall be equally and proportionately entitled to the benefit and security of the Mortgage with all other Bonds and coupons issued under the Mortgage, in accordance with the terms thereof.

SECTION 8. Except as otherwise provided in the Mortgage, all Bonds (and appurtenant coupons, if any) surrendered for the purpose of payment, redemption, exchange or transfer shall either be surrendered to the Company or any paying agent and by it delivered to the Trustee, or be surrendered to the Trustee, and shall be cancelled by the Trustee as and when so delivered or surrendered to it, and no Bonds or appurtenant coupons shall be issued under the Mortgage in lieu of Bonds or appurtenant coupons so surrendered except as expressly permitted by any of the provisions of the Mortgage. All coupons surrendered to the Company or any paying agent for the purpose of payment shall be cancelled and delivered to the Trustee.

The Trustee shall make appropriate notations in its records in respect of all Bonds and appurtenant coupons cancelled as aforesaid, shall cremate all such cancelled coupon Bonds not registered as to principal and all cancelled coupons, and shall, at the direction of the Company, cremate all such cancelled coupon Bonds registered as to principal and registered Bonds without coupons, and shall deliver a certificate of any such cremation to the Company.

If the Company shall acquire any of the Bonds otherwise than as aforesaid, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Bonds unless and until the same are surrendered to the Trustee for cancellation.

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 Fourteen Million Seven Hundred Six Thousand Nine Hundred Dollars ($14,706,900) may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, without any further action on the part of the Company.

SECTION 2. No Bonds other than those authenticated and delivered pursuant to Section 1 of this Article III 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.

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, may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding 75% of the Net Expenditures for Additions and Betterments during a period beginning not more than 36 months prior to the date of the Application for the authentication of such Bonds; provided, however, that no Bonds shall be authenticated and delivered (i) on the basis of Net Expenditures for Additions and Betterments that have theretofore been Bonded, or (ii) on the basis of Net Expenditures for Additions and Betterments during such period in a principal amount which, when added to the amount of expenditures from the Road Replacement Fund and expenditures under the provisions of Section 22 of Article IX for or on account of

Expenditures for Additions and Betterments during such period, would exceed the Net Expenditures for Additions and Betterments during such period, or (iii) unless the Company shall have expended all of the funds which it has covenanted to apply only to Expenditures for Additions and Betterments under the provisions of Section 22 of Article IX, or (iv) unless there are no funds remaining in the Road Replacement Fund available for Expenditures for Additions and Betterments, or (v) if the authentication and delivery of such Bonds will result in a violation of the covenant in respect of interest coverage in Section 21 of Article IX.

Bonds shall be authenticated and delivered under this Section 3 upon delivery to the Trustee in each case 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 9 of this Article III;

(c) An Officers' Certificate stating:

(1) A description of the unretired Additions and Betterments the Expenditures for which are made the basis of the Application, in such reasonable detail as shall be sufficient to permit identification thereof, a specification of such thereof as may be located on leaseholds, and that such Expenditures were made by the Company during a specified period beginning not more than 36 months prior to the date of the Application and have not theretofore been Bonded;

(2) The amount of Expenditures for Additions and Betterments during such period;

(3) The aggregate amounts credited to Capital Accounts prior to the date of the Application, in accordance with the Uniform System of Accounts, by reason of the retirement of any Additions and Betterments for which such Expenditures were made;

(4) The aggregate amounts provided by the Company prior to the date of such Application for depreciation and amortization of the Additions and Betterments for which such Expenditures were made;

(5) The amount of Net Expenditures for Additions and Betterments during such period;

(6) The amount of Expenditures for Additions and Betterments made from the Road Replacement Fund during such period;

(7) The amount of Expenditures for Additions and Betterments pursuant to the provisions of Section 22 of Article IX during such period;

(8) The principal amount of Bonds that could be authenticated on the basis of the Application, and the principal amount of Bonds the authentication of which is applied for in the Application; and

(9) That the Company has expended all of the funds which it has covenanted to apply only to Expenditures for Additions and Betterments under the provisions of Section 22 of Article IX, and that there are no funds remaining in the Road Replacement Fund available for Expenditure for Additions and Betterments.

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

(e) An Opinion of Counsel that (i) all property included in the unretired Additions and Betterments shown in the Officers' Certificate required by subsection (c) above is subject to the lien of the Mortgage, or will become subject to such lien upon the delivery and recording or

filing of such deeds, supplemental indentures or instruments of further assurance, if any, as are specified in said Opinion of Counsel, subject to no defect in title and subject to no lien thereon equal or prior to the lien of the Mortgage except Permitted Encumbrances, and (ii) if any such property is located on any leasehold, as shown by the Officers' Certificate, that such leasehold is subject to the lien of the Mortgage, or will become subject to such lien 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 term beyond the latest maturity date of any Bonds outstanding or for the authentication and delivery of which application is being made, or that, under the terms of such leasehold, the Company has the right to be reimbursed in respect of the Expenditures for such Additions and Betterments or the right to remove such Additions and Betterments upon the termination thereof, and that all of the Company's interest in such leasehold (except the last day of the term thereof), including any such right of reimbursement, has been pledged with the Trustees; provided that such Opinion of Counsel may recite that it is based upon certificates or opinions of officers or engineers of the Company as to any factual matters not of public record.

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, may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, for the purpose of acquiring Purchased Property, but in an aggregate principal amount not exceeding 75% of the Cost thereof, or, if such Purchased Property is to be acquired subject to any Prior Lien thereon or indebtedness secured by lien on any Equipment included therein, in an aggregate principal amount not exceeding an amount which, when added to the principal amount of the indebtedness se-

cured by such Prior Liens and Equipment liens, will equal 75% of the sum of the Cost or Value, whichever is less, of such Purchased Property and the aggregate principal amount of such indebtedness, provided, however, (i) that such Purchased Property has not theretofore been Bonded, and (ii) that the authentication and delivery of such Bonds will not result in a violation of the covenant in respect of interest coverage in Section 21 of Article IX.

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 9 of this Article III;

(c) An Officers' Certificate stating:

(1) A description in reasonable detail of the Purchased Property for the acquisition of which the authentication of Bonds is applied for in the Application and a statement that such Purchased Property has not theretofore been Bonded;

(2) The Cost of such Purchased Property determined in accordance with the definition of Cost, when used with reference to Purchased Property, in Article I;

(3) If such Purchased Property is to be acquired subject to any Prior Lien or indebtedness secured by lien on any Equipment included therein, a description of each such Prior Lien and Equipment lien and the principal amount of indebtedness secured thereby, and a statement of the Value of such Purchased Property to the Company as evidenced by an Independent Engineer's Certificate attached to such Officers' Certificate; and

(4) A computation showing the principal amount

of Bonds that could be authenticated on the basis of the Application, and the principal amount of Bonds the authentication of which is applied for in the Application;

(d) All such deeds, supplemental indentures or instruments of further assurance, if any, as in the Opinion of Counsel furnished pursuant to subsection (e) below may be specified as necessary or advisable to subject such Purchased Property to the lien of the Mortgage;

(e) An Opinion of Counsel that all of such Purchased Property will become subject to the lien of the Mortgage 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 equal or prior to the lien of the Mortgage except the Prior Liens and Equipment liens described in the Officers' Certificate required by subsection (c) above, and Permitted Encumbrances;

(f) A Certified Resolution to the effect that the Purchased Property referred to in the Application is deemed by the Board of Directors to be necessary or useful in connection with the operation of the Company's system.

SECTION 5. From time to time and in the manner provided in this Section 5, Bonds of one or more series, other than Series A, may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the 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 which shall have been cancelled or surrendered to the Trustee for cancellation or for the payment or redemption of which cash in the necessary amount shall have been irrevocably deposited in trust with the Trustee or in trust with any agency satisfactory to the Trustee; provided, however, that (i) no Bonds shall be authenticated and delivered under this Section 5 on

the basis of Bonds of any other series theretofore Bonded, or theretofore acquired, retired, cancelled or paid through the operation of any sinking fund or analogous fund established pursuant to the Mortgage, and (ii) in case of the redemption of Bonds of any other series, 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 5 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 5, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 9 of this Article III, except clause (f) thereof;

(c) An Officers' Certificate which shall (i) describe and state the amount of 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 have not theretofore been Bonded or acquired, retired, cancelled or paid through the operation of any sinking fund or analogous fund established pursuant to the Mortgage; and (iii) state that the cash deposited in trust as required by subsection (d) of this Section 5 is not otherwise required to be deposited with the Trustee or used under any provision of the Mortgage; and

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

Bonds of any other series made the basis for the authentication and delivery of Bonds under this Section 5, together with all coupons appertaining thereto, if not cancelled when delivered to the Trustee, shall be cancelled by the Trustee and shall not thereafter be made the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage.

SECTION 6. From time to time and in the manner provided in this Section 6, Bonds of one or more series, other than Series A, may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding the principal amount of any Outstanding Prior Lien Bonds not theretofore Bonded which shall have been pledged and deposited with the Trustee uncancelled; provided, however, that no Bonds shall be authenticated and delivered under this Section 6, (i) on the basis of Outstanding Prior Lien Bonds in excess of a principal amount which, when added to the sum of the principal amount of Bonds theretofore authenticated and delivered in respect of the acquisition by the Company of the Purchased Property securing such Outstanding Prior Lien Bonds and the principal amount of indebtedness secured by Prior Liens and Equipment liens on such Purchased Property, would exceed 75% of the sum of the Cost or Value, whichever was less, of such Purchased Property and the aggregate principal amount of indebtedness secured by Prior Liens and Equipment liens thereon at the time of acquisition of such Purchased Property by the Company, or (ii) if the authentication and delivery of such Bonds will result in a violation of the covenant in respect of interest coverage in Section 21 of Article IX.

Bonds shall be authenticated and delivered under this Section 6 upon the delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 6, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 9 of this Article III;

(c) An Officers' Certificate which shall (i) describe and state the amount of the Outstanding Prior Lien Bonds the pledge and deposit of which with the Trustee form the basis of the Application, (ii) state that said Prior Lien Bonds are Outstanding Prior Lien Bonds and have not theretofore been Bonded, and (iii) set forth a computation showing the principal amount of Bonds that could be authenticated on the basis of the Application, and the principal amount of Bonds the authentication of which is applied for in the Application;

(d) Said Outstanding Prior Lien Bonds uncancelled which form the basis of the Application, together with all unmatured coupons and all unpaid matured coupons appertaining thereto, if any; and

(e) An Opinion of Counsel that all Outstanding Prior Lien Bonds required to be pledged and deposited with the Trustee by clause (d) above are subject to the lien of the Mortgage or will become subject to such lien upon delivery thereof or delivery of the instruments, if any, specified in said Opinion of Counsel; and that the Company has valid title to such Outstanding Prior Lien Bonds and the right to own and pledge the same free from any other lien.

Prior Lien Bonds made the basis for the authentication and delivery of Bonds under this Section 6, together with all coupons appertaining thereto, shall be held by the Trustee uncancelled and without extinguishment or impairment of the Prior Lien securing the same, except as effected as a matter of law by the acquisition thereof by the Company, and shall not thereafter be made the basis for the authentication and

delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage; provided, however, that the Trustee, at the request of the Company, shall deliver any such Prior Lien Bonds to the trustee under the mortgage, deed of trust or other instrument under which the same may have been issued or which may secure the same for the purpose of obtaining the release, satisfaction and discharge of such mortgage, deed of trust or other instrument if it is furnished with an Opinion of Counsel that the property on which such mortgage, deed of trust or other instrument constitutes a lien is owned by the Company and is subject to the lien of the Mortgage, and that there is no other lien on such property, except Permitted Encumbrances, which is prior to the lien of the Mortgage.

SECTION 7. From time to time and in the manner provided in this Section 7, Bonds of one or more series, other than Series A, may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, for the purpose of acquiring Railroad Subsidiary Bonds or Railroad Subsidiary Stocks, subject to the following conditions:

I. Bonds may be authenticated and delivered under this Section 7 on account of Railroad Subsidiary Bonds not then Bonded to the extent only of the principal amount of such Railroad Subsidiary Bonds or the Cost to the Company therefor, whichever shall be less, and to the extent only that the principal amount of such Railroad Subsidiary Bonds does not exceed an amount which, when added to the principal amount of all Railroad Subsidiary Bonds of such Railroad Subsidiary, will equal 75% of the Value of the then unretired physical property of such Railroad Subsidiary securing such Railroad Subsidiary Bonds.

II. Bonds may be authenticated and delivered under this Section 7 on account of Railroad Subsidiary Stocks not then Bonded in a principal amount not exceeding the smaller of the following amounts:

(A) 75% of the Cost to the Company of such Railroad Subsidiary Stocks;

(B) 75% of the Value of the then unretired physical property of the Wholly Owned Railroad Subsidiary that issued such Stocks.

III. No Bonds may be authenticated and delivered under this Section 7 on account of Railroad Subsidiary Stocks at a time when the Wholly Owned Railroad Subsidiary that issued such Stocks has outstanding any bonds, debentures or other funded indebtedness, or short term or other indebtedness not incurred in the ordinary course of business, unless the Debt Securities or other evidences of the same have been acquired by the Company and either have been theretofore deposited and pledged with the Trustee or are deposited and pledged with the Trustee concurrently with the deposit and pledge of such Stocks.

IV. No Bonds may be authenticated and delivered under this Section 7 on account of Railroad Subsidiary Stocks of any Wholly Owned Railroad Subsidiary the Railroad Subsidiary Bonds of which have been or are then being made the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage.

V. No Bonds may be authenticated and delivered under this Section 7 on account of Railroad Subsidiary Bonds of any Wholly Owned Railroad Subsidiary the Railroad Subsidiary Stocks of which have been or are then being made the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by

the Trustee or otherwise used under any provision of the Mortgage.

Bonds shall be authenticated and delivered under this Section 7 upon the delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 7, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 9 of this Article III;

(c) An Officers' Certificate which shall:

(1) Name the corporation the Debt Securities or Stocks of which are to be pledged and deposited with the Trustee, and state, in the case of Railroad Subsidiary Bonds, that such corporation is a Railroad Subsidiary and, in the case of Stocks, that such corporation is a Wholly Owned Railroad Subsidiary or will become a Wholly Owned Railroad Subsidiary upon the acquisition of the Stocks made the basis for the issuance of Bonds;

(2) If the Application is with respect to Railroad Subsidiary Bonds, state the principal amount of all Railroad Subsidiary Bonds of such Railroad Subsidiary then outstanding, the principal amount thereof to be pledged and deposited concurrently with the Trustee, and the Cost thereof to the Company;

(3) If the Application is with respect to Railroad Subsidiary Stocks, state the number of shares and classes of all outstanding stocks of the Wholly Owned Railroad Subsidiary that issued such Stocks, the number of shares of each class to be pledged and deposited concurrently with the Trustee, and the Cost thereof to the Company;

(4) State the Value of the then unretired physical property securing the Railroad Subsidiary Bonds of such Railroad Subsidiary, or the Value of the then

unretired physical property of such Wholly Owned Railroad Subsidiary, as the case may be, as determined by an Independent Engineer;

(5) Furnish a computation showing that the principal amount of Bonds the authentication of which is applied for in the Application meets the requirements of subsections I and II of this Section 7;

(6) State that the Railroad Subsidiary Bonds or Railroad Subsidiary Stocks made the basis for the authentication of Bonds under the Application have not theretofore been Bonded;

(7) State whether or not the Wholly Owned Railroad Subsidiary that issued the Railroad Subsidiary Stocks made the basis for such Application has outstanding any bonds, debentures or other funded indebtedness, or short term or other indebtedness not incurred in the ordinary course of business, and whether or not the Debt Securities or other evidences of the same have been acquired by the Company and theretofore deposited and pledged with the Trustee;

(8) State that no Railroad Subsidiary Bonds of the Wholly Owned Railroad Subsidiary that issued the Railroad Subsidiary Stocks made the basis for such Application have been or are then being made the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage;

(9) State that no Railroad Subsidiary Stocks of the Wholly Owned Railroad Subsidiary the Railroad Subsidiary Bonds of which are made the basis for such Application have been or are then being made the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage;

(d) An Independent Engineer's Certificate stating, in the case of Railroad Subsidiary Stocks named in the Application, the Value at the date of the Application of the then unretired physical property of the Wholly Owned Railroad Subsidiary that issued such Stocks, and, in the case of Railroad Subsidiary Bonds named in the Application, the Value at the date of the Application of the then unretired physical property securing the Railroad Subsidiary Bonds of such Railroad Subsidiary;

(e) All Railroad Subsidiary Bonds and Railroad Subsidiary Stocks made the basis for the Application not theretofore pledged and deposited with the Trustee; all outstanding Debt Securities or other evidences of indebtedness, of the character described in subsection III of this Section 7, of the Wholly Owned Railroad Subsidiary that issued such Railroad Subsidiary Stocks, unless theretofore deposited and pledged with the Trustee; and all such instruments, if any, as in the Opinion of Counsel furnished pursuant to subsection (f) below may be stated to be necessary or advisable to subject such securities to the lien of the Mortgage;

(f) An Opinion of Counsel that all Railroad Subsidiary Bonds and Railroad Subsidiary Stocks of each Railroad Subsidiary required to be pledged and deposited with the Trustee by subsection (e) above are subject to the lien of the Mortgage or will become subject to such lien upon delivery thereof or delivery of the instruments, if any, specified in said Opinion of Counsel; that the Company has valid title to such securities and the right to own and pledge the same, free from any other lien; that such securities have been duly authorized by all corporate authority required under the laws of the state of incorporation, the charter (or other document of organization) and the by-laws of the Railroad Subsidiary issuing the same; that no authorization by any commission or governmental authority is required by law for the issue of such securities or for the valid ownership thereof by the Company or the pledge thereof as provided in this Section 7,

except such authorization as shall be specified in said Opinion of Counsel, and which shall be evidenced by copies of the orders or certificates so specified, appropriately certified; and that the said Railroad Subsidiary Bonds of each such Railroad Subsidiary are valid obligations thereof and are secured by a valid general lien on all or substantially all of the physical property of such subsidiary, or by a first lien on a substantial division thereof, subject only to Equipment Obligations and to liens in the nature of Permitted Encumbrances; that such Railroad Subsidiary Stocks are fully paid and nonassessable; and

(g) A Certified Resolution to the effect that each Railroad Subsidiary and Wholly Owned Railroad Subsidiary referred to in the Application owns one or more lines of railroad, bridges or railroad terminals directly connected with the lines of railroad owned by the Company and deemed by the Board of Directors to be necessary or useful in connection with the operation of the Company's system.

SECTION 8. From time to time and in the manner provided in this Section 8, Bonds of one or more series, other than Series A, may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, upon the deposit by the 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 Company to the Trustee of:

(a) An Application for the authentication of Bonds under this Section 8, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 9 of this Article III, unless the Company shall state in the Application that it proposes to use the deposited cash to pay or

redeem Bonds, in which event the document specified in clause (f) of Section 9 of this Article III need not be furnished; and

(c) An Officers' Certificate which shall certify that any cash so deposited with the Trustee is not otherwise required to be deposited with the Trustee or used under any provision of the 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 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 and in lieu of the principal amount of Bonds to the authentication and delivery of which the Company would be entitled under the provisions of Sections 3, 4, 5, 6 or 7 of this Article III. Upon applying for any such withdrawal in lieu of the authentication and delivery of Bonds, the Company shall comply with all applicable provisions of this Article III relating to the authentication and delivery of such Bonds, except that the Company shall not be required to comply with any of the provisions of Section 9 of this Article III other than clause (d) (4) (with such changes as shall be appropriate to the withdrawal of escrowed cash), clause (e) and (unless such withdrawal is made in lieu of the authentication and delivery of Bonds under Section 5 of this Article III) clause (f) of said Section 9.

Bonds surrendered to the Trustee as the basis for the withdrawal of any escrowed cash under this Section 8, together with all coupons appertaining thereto, if not cancelled when delivered to the Trustee, shall be cancelled by the Trustee and shall not thereafter be made the basis for the authentication and delivery of any Bonds, the release of any property, the

withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage.

The Company shall not be entitled to withdraw any escrowed cash pursuant to the provisions of this Section 8 at any time when an Event of Default shall have occurred and be continuing.

SECTION 9. Whenever applying for the authentication of any Bonds, other than Bonds of Series A, under the provisions of this Article III, subject to the exceptions specified in subsection (b) of Sections 5 and 8 of this Article III, the Company shall cause to be delivered to the Trustee:

(a) A Certified Resolution authorizing the proposed issue of Bonds in a specified principal amount pursuant to a specified section or sections of this Article III, requesting the authentication and delivery thereof and either (i) stating that such Bonds are of a designated series previously authorized, or (ii) authorizing the execution and delivery of the supplemental indenture provided for in subsection (b) of this Section 9;

(b) If such Bonds are to be of a series not previously authorized, a supplemental indenture duly creating the proposed series and specifying as provided in Section 3 of Article II the particular provision of the Bonds of such series;

(c) A copy authenticated in a manner satisfactory to the Trustee of any orders or certificates of any commissions or public regulatory bodies or other governmental authorities shown by the Opinion of Counsel referred to in subsection (d) of this Section 9 to be required by law for the issue of such Bonds;

(d) An Opinion of Counsel that

(1) no authorization or approval by any commission or public regulatory body or other governmental authority is required by law for the issue of such

Bonds except such authorizations as are specified in such Opinion;

(2) the Company is entitled by law and by the terms of the Mortgage to the authentication and delivery of such Bonds;

(3) the authentication and delivery of such Bonds has been duly authorized by all requisite corporate action on the part of the Company;

(4) the Applications, certificates, orders and other documents delivered to the Trustee conform to the requirements of the Mortgage and constitute sufficient authority hereunder for the Trustee to authenticate and deliver such Bonds; and

(5) such Bonds when duly executed, authenticated and delivered and issued for consideration will constitute valid and outstanding obligations of the Company according to their terms and will be secured by the Mortgage in accordance with its terms;

(e) An Officers' Certificate stating that no Event of Default has occurred and is continuing; and

(f) An Interest Coverage Certificate showing that the authentication and delivery of such Bonds will not result in a violation of the covenant in respect of interest coverage in Section 21 of Article IX.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 1. The Bonds of Series A shall be redeemable as a whole at any time, or in part by lot from time to time, other than through the operation of the Sinking Fund at the option of the Company on any date prior to the maturity thereof, upon notice as provided in Section 2 of this Article IV, at a redemption price equal to the principal sum thereof, plus (i) all accrued interest on such principal sum to the date fixed for redemption, and (ii), in case of redemption prior to January 1, 1989, a premium equal to 4⅜% of such principal sum decreased by ⅛ of 1% on January 1, 1955, and on each January 1 thereafter to and including January 1, 1989, but without premium if redeemed after January 1, 1989.

The Bonds of Series A shall also be redeemable in part by lot from time to time through the operation of the Sinking Fund created pursuant to Article VIII, upon notice as provided in Section 2 of this Article IV, at a redemption price equal to the principal sum thereof, plus all accrued interest on such principal sum to the date fixed for redemption, but without premium.

Registered Bonds without coupons of Series A for principal amounts exceeding $1,000 may be redeemed in portions amounting to $1,000 or multiples of $1,000, with interest and premium, if any, as aforesaid on the principal sum to be redeemed.

Upon the creation of any other series of Bonds the Company may reserve the right to redeem on any date prior to maturity all or from time to time any part of the Bonds of such series at such time or times and on such terms as shall be determined by the Board of Directors and specified in

the supplemental indenture providing for the creation of such series and as shall be appropriately expressed in the Bonds of such series.

Except as otherwise provided in respect of Bonds of any particular series, the procedure for redemption of Bonds of all series which by their terms are redeemable shall be as hereinafter in this Article IV provided.

SECTION 2. Notice of the redemption of Bonds shall be given by publication once each week for four successive weeks in a Daily Newspaper in each city in which the principal of such Bonds is payable, the first publication in each such newspaper to be not less than 30 days and not more than 60 days before the date fixed for redemption, except that in case the Company shall exercise its optional right to redeem all or any part of the Bonds of Series A, other than through the operation of the Sinking Fund, on a date other than an interest-payment date for such Bonds the first publication in each such newspaper shall be not less than 60 days and not more than 90 days before the date fixed for redemption. It shall not be necessary for all of such publications in any such city to be made in the same Daily Newspaper. Each such notice shall specify the series of the Bonds to be redeemed, the date fixed for redemption and the redemption price thereof, and shall state that payment of such redemption price will be made at the office or agency or at the offices or agencies of the Company at which the principal of such Bonds is payable, and that on and after said date interest thereon will cease to accrue. A copy of such notice shall be mailed by the Company, at least 30 days prior to the date fixed for redemption, to the Trustee and to the registered holders of registered Bonds without coupons and of coupon Bonds registered as to principal so to be redeemed, at their last addresses as they shall appear upon the bond registry books, but neither failure

to give such notice by mail, nor any defect therein, shall affect the validity of the proceedings for the redemption of the Bonds.

Whenever less than all of the Bonds of any series are to be redeemed, the Company shall give the Trustee adequate written notice in advance of the aggregate principal amount of the Bonds of such series to be redeemed and of the series thereof; and the Trustee shall draw by lot from the Outstanding Bonds of such series, in such manner as it shall deem appropriate (and for that purpose the Company will, upon request of the Trustee, close or cause to be closed for a period not exceeding 10 days the bond registry books), the distinguishing numbers of a principal amount of Bonds equal to such aggregate principal amount of Bonds to be redeemed. In any drawing by lot under this Section 2, each registered Bond without coupons for a principal amount in excess of $1,000 shall be represented by a separate number for each $1,000 of its principal amount. The Trustee, after such drawing, shall promptly notify the Company in writing of the serial numbers of the Bonds so drawn, and in the case of any registered Bond without coupons to be redeemed in part only, the portion of the principal amount thereof to be redeemed. The notice of redemption shall specify the numbers of coupon Bonds and registered Bonds without coupons so drawn, and in case of any registered Bond without coupons which is to be redeemed in part only (by reason of the fact that distinguishing numbers representing only part of the principal amount thereof shall have been so drawn), the notice shall specify the serial number of such Bond and the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for the redemption, upon surrender of such registered Bond, new Bonds of the same series and maturity in principal amount equal to the unredeemed portion of such registered Bond will be issued without expense to the holder of such registered Bond.

In case less than all of the Bonds of Series A are to be called for redemption, there shall not be included in the drawing provided for in this Section 2 the distinguishing numbers of any Bonds of Series A then held by the Exchange Agent under the Exchange Agency Agreement dated as of March 1, 1954, entered into between the Company and The First National Bank of Chicago, as Exchange Agent under the Plan, or held by the Bond Scrip Agent under the Bond Scrip Agreement dated as of March 1, 1954, entered into between the Company and The First National Bank of Chicago, as Bond Scrip Agent. The Company, at the time it shall give notice to the Trustee of its election to redeem less than all of the Outstanding Bonds of any series, to evidence the ownership of Bonds of such series owned by the Company, shall deliver to the Trustee an Officers' Certificate setting forth the serial numbers of any Bonds of such series owned by the Company, and in case of the redemption of Bonds of Series A shall also deliver to the Trustee a certificate signed by a Vice President of The First National Bank of Chicago, or its successor as such Exchange Agent, stating the serial numbers of the Bonds of Series A remaining undistributed under the Plan, and a certificate signed by a Vice President of The First National Bank of Chicago, or its successor as such Bond Scrip Agent, stating the serial numbers of the Bonds of Series A then held by it as such Bond Scrip Agent under said Bond Scrip Agreement. If any certificate of such Exchange Agent or Bond Scrip Agent shall show that such Agent no longer holds any Bonds of Series A, a certificate from such Agent under the foregoing provision shall not thereafter be required.

SECTION 3. If publication of notice of redemption shall have been completed as above provided, the Bonds or portions of Bonds specified in such notice shall become due and payable on the date and at the place stated in such notice, at

the applicable redemption price, and on and after such date (unless the Company shall fail to deposit with the Trustee, as hereinafter provided, funds sufficient for the payment of such Bonds at the redemption price) interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, and the coupons for such interest payable after the date fixed for redemption shall be void. On presentation and surrender of such Bonds on or after such date at any place or places of payment in said notice specified, accompanied by appropriate transfer powers in blank in the case of coupon Bonds registered as to principal and registered Bonds without coupons, and with all coupons, if any, thereto appertaining and maturing on or after such date, they shall be paid and redeemed by the Company at the applicable redemption price. If the Company, having completed publication of notice of redemption as required, fails so to deposit, or to direct the application from cash so available and held by the Trustee, of a sum of money equal to such redemption price, the Bonds so called for redemption, nevertheless, shall become due and payable on the date fixed for redemption.

Upon presentation of any registered Bond without coupons which is redeemed in part only, the Company shall execute and the Trustee shall authenticate and deliver to the registered holder thereof, without expense to such holder, a new registered Bond or Bonds without coupons or new coupon Bonds of the same series and maturity in principal amount equal to the unredeemed portion of the Bond so presented.

SECTION 4. If the Company shall deposit in trust with the Trustee on, or within 30 days prior to, the date fixed for redemption an amount in cash sufficient to redeem all Bonds, or portions thereof, then called or to be called for redemption, and shall furnish to the Trustee proof satisfactory to it that notice of redemption of such Bonds has been published as herein provided, or provision satisfactory to the Trustee

shall have been made for giving such notice, then the Bonds or portions of Bonds to be redeemed shall no longer entitle the holders thereof to any right or benefit under the Mortgage, save and except the right to receive the redemption price therefor, and such Bonds or portions thereof to be redeemed shall no longer be considered as Outstanding Bonds.

All moneys deposited with the Trustee for the redemption of Bonds shall be held in trust for the benefit of the holders of such Bonds, but subject to the provisions of Section 4 of Article XVIII.

SECTION 5. If any banking institution where payment of the redemption price is to be made is lawfully closed on the date fixed for redemption, then payment of the redemption price may be made at such banking institution on the next succeeding business day with the same force and effect as if made on the nominal date fixed for redemption, and no interest shall accrue for the period after such nominal date.

ARTICLE V

AVAILABLE NET INCOME

SECTION 1. The Company covenants that Available Net Income for each calendar year, beginning with the calendar year 1954, and continuing as long as any Bonds are outstanding under the Mortgage, shall be determined and applied as provided in this Section 1, subject to the provisions of Section 8 of this Article V.

The Available Net Income for the calendar year 1954 and for each calendar year thereafter shall be determined not later than April 1 of the following calendar year; and Available Net Income for each calendar year shall be applied, to the extent that the same shall suffice therefor, during the succeeding calendar year for the following purposes and in the following order:

(a) To the payment of the amount currently required to be paid into the Sinking Fund for the retirement of Bonds of Series A pursuant to the requirements of Section 2 of Article VIII;

(b) To the payment of the currently payable Contingent Interest on all Outstanding Bonds of series other than Bonds of Series A, and the unpaid accumulations of Contingent Interest thereon, subject to the provisions of Section 2 of this Article V;

(c) To the payment of any amounts currently required to be paid into the Sinking Fund for the retirement of Bonds of any series other than Bonds of Series A pursuant to the requirements of Section 3 of Article VIII;

(d) To the payment of the currently payable Contingent Interest on all Outstanding General Mortgage Bonds and the unpaid accumulations of Contingent Interest thereon, subject to the provisions of Section 4 of this Article V;

(e) To the payment of the amount currently required to be paid into the General Mortgage sinking fund for the retirement of General Mortgage Bonds of Series A pursuant to the requirements of Section 2 of Article VIII of the General Mortgage;

(f) To the payment of any amounts currently required to be paid into the General Mortgage sinking fund for the retirement of General Mortgage Bonds of any series other than General Mortgage Bonds of Series A pursuant to the requirements of Section 3 of Article VIII of the General Mortgage;

(g) To the payment of any amounts currently required to be paid into the Road Replacement Fund out of Available Net Income pursuant to the provisions of clause (d) of Section 1 of Article VI; and

(h) To the payment of any amounts required to be paid into the Road Replacement Fund out of Available Net Income pursuant to the provisions of clause (d) of Section 1 of Article VI, the payment of which has been postponed from a prior calendar year or years as permitted by said Section 1.

Any remaining Available Net Income may be applied (without restriction as to the year of application) as the Board of Directors may determine to the payment of dividends on the capital stock of the Company, or to any other corporate purposes.

SECTION 2. If Bonds of series subsequent to Bonds of Series A shall be issued and the Bonds of such subsequent series shall bear Contingent Interest, and if in any calendar year the amount of Available Net Income applicable to the payment of Contingent Interest on all of the Outstanding Bonds bearing Contingent Interest is insufficient for the payment thereof in full, including any then unpaid accumulations of Contingent Interest that shall have accrued thereon, the amount of such Available Net Income applicable to such payment under subsection (b) of Section 1 of this Article V shall be prorated among the several series of such Bonds in proportion to one year's full interest thereon, at their respective interest rates, and the remainder, if any, of such amount shall be prorated among the several series in proportion to the respective balances of interest due thereon.

SECTION 3. No Contingent Interest shall be required to be paid out of Available Net Income under subsection (b) of Section 1 of this Article V if the amount so to be paid would be less than 25 cents on each $100 of the principal amount of any Contingent Interest bearing obligations and all payments of contingent interest shall be made in multiples of one cent for each $100 of the principal amount of such obligation. Any excess available for interest not paid because of this provision shall be reserved by the Company and added to the amount available for, or payable on account of, such interest on the next date upon which interest shall be paid.

SECTION 4. If General Mortgage Bonds of series subsequent to General Mortgage Bonds of Series A shall be issued and the bonds of such subsequent series shall bear Contingent Interest, and if in any calendar year the amount of Available Net Income applicable to the payment of Contingent Interest on all of the Outstanding General Mortgage Bonds bearing Contingent Interest is insufficient for the payment thereof in full, including any then unpaid accumulations of Contingent Interest that shall have accrued thereon, the amount of such Available Net Income applicable to such payment under subsection (d) of Section 1 of this Article V shall be prorated among the several series of such Bonds in proportion to one year's full interest thereon, at their respective interest rates, and the remainder, if any, of such amount shall be prorated among the several series in proportion to the respective balances of interest due thereon in accordance with

the provisions of Section 4 of Article V of the General Mortgage.

SECTION 5. If the Contingent Interest on the General Mortgage Bonds of any series shall become Fixed Interest or if the obligation of the Company on the General Mortgage Bonds shall cease to be an obligation of the Company, either through payment or satisfaction in full, or if for any other reason the indenture securing or providing for such obligation has been terminated and released, whether by refunding or otherwise, the requirement to apply Available Net Income for such interest or obligation shall cease and the amount of Available Net Income otherwise required to be applied thereto, after meeting all remaining requirements, if any, of like priority, shall be applied thereafter to the remaining purposes in the order of priority specified in Section 1 of this Article V.

SECTION 6. On or before April 1 of each year, beginning with the year 1955, the Company shall file with the Trustee a Certified Resolution determining the Available Net Income for the preceding calendar year, and a report signed as in the case of an Officers' Certificate showing the calculations in reasonable detail of the amount of Available Net Income for the preceding calendar year and the application thereof made or to be made by the Company pursuant to the provisions of clauses (a) through (h) of Section 1 of this Article V.

In determining Available Net Income for any year the members of the Board of Directors may rely upon and shall be fully protected in relying upon any statement signed by the Chief Accounting Officer as to any facts set forth therein and upon advice of counsel as to the meaning and application of any provision of the Mortgage.

SECTION 7. The Company, in the discretion of the Board of Directors, may pay any Contingent Interest, and the unpaid accumulations thereof, on the Bonds of any series or on the

General Mortgage Bonds of any series for any year out of any funds lawfully available therefor although there be no Available Net Income applicable thereto, provided (i) such payments are made in the order of priority specified in this Article V, and (ii) all payments having a priority senior thereto out of Available Net Income for the preceding calendar year have been paid in full.

SECTION 8. The provisions of this Article V are hereby made expressly subject to each and all of the remedies of the Trustees or the Bondholders as set forth in Article XVI, and the operation of the provisions of this Article V shall be suspended during the continuance of either of the Events of Default specified in clause (f) or clause (g) of Section 2 of Article XVI.

ARTICLE VI

ROAD REPLACEMENT FUND

SECTION 1. The Company covenants that it will create and maintain a fund to be known as the "Road Replacement Fund," and that on or before April 1 in each year, beginning with the year 1955, and continuing as long as any Bonds are outstanding under the Mortgage, but subject to the provisions of Section 5 of this Article VI, it will pay into the Road Replacement Fund in cash:

(a) Such amounts as the Company shall charge to operating expenses and credit to depreciation reserve in respect of the next preceding calendar year for depreciation of roadway and structures, which shall be not less than the amounts required therefor by the Interstate Commerce Commission or other public regulatory body having jurisdiction or, if no specific amount or rate of depreciation is so required, then such reasonable amount therefor as shall be established by the Board of Directors within the maximum amount or rate permitted by such Commission or other public regulatory body;

(b) Such other amounts as the Company shall charge to operating expenses in respect of such preceding calendar year for write-offs or amortization of investments in roadway and structures in accordance with the Uniform System of Accounts or by direction or authority of the Interstate Commerce Commission or other public regulatory body having jurisdiction;

(c) Such amounts as the Company shall recover as proceeds from salvage recovered during such preceding calendar year from mortgaged property retired; and

(d) Such amounts as shall be added to consolidated income for such preceding calendar year by reason of charges to operating expenses on account of non-depre-

ciable road property retired as required by clause (a)(1) of the definition of Available Net Income in Article I, but only to the extent of the Available Net Income applicable to such payment under clause (g) of Section 1 of Article V.

If Available Net Income for any calendar year applicable to payment into the Sinking Fund or to the payment of Contingent Interest on Outstanding General Mortgage Bonds is attributable to the addition to consolidated income of amounts charged to operating expenses during such calendar year on account of non-depreciable road property retired as required by clause (a)(1) of the definition of Available Net Income in Article I, then to that extent payments into the Road Replacement Fund required by clause (d) above shall be postponed until the next calendar year or years in which and to the extent that there is Available Net Income applicable to such payment under clause (h) of Section 1 of Article V.

SECTION 2. All amounts that are paid into the Road Replacement Fund shall be segregated from the general funds of the Company, shall be held by the Company in a separate bank account or invested in direct or guaranteed obligations of the United States of America, and, subject to the provisions of Section 3 of this Article VI, shall be expended to pay, or to reimburse the treasury of the Company for, all or any part of such cash Expenditures for Additions and Betterments as have not been Bonded or made pursuant to the provisions of Section 22 of Article IX.

On or before April 1 in each year, beginning with the year 1956, the Board of Directors may, however, in its discretion, withdraw from the Road Replacement Fund and deposit in the Sinking Fund created and maintained in accordance with

Article VIII all or any part of the unexpended balance remaining in the Road Replacement Fund on December 31 of the next preceding year.

SECTION 3. No expenditures shall be made from the Road Replacement Fund for the purpose provided in the first paragraph of Section 2 of this Article VI if the Company shall not have expended all of the funds which it has covenanted to apply only to Expenditures for Additions and Betterments under the provisions of Section 22 of Article IX.

SECTION 4. The Company covenants that on or before April 1 of each year, beginning with the year 1956, it will deliver to the Trustee a report signed as in the case of an Officers' Certificate, which report shall state separately with respect to the preceding calendar year (i) the amounts of all payments into the Road Replacement Fund required under the provisions of Section 1 of this Article VI and a computation showing the determination of such amounts in accordance with the provisions of said Section 1; (ii) the amounts of all expenditures from the Road Replacement Fund made pursuant to the provisions of the first paragraph of Section 2 of this Article VI, together with a description thereof in reasonable detail and a statement that the Expenditures for Additions and Betterments therein described were not theretofore Bonded or made pursuant to the provisions of Section 22 of Article IX; (iii) the unexpended balance in the Road Replacement Fund at the close of such preceding calendar year; and (iv) the amount, if any, of such unexpended balance deposited in the Sinking Fund pursuant to the provisions of the second paragraph of Section 2 of this Article VI.

SECTION 5. The provisions of this Article VI are hereby made expressly subject to each and all of the remedies of the

Trustees or the Bondholders as set forth in Article XVI, and the operation of the provisions of this Article VI shall be suspended during the continuance of either of the Events of Default specified in clause (f) or clause (g) of Section 2 of Article XVI.

ARTICLE VII

EQUIPMENT REPLACEMENT FUND

SECTION 1. The Company covenants that it will create and maintain a fund to be known as the "Equipment Replacement Fund" and that within 45 days after the close of each calendar month, beginning with the month of March, 1954, and continuing as long as any Bonds are outstanding under the Mortgage, but subject to the provisions of Section 5 of this Article VII, it will pay into the Equipment Replacement Fund in cash:

(a) Such amounts as the Company shall charge to operating expenses for such month and credit to depreciation reserve for depreciation of Equipment, which shall be not less than the amounts required therefor by the Interstate Commerce Commission or other public regulatory body having jurisdiction or, if no specific amount or rate of depreciation of Equipment is so required, then such reasonable amount therefor as shall be established by the Board of Directors within the maximum amount or rate permitted by such Commission or other public regulatory body;

(b) Such amounts as the Company shall recover as proceeds from salvage recovered during such month from Equipment retired; and

(c) Such other amounts as the Company shall charge to operating expenses during such month on account of write-offs or amortization of investments in Equipment in accordance with the Uniform System of Accounts or by direction or authority of the Interstate Commerce Commission or other public regulatory body having jurisdiction.

SECTION 2. All cash paid into the Equipment Replacement Fund shall be segregated from the general funds of the Company, shall be held by the Company in a separate bank ac-

count or invested in direct or guaranteed obligations of the United States of America, and shall be expended to pay, or to reimburse the treasury of the Company for, the following purposes and in the following order, subject to the provisions of Section 5 of this Article VII:

(a) The principal of Equipment Obligations as they severally mature;

(b) The cost of acquisition or construction of Equipment to the extent not financed by Equipment Obligations; and

(c) The cost of improvements and betterments to existing Equipment required to maintain the operating efficiency of the Company's railway system unimpaired, but only to the extent that the expenditures therefor are properly chargeable to Capital Accounts.

SECTION 3. On or before April 1 in each year, beginning with the year 1955, the Board of Directors may, in its discretion, withdraw from the Equipment Replacement Fund and deposit in the Sinking Fund created and maintained in accordance with Article VIII all or any part of the unexpended balance in excess of $500,000 remaining in the Equipment Replacement Fund on December 31 of the next preceding year.

SECTION 4. The Company covenants that on or before April 1 of each year, beginning with the year 1955, it will deliver to the Trustee a report signed as in the case of an Officers' Certificate, which report shall state separately with respect to the preceding calendar year (i) the amounts of all payments into the Equipment Replacement Fund required under the provisions of Section 1 of this Article VII and a computation showing the determination of such amounts in accordance with the provisions of said Section 1; (ii) the amounts of all expenditures from the Equipment Replacement Fund made pursuant to the provisions of clauses (a), (b) and (c) of Section 2 of

this Article VII, together with a description thereof in reasonable detail; (iii) the unexpended balance in the Equipment Replacement Fund at the close of such preceding calendar year; and (iv) the amount, if any, of such unexpended balance deposited in the Sinking Fund pursuant to the provisions of Section 3 of this Article VII.

SECTION 5. The provisions of this Article VII are hereby made expressly subject to each and all of the remedies of the Trustees or the Bondholders as set forth in Article XVI hereof, and the operation of the provisions of this Article VII shall be suspended during the continuance of either of the Events of Default specified in clause (f) or clause (g) of Section 2 of Article XVI.

ARTICLE VIII

SINKING FUND

SECTION 1. The Company covenants that it will create and maintain a fund for the retirement of Bonds to be known as the "Sinking Fund"; that all sums deposited in the Sinking Fund will be segregated from the general funds of the Company and held by it in a separate bank account; and that such sums will be applied in accordance with and subject to the provisions of this Article VIII.

SECTION 2. The Company covenants that so long as any Bonds of Series A are outstanding under the Mortgage, it will, subject to the provisions of Section 8 of this Article VIII, deposit in the Sinking Fund (i) on or before April 1 in each year, beginning with the year 1955, out of the amount of Available Net Income for the preceding calendar year applicable to payments into the Sinking Fund under clause (a) of Section 1 of Article V, the sum of $73,534.50 in cash, and (ii) the amount, if any, that the Company is required to deposit in the Sinking Fund under the provisions of Section 10 of this Article VIII; and that all sums so deposited will be applied to the retirement of Outstanding Bonds of Series A in the manner hereinafter provided.

SECTION 3. The Company covenants that, in the event Bonds of any series other than Series A are issued under the Mortgage, it will, subject to the provisions of Section 8 of this Article VIII, deposit in the Sinking Fund on or before April 1 in each year thereafter, out of the amount of Available Net Income for the preceding calendar year applicable to payments into the Sinking Fund under clause (c) of Section 1 of Article V, such additional sum, not less than ½ of 1% of the highest principal amount of Bonds of such series at

any time outstanding, as shall be provided in the supplemental indenture creating such other series; and that all sums so deposited will be applied to the retirement of Outstanding Bonds of such other series in the manner hereinafter provided.

SECTION 4. Amounts in the Sinking Fund from time to time applicable to the retirement of Outstanding Bonds of any particular series may be applied by the Company, in the discretion of the Board of Directors, to the purchase or redemption of Outstanding Bonds of such series. The Company may purchase such Bonds in the open market at the lowest price or prices at which it shall deem such Bonds reasonably obtainable, or may advertise for proposals to sell such Bonds to the Company, 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 at a price exceeding the redemption price thereof if such Bonds were being redeemed on the date of purchase.

All advertising and publishing costs, commissions, postage and other expenses incurred in the purchase or redemption of such Bonds, and all interest required to be paid thereon to the date of purchase or redemption, shall be paid by the Company from other available funds and not out of the Sinking Fund.

SECTION 5. The Company covenants that on or before February 1 of each year, beginning with the year 1956, it will deliver to the Trustee a report, signed as in the case of an Officers' Certificate, which shall state separately, with respect to the preceding calendar year, the sums, if any, deposited in the Sinking Fund pursuant to the provisions of Sections 2, 3 and 11 of this Article VIII, the numbers and prin-

cipal amounts of Outstanding Bonds purchased or redeemed out of such deposits, the amount expended out of each such deposit for the purchase or redemption of such Bonds, and the unexpended balance of each such deposit at the close of such calendar year.

Each such report shall be accompanied by (i) a surrender for cancellation by the Trustee of all Bonds purchased by the Company out of the Sinking Fund during such calendar year, and (ii) in cash the unexpended balances in the Sinking Fund, at the close of such calendar year, of deposits made pursuant to Sections 2, 3 and 11 of this Article VIII.

SECTION 6. The unexpended cash balances deposited with the Trustee pursuant to the provisions of Section 5 of this Article VIII shall be applied respectively by the Trustee, so long as no Event of Default has occurred and is continuing, to the purchase or redemption, in accordance with the provisions of this Section 6, of Outstanding Bonds of such one or more series as the Company would have been required or permitted to purchase or redeem under Sections 2, 3 and 11 of this Article VIII if it had expended such balances for the purposes of said Sections.

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 exceeding the redemption price thereof if such Bonds were being redeemed on the date of purchase.

Whenever the balance of cash remaining on deposit with the Trustee under the provisions of this Section 6 on March 1 of any year equals or exceeds $50,000, the Trustee shall apply such balance to the redemption of Outstanding Bonds of such one or more series as the Trustee would be entitled to purchase under the foregoing provisions of this Section 6, such redemption to be made on the earliest practicable redemption date, in the case of Bonds of Series A at the Sinking Fund redemption price specified in Section 1 of Article IV and in the case of Bonds of any other series at the redemption price specified in the supplemental indenture creating such series. The Trustee shall give notice of such redemption in the name of the Company in the manner and in accordance with the applicable provisions of Article IV; and the Trustee is hereby appointed the agent of the Company for such purpose. The Company covenants that whenever any redemption of Bonds shall be required under the provisions of this Section 6, it will at the request of the Trustee take all action necessary, and authorize the Trustee to take all action necessary, to redeem such Bonds.

The Company covenants that, in connection with any purchase or redemption of Bonds under this Section 6, it will deposit with the Trustee, upon request of the Trustee in the case of purchase, or prior to the date fixed for redemption in the case of redemption, in addition to funds theretofore deposited with the Trustee pursuant to the provisions of Section 5 of this Article VIII, an additional sum in cash sufficient to pay all interest required to be paid thereon to the date of purchase or redemption.

All advertising and publishing costs, commission, postage and other expenses incurred in the purchase or redemption of such Bonds by the Trustee shall be paid by the Company,

or, if paid by the Trustee, shall be repaid by the Company to the Trustee upon demand.

Section 7. Any cash deposited with the Trustee pursuant to the provisions of Section 5 of this Article VIII and applicable to the purchase or redemption of Outstanding Bonds of a particular series may be withdrawn by the Company at any time prior to the application of such cash by the Trustee to the purchase of Outstanding Bonds or the giving of notice by the Trustee of the redemption of any Bonds, as provided in Section 6 of this Article VIII, in an amount equal to the lower of the cost (exclusive of interest) or the principal amount of Bonds of such series, bearing all unmatured coupons appertaining thereto, reacquired by the Company and delivered to the Trustee for that purpose. Any Bonds so delivered to the Trustee shall be accompanied by an Application for the withdrawal of such cash, specifying and describing the Bonds delivered therewith, and by an Officers' Certificate stating that such Bonds have been duly issued and outstanding and have been reacquired by the Company, the cost (exclusive of interest) at which they were reacquired, that none of such Bonds has theretofore been Bonded, and that such Bonds are delivered to the Trustee for the purpose of withdrawing cash then on deposit with the Trustee pursuant to the provisions of Section 5 of this Article VIII.

Section 8. In lieu of depositing cash in the Sinking Fund as provided in Sections 2, 3 and 11 of this Article VIII, the Company may reacquire and deliver to the Trutsee for cancellation Bonds of any series which the Company would be entitled to purchase or redeem with such cash, bearing all unmatured coupons appertaining thereto, at the cost of reacquisition thereof (exclusive of interest) or the principal amount thereof, whichever is lower. Any such Bonds so delivered to the Trustee shall be accompanied by an Officers' Certificate stating (i) that such Bonds have been duly issued

and outstanding and have been reacquired by the Company, (ii) the cost (exclusive of interest) at which they were reacquired, (iii) that none of such Bonds has theretofore been Bonded, and (iv) that such Bonds are delivered to the Trustee in lieu of the deposit of cash in the Sinking Fund.

Section 9. All Bonds purchased or redeemed by the Company or by the Trustee, or delivered by the Company to the Trustee, under any provisions of this Article VIII, shall be cancelled and shall not be made the basis for the authentication and delivery of any Bonds, the release of any property, or the withdrawal, payment or application of any cash under any provision of the Mortgage.

Section 10. The Company represents that, pursuant to the order of the Court directing consummation of the Plan, it has segregated from its general funds the sum of $423,986 as a fund for the settlement of land-grant rate adjustments, the liability for which the Company has assumed in the consummation of the Plan, and the Company covenants that, (a) if at any future time the Board of Directors shall determine, as evidenced by a Certified Resolution delivered to the Trustee, that the balance remaining in said fund at the time of such determination is no longer needed for the original purpose of the fund, or (b) if any balance remains in said fund on January 1, 1959, whichever contingency is first satisfied, the Company within 30 days thereafter will deposit the balance of such fund in the Sinking Fund for application to the retirement of Outstanding Bonds of Series A pursuant to Section 2 of this Article VIII. Until such deposit the Company covenants that said fund will be held in a separate bank account or invested in direct or guaranteed obligations of the United States of America and that, on or before April 1, 1955, and on or before each April 1 thereafter, it will file with the Trustee a report showing, as of the next preceding

March 1, the total payments made from the fund during the twelve months immediately prior thereto, the balance then in said fund, and the amount or amounts then held in a separate bank account or invested as aforesaid.

Section 11. The Company covenants that all sums deposited in the Sinking Fund pursuant to the provisions of Section 2 of Article VI and Section 3 of Article VII will be applied to the retirement of Outstanding Bonds of Series A or, in the event Bonds of any other series are issued, Outstanding Bonds of such series as the Board of Directors shall determine.

ARTICLE IX

General Covenants

The Company covenants as follows:

Section 1. The Company will duly and punctually pay or cause to be paid the principal of, 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 Company will maintain in the City of Minneapolis, State of Minnesota, an office or agency where payment of the principal of, premium if any, and interest on Bonds may be made, where notices, presentations and demands to or upon the Company in respect of Bonds or coupons or in respect of the Mortgage may be given or made and where Bonds may be registered, transferred and exchanged. The 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. The 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 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 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, premium if any, or

interest on any of the Bonds (whether such sums have been paid to it by or on behalf of the Company) 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 Company to make any payment of the principal of, 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 Company shall act as its own paying agent in respect of the Bonds of any series, it will, on or before each due date of the principal of, premium if any, or interest on such Bonds, 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, premium and interest so becoming due and will notify the Trustee of any failure to take such action.

The 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 XVIII.

Section 3. The 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 Trustees of the property hereby mortgaged, conveyed or assigned, or intended so to be, or which the Company may hereafter become bound to convey or assign to the Trustees.

The Company will deliver to the Trustee on or before April 1 in each year, beginning with the year 1955, an Officers' Certificate setting forth in reasonable detail a description of any substantial items of additional real and personal property, estate, rights and franchises acquired within the previous calendar year and an Opinion of Counsel stating either (a) that no supplemental indenture is necessary to subject to the lien of the Mortgage the items of property set forth in such Officers' Certificate which are intended by the granting clauses or other provisions of the Mortgage to be subjected to the lien hereof, or (b) that a supplemental indenture is necessary for the purpose and that the supplemental indenture delivered to the Trustee with such Officers' Certificate and Opinion of Counsel is sufficient for that purpose and has been recorded and filed in the proper jurisdictions.

Section 4. The 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 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 Company, from time to time as they shall become due, will make, or cause to be made, 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 such further acts as may be necessary to assure to the Company the use

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

Nothing contained in this Section 5 or in any other provision of the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the 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 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 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 Company will forthwith, upon the discharge and cancellation of such mortgage or other instrument (subject to the obligation of the 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 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 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 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 Trustees 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 Company without expense to the Trustees or the Bondholders; provided, however, that the Company shall not be required to pay any such taxes, assessments or governmental charges (i) so long as in good faith the validity or 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 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, the interest of the 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 Company to make any such payments or to observe any such obligations so long as the 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 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, and the right, charge, lien or title of Equipment Obligations, Permitted Encumbrances and Prior Liens, and that it will not create, or suffer to be created or to arise, or allow to exist 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 six months after the same shall be payable, it will pay or cause to be discharged, or will make adequate provision for the satis-

faction 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 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 or 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 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 subject to the lien of the Mortgage 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 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 Company will forthwith upon acquisition

deposit and pledge with the Trustee, as further security for the Bonds, all Securities hereafter acquired by it except Special Securities and except 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 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.

SECTION 13. The 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 Company with the applicable provisions of the Mortgage.

SECTION 14. The Company will not increase or permit to be increased in principal amount any of its obligations (other than 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 to be held subject to the provisions of Article X.

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

SECTION 16. The 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 re-filed 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 1955, 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 re-filed, 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 Company will cause all of the property at any time subject to the lien of the Mortgage, 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 Company. On or before April 1, 1955, and on or before April 1 in each year thereafter, and at any other time upon the request of the Trustee, the Company will furnish to the Trustee an Officers' Certificate stating in general the character and extent of the insurance then maintained by the 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 $75,000 in respect of any one loss, such proceeds shall, subject to the requirements of any Prior Lien, Permitted Encumbrance or Equipment Obligation on such property, be deposited by the Company with the Trustee, accompanied by an Officers' Certificate, dated not more than 30 days prior to the delivery thereof to the Trustee and

stating the circumstances of such deposit and the source of such proceeds, and shall be set apart and held in trust by the Trustee and applied, pursuant to the written request of the Company (if an Event of Default shall not have occurred and be continuing), to the repair, restoration or replacement of the property damaged or destroyed. The written request of the Company, signed as in the case of an Officers' Certificate, shall set forth the nature of such repairs, restorations or replacements and the cost thereof, and shall be accompanied by an Opinion of Counsel that the same are or will become subject to the lien of the Mortgage as hereinafter in this Section 17 provided. Such request and Opinion of Counsel shall constitute a sufficient warrant and direction to the Trustee for the expenditure of said proceeds in accordance with such request.

Any proceeds from insurance deposited with the Trustee, pursuant to this Section 17, which have not been applied to the repair, restoration or replacement of the property damaged or destroyed within two years after such payment, shall thereafter 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 the proceeds from any insurance on the mortgaged property shall be $75,000 or less in respect of any one loss, such proceeds shall be applied by the 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 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 any Prior Lien, Permitted Encumbrance 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 mort-

gaged 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 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 Company may have with respect to the mortgaged property.

SECTION 19. The Company will not pledge or hypothecate any Bonds to secure any indebtedness created, assumed or guaranteed, directly or indirectly, by the Company if in consequence thereof the principal amount of all Bonds pledged or hypothecated by the Company would exceed 10% of the aggregate principal amount of all Outstanding Bonds.

The Company will not pledge or hypothecate any Bonds or General Mortgage Bonds to secure any indebtedness if in consequence thereof the aggregate principal amount of all Bonds and General Mortgage Bonds pledged or hypothecated by it to secure such indebtedness would exceed 150% of the principal amount of such indebtedness.

SECTION 20. The 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 Company to its shareholders, beginning with the annual report for the year 1954.

SECTION 21. The Company will not procure the authentication and delivery of any Bonds under Article III in any case in which the delivery to the Trustee of an Interest Coverage Certificate is required, unless the consolidated income available for fixed charges of the Company and its Wholly Owned

Railroad Subsidiaries, for a period of 12 consecutive calendar months within the 18 calendar months next preceding the date of the Application for the authentication and delivery of such Bonds, shall have been at least one and one-half times the aggregate of (i) the annual interest charges on all Outstanding Bonds (computed at the rates specified therein, without regard to Available Net Income), and (ii) the annual interest charges (computed in the same manner) on the Bonds to be authenticated and delivered on the basis of such Application, and (iii) all other fixed charges of the Company and its Wholly Owned Railroad Subsidiaries in such period. The consolidated income available for fixed charges and all fixed charges of the Company and its Wholly Owned Railroad Subsidiaries for such period shall be determined in accordance with the Uniform System of Accounts applicable to such period.

SECTION 22. The Company covenants that all funds made available to it after March 1, 1954, from all or any of the following sources, unless deposited in the Road Replacement Fund or in the Equipment Replacement Fund or with the Trustee or with the trustee or mortgagee under a Prior Lien, Equipment Obligation or Permitted Encumbrance, shall be applied only to Expenditures for Additions and Betterments not theretofore Bonded: (i) proceeds of insurance on the mortgaged property not used for restoration or repairs, and (ii) proceeds from sales of mortgaged property sold in accordance with the provisions of Article XI.

SECTION 23. If any Expenditures for Additions and Betterments located on any leasehold shall have been Bonded, upon the termination of such leasehold there shall be deposited with the Trustee, accompanied by an Officers' Certificate dated not more than 30 days prior to the delivery thereof to the Trustee and stating the circumstances of such deposit and

the source thereof, all amounts paid to the 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 24. If the Company shall procure the authentication and delivery of any Bonds for the purpose of acquiring Railroad Subsidiary Bonds or Railroad Subsidiary Stocks, pursuant to the provisions of Section 7 of Article III, it will not thereafter cause or permit the issuance of any additional principal amount of such Railroad Subsidiary Bonds or any additional shares of such Railroad Subsidiary Stocks unless all of such additional Railroad Subsidiary Bonds or at least 90% of each class of such additional Railroad Subsidiary Stocks, as the case may be, are upon issuance deposited and pledged with the Trustee.

SECTION 25. As and when there shall be delivered to the trustees under the General Mortgage pursuant to any provision thereof, any report, statement, certificate, opinion, copy of resolution, deed, conveyance, assignment or other document or proof, the 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.

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 Company so requests, be registered in the name of the Trustee or its nominee or 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, and 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 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 Company shall be entitled to collect and re-

tain 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; the Trustee, upon the written request of the Company, shall deliver to the 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 Company, shall pay over to the Company all sums which may be received by the Trustee representing interest and earned cash dividends; and the Trustee, upon written notice from the Company that any installment 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; and

(b) The Trustee (except with consent of the 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 Company shall not be entitled to collect and the Trustee shall not pay over to the Company, and if collected by the 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 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 payable to the Company under the provisions of the Mortgage; (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 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 Company shall not sell, assign or transfer any such coupon or right to interest or dividends;

(4) The 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 Company or one or more Bondholders.

SECTION 3. Unless and until an Event of Default shall have occurred and be continuing, the 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 Company give suitable waivers of notice and consents and deliver to the 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 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 inconsistent therewith.

The Trustee, with the written consent of the Company delivered to the Trustee, accompanied by a Certified Resolution authorizing the same, 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 interest 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 and cash paid 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 Company delivered to the Trustee, accompanied by a Certified Resolution authorizing the same, and without such request if an Event of Default shall have occurred and be continuing, the Trustee, as the holder of such Debt Security, may in its discretion exercise all rights of the holder thereof and all rights under the mortgage or other instrument securing the same, or pursuant to which it was issued, and cause such proceedings as may be approved by its counsel to be instituted and prosecuted in a court of competent jurisdiction to enforce the payment of the principal and interest on such Debt Security and the performance of the covenants, terms or conditions therein and in such mortgage or other instrument contained and the foreclosure or other enforcement of such mortgage or other instrument, or otherwise.

SECTION 5. Unless an Event of Default shall have occurred and be continuing, the following transactions may be carried out and consummated:

(a) The renewal or extension of any Debt Security deposited and pledged hereunder at the same or a lower or higher rate of interest;

(b) The renewal or extension of any mortgage or other lien or instrument securing any Debt Securities deposited and pledged hereunder; and

(c) The issue in substitution for any Securities of a Railroad Subsidiary deposited and pledged hereunder of other Securities issued by the same Railroad Subsidiary which, except in the case of common Stock, shall be of the same or a greater aggregate principal amount or liquidation value, shall be secured by the same or an equivalent or prior lien or entitle the holder to an equivalent or superior liquidation and dividend preference, and shall bear the same or a higher or lower rate of interest or preferred dividend;

subject, however, to the following terms and conditions:

(1) All Securities so renewed or extended (if replaced by new Securities) and all Securities for which new Securities are substituted shall be delivered by the Trustee to the corporation issuing the same solely for retirement.

(2) All Securities so issued in renewal, extension or substitution shall forthwith upon the issue thereof be deposited and pledged hereunder to the same extent and in the same manner as the Securities renewed or extended or for which they are substituted.

(3) No such substitution shall be made if it will so reduce the percentage of the number of shares of voting stock of

any Railroad Subsidiary or Wholly Owned Railroad Subsidiary owned by the Company that such Subsidiary would no longer be qualified as such.

(4) No such substitution shall be made if the substituted Securities are of an issue junior to the Securities to be retired.

(5) In each such case the Trustee shall be furnished with the following:

(A) An Officers' Certificate stating in substance as follows: (i) the Securities (briefly described) to be renewed, extended or retired and the terms of such renewal, extension or retirement; (ii) the Securities (briefly described), if any, to be issued in substitution; (iii) that in their opinion the renewal, extension or substitution will be to the benefit and advantage of the Company and will not be detrimental to the interest or security of the Bondholders; (iv) whether the Securities to be renewed or extended or for which new Securities are to be substituted are Securities of a Railroad Subsidiary or Wholly Owned Railroad Subsidiary; (v) that if such new Securities are to be substituted for Securities of a Railroad Subsidiary or Wholly Owned Railroad Subsidiary such substitution will not so reduce the number of shares of voting stock of such Railroad Subsidiary or Wholly Owned Railroad Subsidiary then owned by the Company that such Subsidiary would no longer be qualified as such; and (vi) that no Event of Default has occurred and is continuing; and

(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 Company, be validly issued and outstanding and what they purport to be and

validly owned by the Company; that the Securities, if any, to be issued in substitution will not be junior to the Securities to be retired; 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 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 Company, the Securities of such corporation that are deposited and pledged under the Mortgage shall be surrendered to the consolidated corporation or to the Company, as the case may be, but only if, as evidenced by an Opinion of Counsel furnished to the Trustee, (i) 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 (ii) 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. The Company covenants that it will not use any property acquired from any corporation (if its Securities were theretofore Bonded) as a basis for the authentication and delivery of any Bonds, the release of any property, or the withdrawal, payment or application of any cash held by the Trustee, under any provision of the Mortgage.

SECTION 8. In case at any time any corporation, the Securities of which are deposited and pledged hereunder, shall be liquidated or dissolved, the Trustee shall surrender such Securities to or upon the order of the Company upon receipt by the Trustee of evidence satisfactory to it that the distributive portion of the property of such corporation applicable to such Securities has been acquired by the Company and subjected to the direct lien of the Mortgage.

In case at any time all or any of the property of any corporation, the Securities of which shall be deposited and pledged hereunder, shall be sold at any judicial sale, or sold in foreclosure or other proceedings for the enforcement of any Debt Security deposited and pledged hereunder or any mortgage securing such Debt Security, then and in any such case, if the property sold can be acquired by crediting on the Securities so deposited and pledged hereunder any sum accruing or to be received thereon out of the proceeds of such sale, and by paying not more than 10% of the price of such property in cash (or more than 10% if the 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 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 Company or of purchasing trustees, as the Trustees may determine, and the Trustee shall use, or permit the 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 to be vested either in the Company and subjected to the direct lien of the Mortgage, or in some other corporation organized or to be organized with power to acquire and operate such property, in which event all securities of such other corporation acquired directly or indirectly through such use of the pledged Securities shall be deposited and pledged hereunder in the place and stead of the latter, and shall be held by the Trustee as part of the mortgaged property.

The Company covenants not to use any of such property as a basis for the authentication and delivery of any Bonds, or the release of any property, or the withdrawal, payment or application of any cash held by the Trustee, under any provision of the Mortgage.

SECTION 9. The Company covenants that, except as permitted by clause (b) of Section 3 of this Article X, no Wholly Owned Railroad Subsidiary will increase the amount of its outstanding shares of Stock of any class unless after such increase at least 90% of the total outstanding shares of each class shall be deposited and pledged with the Trustee hereunder. In the event that the outstanding amount of any class of Stock of any Wholly Owned Railroad Subsidiary shall be

reduced, the Trustee, upon the written request of the Company, shall surrender for cancellation the certificates evidencing such part of the shares of such class of Stock so pledged hereunder as shall be proportionate to the amount of such reduction, provided that the shares of such Wholly Owned Railroad Subsidiary remaining on deposit and pledge with the Trustee will comprise at least 90% of the total shares of each class outstanding after such reduction.

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

SECTION 11. The Company covenants that no Wholly Owned 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 Wholly Owned 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 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 Wholly Owned 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 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 Subsidiary; and

(3) that the property to be sold or exchanged is no longer necessary or advantageous in the business of such Subsidiary, and either (i) that the substantial integrity and efficiency of the lines of railroad, bridges and terminals of such 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; and

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

Sales, exchanges and other dispositions of its property may be made by any Wholly Owned 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 Subsidiary in that year has exceeded or will exceed $25,000.

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

such amount with the trustee or mortgagee of a mortgage securing Railroad Subsidiary Bonds of such Subsidiary in accordance with the requirements of such mortgage, as to which such deposit the Trustee shall be furnished with a statement of the trustee or mortgagee of such mortgage certifying thereto.

SECTION 12. The Company may, unless an Event of Default shall have occurred and be continuing, sell the Securities of any corporation which are deposited and pledged under the Mortgage, except Prior Lien Bonds, but only upon and subject to the following conditions:

(a) All Stocks of a Wholly Owned Railroad Subsidiary pledged hereunder shall be sold simultaneously.

(b) The Trustee shall be furnished with an Officers' Certificate dated not more than 30 days prior to the delivery thereof and setting forth:

(1) A description of the Securities to be disposed of by the Company, and, in the case of Stocks of a Wholly Owned Railroad Subsidiary, a statement that such Stocks include all Stocks of such Subsidiary pledged hereunder;

(2) A brief statement of the price or consideration to be received by the Company (which consideration may be cash, or cash and purchase money obligations secured by a pledge of the Securities to be sold) and a statement that the amount of such consideration is not less than the fair value to the Company of the Securities to be sold and represents an adequate consideration therefor; that none of such purchase money obligations matures more than 10 years from the date of issue; and that the aggregate principal amount thereof does not exceed 60% of the total amount of such consideration;

(3) If the Securities to be disposed of are Securities of a Railroad Subsidiary, a statement that such sale is subject to the provisions of Part B of Section

1 of Article XI, accompanied by showings in compliance therewith, or a statement that the provisions of said Part B are not applicable to such sale; and

(4) That no Event of Default has occurred and is continuing.

(c) The consideration stated in the Officers' Certificate provided for in subsection (b) of this Section 12 to be received by the Company shall be deposited and pledged with the Trustee.

(d) The Trustee shall be furnished with an Opinion of Counsel stating that (i) such sale is in accordance with the provisions of the Mortgage, (ii) the Trustee is authorized under the terms of the Mortgage to comply with the request of the Company in consummation of the sale, (iii) any purchase money obligations mentioned in the Officers' Certificate provided for in subsection (b) of this Section 12 are valid obligations, secured by a valid and enforceable pledge of the Securities to be sold, free and clear of prior liens, (iv) such pledge contains appropriate provision for the security and protection of the Bonds, and (v) all necessary consent or approval of all governmental authorities for the sale and acquisition of such Securities has been obtained or that no such consent or approval is necessary; and said opinion shall be accompanied by a certified copy of any such consent or approval specified in said opinion to be necessary.

(e) The Trustee shall be furnished with a Certified Resolution authorizing the sale of the Securities mentioned in the Officers' Certificate provided for in subsection (b) of this Section 12, and requesting the release thereof from the lien of the Mortgage.

Upon receipt by the Trustee of the instruments mentioned in subsections (b), (d) and (e) of this Section 12, and the consideration to be received by the Company as therein stated, the Trustee shall release from the lien of the Mortgage, and

deliver to or upon the written order of the Company, all Securities so to be sold at the time held by the Trustee.

SECTION 13. In case an Event of Default shall have occurred and be continuing, the Company shall no longer be entitled to receive the payments and exercise the rights theretofore permitted it pursuant to the provisions of this Article X, but nevertheless may do any of the things authorized to be done by it in Sections 2, 3, 5, 7, 8 and 12 of this Article X upon compliance by it with the respective provisions of said sections, if the Trustee, in the exercise of its discretion, in writing expressly authorizes or assents to such action. The Trustee shall so authorize or assent to such action if requested by the holders of a majority in principal amount of the Outstanding Bonds.

SECTION 14. All moneys received by the Trustee in respect of any Securities deposited and pledged hereunder, unless the Company shall be entitled to receive the same under the provisions of Section 2 of this Article X, shall be held, paid out or applied by it as in the case of money deposited upon the release of mortgaged property, in the manner provided in Section 7 of Article XI.

SECTION 15. The Company covenants and agrees that forthwith on demand of the Trustee it will pay, or will provide for in a manner satisfactory to the Trustee, all expenditures incurred by the Trustee under any of the provisions of this Article X, including all sums required to obtain and perfect the ownership and title to any property which the Trustee shall cause or authorize to be purchased pursuant to any provision of this Article X; and the Trustee in its discretion, without impairment of or prejudice to any of its rights under the Mortgage by reason of any default of the Company, may but shall not be obligated to advance any or all such expenses and such other moneys as may be required,

or may procure such advances to be made by others, and for such advances made by the Trustee or by others at its request, with interest thereon at the rate of 4% per annum, the Trustee shall have a lien upon the mortgaged property in priority to the lien of the Bonds, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

ARTICLE XI

Possession, Use and Release of Property

Section 1. While the Company shall remain in possession of the mortgaged property, it shall be entitled to manage, operate, use and enjoy all and singular the property subject to the Mortgage (except any cash or Securities deposited or pledged or required to be deposited or pledged with the Trustee under the terms of the Mortgage) and to receive, take and use the rents, incomes and profits thereof subject to the terms of the Mortgage. The subsequent provisions of this Section 1 are for the purpose of permitting the advantageous use of the property subject to the Mortgage in the operation and management of the business so as most judiciously to maintain the value of such property of the Company and the value of the security for the Bonds.

Part A. While remaining in possession of the mortgaged property, the Company shall be entitled in the usual and ordinary conduct of its business:

(a) to alter, repair, dismantle when no longer useful, replace, change and add to its buildings, roadways, trackage, Equipment, materials, supplies and any other physical property;

(b) to make any change in the location of its lines, tracks, station houses, buildings or other structures situated upon or comprising any part of the property subject to the Mortgage to other premises, if said lines, tracks, station houses, buildings, structures and the premises whereon they are relocated shall be or concurrently become subject to the lien of the Mortgage to the same extent and with the same priority of lien as before such relocation; and

(c) to modify the rights under, or to abandon or terminate, any trackage, terminal, operating or other contract, agreement or lease, easement, franchise, license,

authority or permit under which the Company may now or hereafter conduct its railroad operations; provided, in the case of any modification, that the same does not substantially impair the rights of the Company in its railroad operations or in the judgment of the Company impair the security or interests of the Bondholders, and in the case of any abandonment or termination, that such rights are no longer required for the railroad operations of the Company, and that rights of operation, substantially equivalent as to scope and term, are otherwise owned or are concurrently to be acquired and subjected to the lien of the Mortgage to the same extent and with the same priority of lien as existed prior to the modification, abandonment or termination.

Part B. To increase operating efficiency and effect economies by elimination of unnecessary trackage or unnecessary duplication of trackage within its own transportation system which is subject to the lien of the Mortgage, and by facilitating the coordination of operations of such transportation system with operations of the transportation systems of other railroads the Company, while remaining in possession of the mortgaged property, may, under the conditions and upon compliance with the provisions of Sections 2 and 3 of this Article XI to the extent applicable:

(a) Sell, exchange for other property, abandon, lease or otherwise dispose of any part, substantially less than all, of its lines of railroad (including any leasehold, easement, trackage right or other interest therein) which are subject to the lien of the Mortgage, but only if, at or prior to such sale, exchange, abandonment, lease or other disposition,

(1) there shall be filed with the Trustee a Certified Resolution determining and expressing the judgment of the Board of Directors that

(i) such sale, exchange, abandonment, lease or other disposition will increase operating

efficiency and effect economies by elimination of unnecessary trackage or unnecessary duplication of trackage within the Company's own transportation system then subject to the lien of the Mortgage, or by facilitating the coordination of operations of such transportation system with operations of the transportation systems of other railroads, and will not substantially impair the ability of the Company to handle the traffic of its transportation system, and

(ii) that the property so to be sold, exchanged, abandoned, leased or otherwise disposed of is no longer deemed necessary or expedient in the operation of its transportation system and that the security or interests of the Bondholders will not be impaired thereby; and

(2) there shall also be filed with the Trustee, as to any part of such lines of railroad (including any leasehold, trackage right or other interest therein) desired to be sold, exchanged, abandoned, leased or otherwise disposed of, an Officers' Certificate stating that the Company is in possession of the mortgaged property and the facts relied upon to show that

(i) such part of said lines of railroad is a branch or spur line, or is otherwise so separable from any main line serving principal points, that such sale, exchange, abandonment, lease or other disposition will not break the continuity of such main line between the principal points served thereby, or

(ii) after said sale, exchange, abandonment, lease or other disposition there will remain at least one other route subject to the lien of the Mortgage between the principal points served by the part of such line to be sold,

exchanged, abandoned, leased or otherwise disposed of, over which the traffic of its transportation system between such principal points may be handled with substantially equal facility, or

(iii) the Company has acquired, or upon such sale, exchange, abandonment, lease or other disposition will acquire, rights over lines of another railroad company through joint ownership, lease or trackage agreement whereby facilities will be available for general continuity of operation of its transportation system which are substantially equivalent to the facilities therefor of the lines of railroad to be sold, exchanged, abandoned, leased or otherwise disposed of, and that any such lease or trackage agreement, as evidenced by an Opinion of Counsel furnished to the Trustee, will extend at least beyond the latest date of maturity of any of the Bonds then outstanding and will not be subject to termination prior to its expiration date on account of any lien on the property covered thereby; and

(3) there shall be pledged with the Trustee or otherwise subjected to the lien of the Mortgage, subject only to Permitted Encumbrances, in such manner as shall be deemed sufficient in an Opinion of Counsel furnished to the Trustee, any and all rights of joint ownership, leases, and trackage agreements acquired by the Company and referred to in such Officers' Certificate pursuant to the preceding clause (2) (iii).

Any lease of property of the Company made pursuant to this subdivision (a) shall be made expressly subject to immediate termination by the Trustees at any time upon the occurrence of an Event of Default and at any time during the continuance thereof, and also by the purchaser of the property so leased upon any sale thereof, whether

such sale be made under the power of sale hereby conferred or under judicial proceedings.

Notwithstanding the foregoing provisions of this Part B, any line or portion of a line of railroad (including any leasehold, easement, trackage right or other interest therein) subject to the lien of the Mortgage may be sold, exchanged, abandoned, leased or otherwise disposed of upon compliance solely with the provisions of clause (1) of this subdivision (a), if such sale, exchange, abandonment, lease or other disposition is made with the approval or direction of the holders of a majority of all Outstanding Bonds, such approval or direction being made and evidenced pursuant to the provisions of Article XIII and filed with the Trustee.

(b) Grant an undivided interest in any part of any line of railroad, or in any bridge or terminal, which is subject to the lien of the Mortgage, or grant an easement over, or enter into a trackage agreement providing for the use by another railroad of, any such line of railroad, or bridge or terminal, with or without use of appurtenant shop or other operating and service facilities; and any such easement or trackage right may, but need not, extend for a longer period than the latest maturity of any of the Bonds then outstanding, and may, but need not, be subject to termination by the Trustees upon the occurrence or during the continuance of any Event of Default, or by the purchaser of any property to which the same relates upon any sale thereof by virtue of the power of sale hereby conferred or under judicial proceedings; but in the case of each such grant of an undivided interest or in case any such easement or trackage right shall extend for a longer period, as aforesaid, or is not subject to termination, as aforesaid, then at or prior thereto

(1) there shall be furnished to the Trustee an Opinion of Counsel that there has been adequately preserved to the Company the equal or prior right to the use of any such line of railroad, bridge, or terminal in which an undivided interest has been granted or as to which an easement or trackage

right has been so granted, and to appurtenant facilities, if any, as to which a right of use has been so granted, and

(2) there shall be filed with the Trustee a Certified Resolution determining and expressing the judgment of the Board of Directors, in the case of any such grant of an undivided interest, that the same is advantageous to the economical and efficient operation of the business of the Company, or, in the case of any such easement or trackage right agreement, that the terms thereof are reasonable and advantageous to the economical and efficient operation of the business of the Company and, in either case, that such transaction will not substantially impair the ability of the Company to handle the traffic of its transportation system subject only to the liens of the Mortgage and Permitted Encumbrances at or between the principal points served thereby, or impair the security or interests of the Bondholders.

In case an easement over, or a trackage agreement providing for the use by another railroad of, any part of any line of railroad or in any bridge or terminal shall be granted by the Company for a longer period than the latest maturity of any of the Bonds then outstanding or not be subject to termination by the Trustees upon the occurrence or during the continuance of any Event of Default or by the purchaser of any property to which the same relates upon any sale thereof by virtue of the power hereby conferred or under judicial proceedings, the Trustees shall, at the request of the Company and upon receiving the Opinion of Counsel and Certified Resolution with respect thereto as provided in this subdivision (b), execute and deliver a certificate or consent to the granting of such easement or trackage agreement.

Any principal point which is the terminus of any line of railroad of the Company subject to the lien of the Mortgage shall cease to be a principal point if, for any period of five successive years after the date of the Mort-

gage, traffic over the line, or a portion thereof serving such point designated as provided in the following sentence, has been such that the operation by the Company of such line or such designated portion, as the case may be, has been without profit during the whole of such period. Upon filing with the Trustee an Officers' Certificate designating any such principal point and the line serving such point, or a specified portion thereof, and showing facts with respect to traffic and operation of such line or such specified portion thereof, as the case may be, fulfilling to the satisfaction of the Trustee the requirements of this paragraph, together with a Certified Resolution expressing the judgment of the Board of Directors that the principal point described in said Certificate is in fact no longer a principal point in the operation of such lines of railroad, then said principal point shall no longer be deemed or treated as a principal point on such line for any purpose under the provisions of this Part B.

The provisions and limitations of this Part B shall govern any sale by the Company, pursuant to the provisions of Article X, of the securities of any Wholly Owned Railroad Subsidiary owning a connecting line of railroad or bridge which forms a part of the transportation system of the Company.

PART C. In case any line of railroad (including any leasehold, easement, trackage right or other interest therein) subject to the lien of the Mortgage is desired to be abandoned, prior to any such abandonment there shall be furnished to the Trustee, in addition to all other requirements of this Section 1, an Opinion of Counsel stating that any requisite approval of the Interstate Commerce Commission or other governmental authority having jurisdiction in the premises has been obtained for such abandonment, and said Opinion of Counsel shall be accompanied by a certified copy of the order, if any, expressed to be so required.

SECTION 2. Except as hereinafter specifically provided in this Section 2, the Company while remaining in possession of the mortgaged property may, without obtaining a release from, action by or giving notice to the Trustees and without other action or proceeding on the part of the Company hereunder:

(a) In the ordinary conduct of its business, sell, exchange or otherwise dispose of, free from the lien of the Mortgage, any office equipment, machinery, tools, furniture, materials and supplies and other chattels (except Equipment) which may have become obsolete, worn out, unserviceable or no longer required in the conduct of its business; provided the Company shall, within a reasonable time, replace the same with other property which shall become subject to the lien of the Mortgage and be of a value to the 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 not replace, 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 Company, if the consideration received on any such sale or other disposition does not exceed $10,000; provided that if in any calendar year the Company shall receive any cash or other consideration (other than property, which may but need not have a similar substitutional use, and which shall become subject to the lien of the Mortgage) on any such sale or other disposition, it shall, on or before the next succeeding April 1, deposit with the Trustee, or with the trustee or mortgagee of any Prior Lien or Permitted Encumbrance as permitted by the provisions of Section 4 of this Article XI, unless deposited in the Road Replacement Fund or the Equipment Replacement Fund, an amount in cash equal to the cash so received and the

fair value to the Company, in the opinion of the Engineer, of such other consideration; and

(c) Make any lease of any of the 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 the 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, 1955, and on or before April 1 of each succeeding year, the 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 subsection (b) of this Section 2, the cash or other consideration received by the 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 in the Road Replacement Fund or in the Equipment Replacement Fund or with the trustee or mortgagee of any Prior Lien or Permitted Encumbrance as permitted by the provisions of Section 4 of this Article XI. For the purposes of such report, the period between the date of the execution and delivery of the Mortgage and the close of the year 1954 shall be treated as a calendar year.

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 subsection (b) of this Section 2 represented the fair value to the Company of the property sold or otherwise disposed of and that in no case was the consideration received in any one sale or other disposition in excess of $10,000 and stating the fair value to the 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 Trustees 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 Company upon the Trustee's 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 Company of the property to be released and the fair value to the Company of all consideration other than cash to be received by the Company therefor, and stating that the consideration, including cash, received or to be received by the Company for such property represented the fair value of such property to the Company and does not exceed $10,000.

SECTION 3. PART A. From time to time unless and until an Event of Default shall have occurred and be continuing, the 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 Trustees 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 or mortgagee of any Prior Lien or Permitted Encumbrance as permitted by the provisions of Section 4 of this Article XI, which shall have been or is to be concurrently received by the 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 or mortgagee of any Prior Lien or Permitted Encumbrance as permitted by the provisions of Section 4 of this Article XI, which shall have been received by the 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 ten 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 or mortgagee of any Prior Lien or Permitted Encumbrance, 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 outstand-

ing 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; and

(c) The Expenditures for Additions and Betterments not theretofore Bonded 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 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 liens in the nature of 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 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 as stated in the Engineer's Certificate required by 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) a statement of the Expenditures for Additions and Betterments which have been or are to be concurrently acquired as consideration or part consideration for the property to be released, and a description in reasonable detail of such Additions and Betterments, specifying such thereof as may be located on leaseholds;

(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 said Part B is not applicable to the transaction; and

(7) a statement as to whether the property, the release of which is applied for, is subject to any Prior Lien or Permitted Encumbrance 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 or mortgagee of any Prior Lien or Permitted Encumbrance 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 or mortgagee of any Prior Lien or Permitted Encumbrance 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 Company of the property a release of which is requested; and

(h) An Opinion of Counsel to the effect that:

(1) any purchase money obligations pledged with the Trustee, or with the trustee or mortgagee of any Prior Lien or Permitted Encumbrance 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 (e) 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 is located on leaseholds, is subject to the lien of the Mortgage or will become subject to such lien 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 Permitted Encumbrances, if any, and if any such property is located on any leasehold, as shown by the said Officers' Certificate, that such leasehold is subject to the lien of the Mortgage, or will become subject to such lien 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 term beyond the latest maturity date of any Bonds then outstanding, or that, under the terms of such leasehold, the Company has the right to be reimbursed in respect of the Expenditures for such Additions and Betterments or the right to remove the same upon the termination of such leasehold and that all of the Company's interest in such leasehold (except the last day of the term thereof), including any such right of reimbursement, has been pledged with the Trustee; provided that such Opinion of Counsel may recite that it is based upon certificates or opinions of officers or engineers of the Company as to any matters of fact not of public record.

SECTION 4. If, under the provisions of any Prior Lien or Permitted Encumbrance on any part of property to be released from the Mortgage, there is required to be made with or to the trustee or mortgagee of such lien a deposit of cash or pledge of purchase money obligations in order to obtain a release therefrom of such part of the property subject to the Mortgage, the Company shall not be required to deposit or pledge with the Trustee such cash or purchase money obligations to the extent that the Company shall deposit such cash and pledge such purchase money obligations with the trustee or mortgagee of such lien.

SECTION 5. Should any part of the property subject to the lien of the Mortgage be taken by the exercise of the power of eminent domain or should any governmental body at any time exercise any right which it may have to require the sale to it or to a purchaser designated by it of any part of the property subject to the lien of the Mortgage, the Trustees, upon request of the Company, shall release the property so taken or sold upon the Trustee's being furnished with an Opinion of Counsel to the effect that such part of the property subject to the lien of the Mortgage has been lawfully taken or sold as aforesaid. The aforesaid Opinion of Counsel shall state the amount of proceeds received or to be received for the property so taken or sold. Subject to the provisions of Section 4 of this Article XI, the proceeds of all property so taken or sold shall be deposited with the Trustee.

SECTION 6. In order to confirm, secure or clear (of record or otherwise) the prior right, charge, lien or title with respect to Equipment securing any Equipment Obligation hereafter created under reservation of right set forth in connection with the granting clauses of the Mortgage, the Trustees shall, upon compliance with the subsequent provisions of this Section 6, either confirm as to such Equipment the subordination

of the lien of the Mortgage to such prior right, charge, lien or title, or release such Equipment from the lien of the Mortgage.

Prior to any such confirmation of subordination or release there shall be delivered to the Trustee a Certified Resolution requesting such action by the Trustees and an Officers' Certificate which shall describe the Equipment as to which a confirmation of subordination or a release is requested, shall describe the Equipment Obligation to be secured by a prior right, charge, lien or title thereon, shall state that such Equipment was acquired or constructed for the use of the Company within two years preceding the date of such Certificate, and shall state that none of said Equipment has theretofore been acquired or constructed by expenditures from the Equipment Replacement Fund.

There shall also be furnished to the Trustee an Opinion of Counsel and the instrument or instruments to be executed and delivered by the Trustee in order to effect the requested confirmation of subordination or release. Such Opinion of Counsel shall approve the form of the instrument or instruments furnished therewith and shall express the opinion that, after the execution and delivery by the Trustees of such confirmation of subordination or release, the lien of the Mortgage will continue to attach to all right, title or interest of the Company then or thereafter existing with respect to the Equipment described in the Certificate, subject only to the prior right, charge, lien or title of the Equipment Obligations therein described; but such expression of opinion may be predicated upon the execution and delivery of other instruments in addition to those specified above, or the taking of other action, in which case the Company shall cause such other instruments to be executed and delivered or such other action to be taken.

SECTION 7. Unless an Event of Default shall have oc-

curred and be continuing, all moneys held by the Trustee under this Article XI, at the option of the Company:

(a) May be withdrawn by the Company upon its written Application, accompanied by a Certified Resolution authorizing such Application, in an amount equal to the Expenditures for Additions and Betterments acquired or constructed after the date of the deposit of the moneys desired to be withdrawn, provided such Expenditures have not been Bonded or made from the Road Replacement Fund or pursuant to the provisions of Section 22 of Article IX; but only upon delivery to the Trustee of an Officers' Certificate, dated not more than 30 days prior to the delivery thereof, containing a description in reasonable detail of the property constituting the Additions and Betterments represented by such Expenditures and a statement of the amount of such Expenditures, that no part of such Expenditures has theretofore been Bonded or made from the Road Replacement Fund or pursuant to the provisions of Section 22 of Article IX; and that no Event of Default has occurred and is continuing; and there shall be delivered to the Trustee, accompanying said Application, deeds and instruments of transfer and an Opinion of Counsel of the character required in clauses (f) and (h)(2) of Part B of Section 3 of this Article XI.

(b) May be withdrawn by the Company upon its written Application, accompanied by a Certified Resolution authorizing such Application, in an amount equal to the principal amount of Bonds to the authentication and delivery of which the Company would then be entitled on account of the Net Expenditures for Additions and Betterments under the provisions of Section 3 of Article III; but upon any such Application the Company shall comply with all applicable provisions of Section 3 of Article III relating to the authentication and delivery of Bonds and the provisions of subsections (d) (4) and (e) of Section 9 of Article III. Any withdrawal of cash under this paragraph shall be in lieu of the right of the Company to the authentication and delivery of Bonds

on account of such Net Expenditures for Additions and Betterments.

(c) May be withdrawn by the Company upon its written Application in an amount not exceeding the principal amount or the cost (exclusive of interest) to the Company, whichever is less, of any Bonds (not theretofore Bonded, or acquired, retired, cancelled or paid through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the General Mortgage) theretofore authenticated and delivered under the Mortgage, which shall have been cancelled or surrendered to the Trustee for cancellation, but only upon delivery to the Trustee of

(1) an Officers' Certificate describing the Bonds the cancellation or surrender for cancellation of which forms the basis for the proposed withdrawal of cash, stating the cost thereof (exclusive of interest) to the Company, and stating that said Bonds have theretofore been duly issued and outstanding and reacquired by the Company, that none of said Bonds has theretofore been Bonded, or acquired, retired, cancelled or paid through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the General Mortgage, and that no Event of Default has occurred and is continuing; and

(2) the particular Bonds together with all appropriate coupons, if any, appertaining thereto.

(d) May be applied, upon the written request of the Company, signed by its President or a Vice President, accompanied by a Certified Resolution authorizing such request, to the payment at maturity or to the redemption of Bonds then outstanding of any series determined by said Resolution. Any such request of the Company for the application of moneys pursuant to this subsection (d) shall also be accompanied by an Officers' Certificate stating that no Event of Default has occurred and is continuing.

The Company covenants that whenever any redemption of Bonds shall be applied for under the provisions of subsection (d) of this Section 7, it will take all action necessary, or authorize the Trustee to take all action necessary, to redeem such Bonds at the earliest applicable redemption date, and will deposit with the Trustee on or before the date fixed for redemption additional moneys sufficient to pay the premium, if any, and all accrued and unpaid interest on the Bonds so to be redeemed to the date so fixed for redemption and all publishing costs and other expenses to be incurred by the Trustee in the redemption of such Bonds.

If and when the Company shall so request by Certified Resolution filed with the Trustee, provided no Event of Default shall have occurred and then be continuing, any moneys at the time held under this Article XI by the Trustee shall be invested by it in such direct obligations of the United States of America maturing within two years as shall be specified in such Resolution. Such obligations shall be held by the Trustee in lieu of the moneys invested therein subject to its absolute right to liquidate such investment in such manner and at such time or times as, in the exercise of its discretion, it deems to be advisable. The Company covenants that upon demand by the Trustee it will replace all moneys lost through any investment made and liquidated as by this Section 7 contemplated, and will pay or reimburse the Trustee for all accrued interest, commissions and expense paid or incurred in connection with the acquisition and liquidation of such investment. The Trustee shall have the right and duty to receive all amounts paid on account of any investment made by it as hereby contemplated, including all interest payments. Any profit resulting from, or interest or income produced by, such investment shall, when received by the Trustee, be paid by it to the Company.

SECTION 8. The Trustees shall not be required under any of the provisions of this Article XI to release any part of the property subject to the lien of the Mortgage from the lien hereof at any time when an Event of Default shall have occurred and be continuing; but, notwithstanding any such Event of Default, the Trustees may do so upon compliance by the Company with the provisions of Section 3 of this Article XI except clause (c) (5) of Part B of said Section 3, if the Trustees in their discretion shall deem that such release will not adversely affect the interests of the Bondholders, or if the holders of a majority in principal amount of the Outstanding Bonds shall request the Trustees so to do.

SECTION 9. In no event shall any purchaser or purchasers of any part of the mortgaged property sold or disposed of under any provisions of this Article XI be required to ascertain the authority of the Trustees to execute any release, to see to the application of the purchase money or to inquire as to any facts required by the provisions hereof for the exercise of such authority.

ARTICLE XII

CONSOLIDATION, MERGER, CONVEYANCE AND LEASE

SECTION 1. Nothing in the Mortgage or in any Bond shall prevent the consolidation or merger of the Company with or into any other corporation lawfully entitled to acquire and operate the same, or successive consolidations or mergers to which the Company or its successor or successors shall be a party or parties, or shall prevent any conveyance or lease, subject to the continuing lien of the Mortgage, of all or substantially all of the mortgaged property to any such other corporation; provided, however, that:

(a) Every such consolidation, merger, conveyance or lease shall be on such terms as shall fully preserve the lien and security of the Mortgage and the rights and powers of the Trustees and of the Bondholders hereunder;

(b) Any such lease shall be made expressly subject to immediate termination by the Trustees at any time upon the occurrence of an Event of Default and during the continuance thereof, and also by the purchaser of the property so leased upon any sale thereof whether such sale be made under the power of sale hereby conferred or under judicial proceedings;

(c) Upon any such consolidation, merger, conveyance or lease, the successor corporation or the lessee corporation, as the case may be, shall expressly assume the due and punctual payment of the principal of and interest on all of the Bonds according to their tenor and purport, and the due and punctual performance of all of the terms, covenants and conditions of the Mortgage required to be kept, preserved and performed by the Company; and

(d) In the event of any such consolidation, merger or conveyance, the successor corporation, subject to the exceptions provided in Section 2 of this Article XII, shall

expressly grant and convey to the Trustees, as further security for all Bonds issued hereunder, and shall subject to the lien of the Mortgage, all of its property and franchises then owned and which it may thereafter acquire of the character and kind which, under the terms of the Mortgage, are required to be subjected to the lien thereof, all as fully as though such consolidation, merger or sale had not taken place and such property and franchises had been acquired by the Company.

Compliance with the foregoing requirements of this Section 1 shall be evidenced by a supplemental indenture.

For the purposes of this Article XII, the term "successor corporation" shall mean any corporation resulting from any such consolidation or merger or any corporation to which such conveyance shall be made, and the term "lessee corporation" shall mean any corporation to which any such lease shall be made.

The conditions contained in this Section 1 shall not be construed as requiring that in the event of any such consolidation, merger, conveyance or lease a separate income account shall thereafter be maintained in respect of the operation of the properties subject to the lien of the Mortgage, but in lieu thereof provisions may be made which shall be equitable and practical with respect to the apportionment of the revenues and expenses of any such successor or lessee corporation to establish a basis for the determination and application of Available Net Income as required under Article V or for the purpose of determining and applying funds to the payment of interest on any Contingent Interest bonds of the Company or for the purpose of determining the amount of payments required to be made into or out of the Road Replacement Fund, Equipment Replacement Fund and Sinking Fund or for any other purpose fulfilling the provisions and

conditions of the Mortgage; provided that any such provisions shall be approved by the Interstate Commerce Commission or other governmental body having jurisdiction of the consolidation, merger, conveyance or lease, and, unless such Commission or other governmental body shall find that no material alteration of the rights of the Bondholders is thereby effected and shall so determine, they shall also be consented to or approved, in the manner provided in Article XIII, by the holders of not less than 66⅔% in aggregate principal amount of all of the then Publicly Held Bonds.

SECTION 2. In the event that under the provisions of Section 1 of this Article XII there shall be a consolidation or merger of the Company with or into, or a conveyance by the Company of all or substantially all of the mortgaged property to, a successor corporation, then the successor corporation shall if it shall have been a Wholly Owned Railroad Subsidiary immediately prior thereto, and may but need not if it shall have been a Class I Carrier (not a Wholly Owned Railroad Subsidiary) immediately prior thereto, make an express grant to the Trustees of its property and franchises as required by subsection (d) of Section 1 of this Article XII, and in the absence of such express grant by any such successor corporation (except a Wholly Owned Railroad Subsidiary), the Mortgage shall not by reason of such consolidation, merger or conveyance constitute and become a lien upon, and the term "mortgaged property" as herein used shall not include or comprise:

(i) Any property or franchise which, prior to such consolidation, merger or conveyance, was owned by any corporation with or into which the Company or any successor corporation may be consolidated or merged or to which the Company or any successor corporation may make any such conveyance, or any property or franchises which theretofore may have been acquired

by the Company or any successor corporation and which prior to such consolidation, merger or conveyance were not subject to the lien of the Mortgage; or

(ii) Any property or franchise which may be purchased, constructed or otherwise acquired by any successor corporation after the date of any such consolidation, merger or conveyance, excepting only the property, rights and franchises referred to in subsections (a) and (b) of this Section 2, which, as and when purchased, constructed, or otherwise acquired by such successor corporation, shall be and become subject to the lien of the Mortgage.

Any supplemental indenture provided for in Section 1 of this Article XII which, by reason of the provisions of this Section 2, is not required to contain an express grant by the successor corporation of all of its property and franchises pursuant to subsection (d) of said Section 1, shall contain:

(a) A grant by such successor corporation confirming the lien of the Mortgage upon the mortgaged property and subjecting to the lien and operation hereof, as fully as though such consolidation, merger or conveyance had not taken place and the same had been acquired or made by the Company:

(1) all property, rights and franchises thereafter constructed or acquired which shall be appurtenant or incident to any property that is subject to the lien of the Mortgage at the time of such consolidation, merger or conveyance;

(2) all property, rights and franchises thereafter constructed or acquired in whole or in part by the issuance of Bonds or Prior Lien Bonds;

(3) all property, rights and franchises thereafter constructed or acquired with cash then or at any time thereafter held by the Trustee or by the trustee under any mortgage securing Prior Lien Bonds or in exchange for property released from the lien thereof, or the acquisition or construction of which

has been or shall be made the basis for the withdrawal of cash or the issuance of Bonds;

(4) all repairs, renewals, replacements, substitutions and alterations of, to, upon or for such property, rights and franchises;

(5) all property, rights and franchises thereafter acquired pursuant to any covenant herein contained which may be purchased, constructed or otherwise acquired by such successor corporation from and after the date of such consolidation, merger or conveyance, as the case may be; and

(6) all other property of every kind and description, thereafter constructed or acquired by such successor corporation which is appurtenant to or used in connection with any property acquired by the issuance of Bonds or Prior Lien Bonds or acquired with cash then or at any time thereafter held by the Trustee or by the trustee under any mortgage securing Prior Lien Bonds or acquired in exchange for property released from the lien of the Mortgage or any Prior Lien;

(b) A covenant on the part of such successor corporation that all property and franchises thereafter acquired by it and necessary to the full and complete performance of any covenant herein contained relating to the deposit of securities, to the maintenance and upkeep of the mortgaged property, to the supply of adequate and efficient equipment to the lines of railroad included therein, to the making of all needful and proper repairs, renewals, replacements, substitutions and alterations and to the preservation and keeping in full effect of all rights, franchises and privileges subject to the lien hereof, or of any other covenant herein, shall be conclusively deemed and taken to be acquired by it in performance of such covenant and to have become subject to the lien of the Mortgage; and

(c) A covenant by such successor corporation to keep the mortgaged property, so far as practicable, readily

identifiable, and a stipulation that the Trustees, by accepting or joining in such supplemental indenture, shall not be deemed impliedly to have waived any rights they would otherwise have had.

SECTION 3. Nothing contained in the Mortgage or in any Bond shall prevent the Company from merging into itself or acquiring by conveyance all or any part of the property of any other corporation, and the properties so acquired by the Company shall become subject to the lien of the Mortgage to the extent provided in the granting clauses of the Mortgage, subject only to such encumbrances and purchase money liens as shall exist or be created at the time of such merger or acquisition; provided, however, that in case the Company shall acquire by any such merger or conveyance all or substantially all of the properties of any other corporation which shall be a Class I Carrier, the properties so acquired by the Company shall not become subject to the lien of the Mortgage unless such other corporation shall have been a Wholly Owned Railroad Subsidiary immediately preceding such merger or conveyance, or unless such properties were (a) acquired with cash held by the Trustee under any provision of the Mortgage or by the trustee under any mortgage securing Prior Lien Bonds, (b) acquired in exchange for property released from the lien of the Mortgage, (c) made the basis for the authentication and delivery of Bonds or for the withdrawal of cash held by the Trustee under any provision of the Mortgage, (d) acquired pursuant to any covenant contained in the Mortgage, (e) acquired in whole or in part by the issuance of Bonds or Prior Lien Bonds, or (f) acquired by expenditures from the Road Replacement Fund provided for by Article VI.

SECTION 4. In case the Company shall be consolidated with or merged into or shall make a conveyance to any other cor-

poration as permitted and upon the terms provided in Section 1 of this Article XII, the successor corporation, upon executing and delivering to the Trustees, and causing to be recorded, the supplemental indenture provided for in Section 1 of this Article XII, shall succeed to and be substituted for the Company with the same force and effect as if it had been named in and had executed the Mortgage as the party of the first part hereto, and shall have and possess and may exercise, subject to the terms and conditions of the Mortgage, each and every power, authority and right herein reserved to or conferred upon the Company; and thereupon such successor corporation may cause to be signed and may issue, either in its own name or in the name of the party of the first part, and under the corporate seal of either the party of the first part or the successor corporation, any and all Bonds which shall not have been signed theretofore by the party of the first part and delivered to the Trustee; and the Trustee, upon the order of such successor corporation, and subject to all the terms, conditions and limitations prescribed in the Mortgage, shall authenticate any and all Bonds which previously shall have been signed by the party of the first part and delivered to the Trustee for authentication, and any Bonds which such successor corporation shall thereafter cause to be signed and delivered to the Trustee for such purposes, and deliver the same to such successor corporation or upon its order.

SECTION 5. All Bonds issued by any successor corporation shall have the same legal rank and security in all respects as the Bonds theretofore issued by the Company in accordance with the terms of the Mortgage. In case of any such consolidation, merger or conveyance such changes in phraseology and form (but not in substance) may be made in the Bonds and coupons thereafter to be issued as may be appropriate to reflect any such consolidation, merger or conveyance.

SECTION 6. For every purpose of the Mortgage, any act or proceeding by any provision of the Mortgage authorized, required or permitted to be done or performed by the stockholders or by any board or officer of the Company shall and may be done and performed, with like force and effect, by the stockholders or by the like board or officer of any successor corporation, subject, however, to the provisions of Section 4 of this Article XII.

SECTION 7. The Company covenants and agrees that no consolidation or merger and no conveyance or lease of the mortgaged property as a whole or substantially as a whole, to which the Company or any successor corporation shall be a party, shall be made or effected unless the terms, covenants and conditions contained in this Article XII shall have been complied with and observed by the Company or the successor corporation, as the case may be.

ARTICLE XIII

CONCERNING THE BONDHOLDERS

SECTION 1. Whenever any action is taken by the Bondholders in the exercise of any or all of the following powers:

(a) To remove the Trustees, or either of them, and appoint a successor trustee or trustees pursuant to the provisions of Article XV;

(b) To give any notice to the Company or to the Trustees, or to give any directions to the Trustees, or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Bondholders pursuant to any of the provisions of Article XVI;

(c) To consent to an extension to any fixed or determinable date of the time or times of payment of the principal of, or the time or times of payment of any Fixed Interest or any unpaid accumulations of Contingent Interest on, all of the Bonds of any or all series which at the time shall be outstanding, subject, however, to the provisions of Section 3 of Article XIX;

(d) To consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 2 of Article XIX; or

(e) To take any other action or give any other consent authorized to be taken or given by or on behalf of the holders of any specified percentage or portion of the aggregate principal amount of the Bonds under any other provision of the Mortgage or under applicable law or, if no percentage is specified, by the holders of not less than a majority in principal amount of all Outstanding Bonds;

the fact that at the time of taking any such action the holders of a specified percentage in aggregate principal amount of Bonds have joined therein may be evidenced by the record of

the holders of Bonds voting in favor thereof in person or by proxy appointed in writing at any meeting of Bondholders duly called and held in accordance with the provisions of Article XIV hereof or by an instrument or any number of instruments of similar tenor executed by such holders in person or by agent or proxy appointed in writing or by a combination of such instrument or instruments and any such record of such a meeting of Bondholders.

SECTION 2. Proof of the execution of any instrument by the holder of any Bond or his agent or proxy, and proof of the holding by any person of any Bond, shall be sufficient if made in the following manner:

(a) The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds in the jurisdiction in which he purports to act that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer;

(b) The fact of the holding by any person of coupon Bonds transferable by delivery, and the amounts and distinctive numbers of such Bonds and the date of his holding the same, may be proved by the production of the Bonds or by a certificate executed by any trust company, bank or banker satisfactory to the Trustee wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory. Each such certificate shall be dated and shall state that on the date thereof a Bond bearing a specified serial number was deposited with or exhibited to such trust company, bank or banker by the person named in such certificate who claimed to be the owner of such Bond. Any such certificate may be issued in respect of one or more Bonds specified therein. The holding by the person named in any such certificate of any Bond specified therein shall be presumed to continue after the date thereof set forth in such certificate until and unless

(i) there shall be produced another certificate issued in respect of the same Bond showing the holding thereof by another person at a later date, or (ii) the Bond specified in such certificate (or coupon Bond or Bonds in exchange for which such Bond shall have been surrendered) shall be produced by another person, or (iii) the Bond specified in such certificate shall then be registered as to principal in the name of another person or shall have been surrendered in exchange for a registered Bond without coupons issued in the name of another person;

(c) The ownership of coupon Bonds registered as to principal or of registered Bonds without coupons shall be proved by the registers of such Bonds, or by a certificate of the registrar thereof; and

(d) The facts as to the amounts and distinctive numbers of Bonds that are not Publicly Held Bonds at any particular date may be proved by an Officers' Certificate delivered to the Trustee.

The Trustee may require such additional proof of any matter referred to in this Section 2 as it shall deem necessary.

The record of any meeting of Bondholders shall be proved in the manner provided in Section 6 of Article XIV.

SECTION 3. The Company, the Trustee, any paying agent and any bond registrar may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal, and the bearer of any coupon for interest (whether fixed or contingent) on any Bond whether such Bond shall be registered as to principal or not, as the absolute owner of such Bond or coupon, as the case may be (whether or not such Bond or coupon shall have become due and payable), for the purpose of receiving payment thereof and for all other purposes; and neither the Company nor the Trustee nor any paying agent nor any bond registrar shall be bound by any notice to the contrary.

The Company, the Trustee, any paying agent and any bond registrar may deem and treat the person in whose name any registered Bond without coupons shall be registered at any given time upon the books of the Company as the absolute owner of such Bond at that time (whether or not the same shall have become due and payable) for the purpose of receiving any payment then being made of or on account of the principal, premium if any, or interest on such Bond and for all other purposes; and may deem and treat the person in whose name any coupon Bond shall be registered as to principal at any given time as the absolute owner thereof at that time (whether or not the same shall have become due and payable) for the purpose of receiving payment of or on account of the principal of, or 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 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. 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 XIII, 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 Company, the Trustees and the holders of all Bonds.

ARTICLE XIV

BONDHOLDERS' MEETINGS

SECTION 1. The Trustee may at any time call a meeting of Bondholders to take any action specified in Section 1 of Article XIII, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of Bondholders, setting forth the time and place of such meeting and the action proposed to be taken at such meeting, shall be published at least once each week for four successive weeks in a Daily Newspaper in the City of Minneapolis, State of Minnesota, and in a Daily Newspaper in the Borough of Manhattan, City and State of New York, the first publication in each such newspaper to be not less than 30 days nor more than 60 days prior to the date fixed for the meeting. A copy of such notice shall be mailed at least 30 days prior to the date fixed for the meeting to the registered holders of registered Bonds without coupons and of coupon Bonds registered as to principal at their last addresses as they shall appear upon the bond registry books, but neither failure to give such notice by mail nor any defect therein shall affect the validity of such meeting.

SECTION 2. In case at any time the Company pursuant to a resolution of its Board of Directors, or the holders of at least 10% in aggregate principal amount of the Outstanding Bonds, shall have requested the Trustee to call a meeting of Bondholders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the publication of the notice of such meeting within 20 days after receipt of such request, then the Company or the holders of Outstanding Bonds, as the case may be, in the amount above specified may determine the time and place for such meeting and may call such meet-

ing to take any action authorized in Section 1 of Article XIII, by publishing and mailing notice thereof as provided in Section 1 of this Article XIV.

SECTION 3. At any meeting of Bondholders and at any meeting of the holders of Publicly Held Bonds no person shall be entitled to vote unless he is (a) a holder of coupon Bonds transferable by delivery, or (b) a registered holder of Bonds (whether the same be fully registered or registered only as to principal), or (c) a person appointed by an instrument in writing as proxy for a holder of coupon Bonds transferable by delivery or for a registered holder of Bonds (whether the same be fully registered or registered only as to principal). The only persons who shall be entitled to speak at any meeting of Bondholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustees and their counsel and any representatives of the Company and its counsel.

SECTION 4. Notwithstanding any other provisions of the Mortgage, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Bondholders, in regard to proof of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem advisable. Except as otherwise permitted or required by any such regulations, the appointment of any proxy shall be proved in the manner specified in Section 2 of Article XIII.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Bondholders as provided in Section 2 of this Article XIV, in which case the Company or the Bondholders calling the meeting, as the case

may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the holders of a majority in principal amount of Bonds the holders of which shall be present or represented and entitled to vote at the meeting.

At any meeting each Bondholder or proxy shall be entitled to one vote for each and every unit of the lowest principal amount of any of the Bonds then outstanding, in respect of which he is entitled to vote at the meeting; provided, however, that no vote shall be cast or counted at any meeting in respect of any Bond challenged as not outstanding and ruled by the chairman of the meeting to be not an Outstanding Bond. The chairman of the meeting shall have no right to vote other than by virtue of Outstanding Bonds held by him or instruments in writing as aforesaid duly designating him as the person to vote on behalf of other Bondholders.

SECTION 5. Any meeting of the Bondholders may be adjourned from time to time as and when, and to such time and place, as may be approved by a majority of the votes which the holders of Bonds at the time present or represented may be entitled to cast, irrespective of the aggregate principal amount of Bonds held by such holders; and the meeting may be held as so adjourned without further notice.

SECTION 6. The vote upon any proposal submitted at a meeting of Bondholders shall be by written ballots on which shall be subscribed the signatures of the holders of Bonds or their representatives by proxy and the serial number or numbers of the Bonds held or represented by them. The chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any proposal and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all

votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Bondholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes cast on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was published as provided in Section 1 of this Article XIV. The record shall show the serial numbers of the Bonds voted for or against any proposal submitted at the meeting. The record shall be signed and verified by the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

SECTION 7. Nothing in this Article XIV contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Bondholders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustees or to the Bondholders under any of the provisions of the Mortgage or of the Bonds.

ARTICLE XV

CONCERNING THE TRUSTEES

SECTION 1. The Trustees accept the trusts hereby created upon the terms and conditions in this Article XV specified, to all of which the Company and the holders of the Bonds and coupons at any time outstanding, by their acceptance thereof, agree.

Whenever and so long as an Event of Default has occurred and is continuing, the Trustees shall exercise such of the powers vested in them by the Mortgage, or take such other action with respect to such default, as in their judgment is necessary or desirable for the protection of the interests of the holders of Bonds issued hereunder.

No provision of the Mortgage shall be construed to relieve the Trustees from liability for their own negligent action, their own negligent failure to act, or their own willful misconduct, provided, however, that:

(a) Prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, the duties and obligations of the Trustees shall be determined solely by the express provisions of the Mortgage, and the Trustees shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Mortgage.

(b) No implied covenants or obligations shall be read into the Mortgage against the Trustees.

(c) In the absence of bad faith on the part of the Trustees, the Trustees may rely, and shall be protected in acting, upon any certificates, statements, reports or opinions furnished to the Trustee; but in the case of any such certificates, statements, reports or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be

under a duty to examine the same to determine whether or not they conform to the requirements of the Mortgage.

(d) The Trustees shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, if such officer shall have been selected and continued in office in the exercise of due care, unless it shall be proved that the Trustees were negligent in ascertaining the pertinent facts.

(e) The Trustees shall not be liable with respect to any action taken or omitted to be taken by them in good faith in accordance with the direction of the holders of not less than a majority in principal amount (or such other percentage of the principal amount specifically prescribed by the Mortgage for a particular action) of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustees, or exercising any trust or power conferred upon the Trustees under the Mortgage.

(f) In the case of any action to be taken or suffered by the Trustees, wherein the Mortgage specifically authorizes such action notwithstanding the continuance of an Event of Default, the Trustees may rely on certificates and opinions furnished to the Trustee, but shall be under the same duty to examine the same to determine whether or not they conform to the requirements of the Mortgage as though an Event of Default had not occurred and been continuing.

(g) Any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Company by the President or a Vice President and the Secretary or an Assistant Secretary, unless other evidence in respect thereof be herein specifically prescribed.

(h) The Trustees may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them or either of them hereunder in good faith and in accordance with the opinion of such counsel.

(i) The Trustees shall be under no obligation to exercise any of the trusts or powers hereof at the request, order or direction of any of the Bondholders, pursuant to the provisions of the Mortgage, unless such Bondholders shall have offered to the Trustees reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

The Trustees shall not be personally liable in case of entry by them upon the mortgaged property for debts contracted or liability or damages incurred in the management or operation of said property.

The Trustees shall not be liable for any action taken by them in good faith and believed by them, in the exercise of due care, to be authorized or within the discretion or power conferred upon them by the Mortgage.

SECTION 2. None of the provisions contained in the Mortgage shall require the Trustees to expend or risk their own funds or otherwise incur personal financial liability in the performance of any of their duties or in the exercise of any of their rights or powers; but the Trustee, in its sole discretion and in order to preserve the mortgaged property, may advance moneys for the purpose of paying taxes, rentals or otherwise, and for such advances, together with interest thereon at the rate of 4% per annum, the Trustee shall have a lien on the mortgaged property prior to any claim of the Bondholders, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

SECTION 3. Should any taxes or other governmental charges be imposed upon the Trustees or either of them in their capacity as Trustees hereunder, which they may be required to pay under any present or future law of the United States of America or of any other authority therein having jurisdiction, the Trustees shall be reimbursed and indemnified therefor by the Company, and any liability incurred or

amounts paid by the Trustees in respect of any such taxes or other governmental charges, until paid, shall constitute a lien upon the mortgaged property prior to any claim of the holders of Bonds, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

SECTION 4. Except as herein otherwise provided, any notice or demand which by any provision of the Mortgage is required or permitted to be given or served by the Trustee or any other person on the Company, shall be deemed to have been sufficiently given and served for all purposes by being deposited, postage prepaid, in a United States Post Office letter box or mail chute, addressed (until another address is filed by the Company with the Trustee and thereafter if addressed to such new address) as follows: Wisconsin Central Railroad Company, Minneapolis, Minnesota. Any notice, request or demand by any Bondholder to or upon the Trustees, or either of them, shall be deemed to have been sufficiently given or made, for all purposes, if given or made at the principal office of the Trustee.

SECTION 5. The Trustee shall not be bound to recognize any person as the holder of a Bond outstanding hereunder unless and until the Bond is submitted to the Trustee for inspection if required, and the title thereto established to the satisfaction of the Trustee.

Except as provided in Section 7 of Article XI, the Trustee shall be under no duty to invest any moneys paid to or deposited with it or to its credit pursuant to any of the provisions of the Mortgage, and shall not be liable for interest on any moneys during the period such moneys remain on deposit with it, except such interest as the Trustee may agree with the Company to pay.

Any action at any time taken by the Trustees, or either of them, pursuant to or with respect to the Mortgage at the

request or with the consent or aproval (express or implied) of any person who at the time is the holder of any Bond secured hereby, shall be conclusive and binding upon all future holders of such Bond.

All rights of action under the Mortgage may be enforced by the Trustees without the possession of any of the Bonds or the production thereof on the trial or other proceedings relative thereto.

SECTION 6. The recitals contained herein and in the Bonds (except as contained in the Trustee's certificate of authentication endorsed on the Bonds), shall be taken as the statements of the Company, and the Trustees assume no responsibility for the correctness of the same.. The Trustees make no representations as to the value of the mortgaged property, or as to the title of the Company thereto, or as to the validity or sufficiency of the Mortgage or of the Bonds or coupons. The Trustees shall not be accountable for the use or application by the Company of any of the Bonds or of the proceeds of such Bonds.

SECTION 7. Either of the Trustees or any paying agent or bond registrar, in his or its individual or any other capacity, may become the owner or pledgee of Bonds or coupons with the same rights as if he or it were not such Trustee, paying agent or bond registrar.

SECTION 8. Subject to the provisions of Section 4 of Article XVIII, all cash received by the Trustee hereunder, until used or applied as herein provided, and all cash received by the Trustee as paying agent in respect of the Bonds of any series, shall be held in trust for the purposes for which it was received, but need not be segregated from other funds except to the extent required by law. So long as no Event of Default shall have occurred and be continuing, any interest allowed on any such cash shall be paid from time to time to or upon

the written order of the Company, signed by its President or any Vice President.

SECTION 9. The Company covenants and agrees to pay to the Trustees from time to time, and the Trustees 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 Company will pay or reimburse the Trustees upon their request for all reasonable expenses, disbursements and advances incurred or made by them in accordance with any of the provisions of the Mortgage (including the reasonable compensation and the expenses and disbursements of their counsel and of all persons not regularly in their employ) except any such expense, disbursement and advance as may arise from negligence or bad faith of the Trustees. The Company also covenants to indemnify the Trustees for, and to hold them harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustees, 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 themselves against any claim of liability in the premises. The liability of the Company with respect to the foregoing covenants in this Section 9 shall survive the satisfaction and discharge of the Mortgage. The obligations of the Company under this Section 9 to compensate and indemnify the Trustees and to pay or reimburse them 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 Trustees shall deem it necessary or desirable that a matter be proved or established prior to

taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustees, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such Certificate shall be full warrant to the Trustees for any action taken, suffered or omitted by them under the provisions of the Mortgage upon the faith thereof.

SECTION 11. Any company into which the First National Bank of Minneapolis or any successor to it in the trusts created by the Mortgage may be merged, or with which it or any such successor may be consolidated, or any company resulting from any merger, conversion, or consolidation to which the First National Bank of Minneapolis or any such successor shall be a party, provided such company shall be a trust company or a banking corporation in good standing organized under the laws of the United States or of any State, and shall have an office in the City of Minneapolis, State of Minnesota, or in the Borough of Manhattan, City and State of New York, and shall have a capital and surplus aggregating at least $5,000,000, shall be a successor trustee under the Mortgage without the execution or filing of any paper or the performance of any further act on the part of the parties hereto. In case any of the Bonds shall have been authenticated but not delivered, any such successor trustee may adopt the certificate of authentication of the First National Bank of Minneapolis, or of any successor to it, as Trustee hereunder, and deliver the same so authenticated; and in case any of the Bonds shall not have been authenticated, any such successor trustee may authenticate such Bonds either in the name of any predecessor trustee or in its own name as such successor trustee, and in all such cases such certificate shall have the same full force which it is anywhere in the Bonds or the Mortgage provided that the

certificate of the Trustee shall have; provided, however, that the right to authenticate Bonds in the name of the First National Bank of Minneapolis shall extend only to its successor by merger, conversion or consolidation.

SECTION 12. Either of the Trustees or any successor trustee may at any time resign and be discharged from the trusts hereby created by giving to the Company written notice of such resignation and specifying a date upon which such resignation shall take effect. Notice of such resignation shall be published once each week for two successive weeks in a Daily Newspaper in the City of Minneapolis, State of Minnesota, and in a Daily Newspaper in the Borough of Manhattan, City and State of New York, the first publication in each such newspaper to be not less than 60 days and not more than 90 days before the date specified in said notice for the resignation to take effect. Such resignation shall take effect on the date specified in said notice or on the date of the appointment of a successor trustee as hereinafter provided, whichever shall be earlier.

Either of the Trustees or any successor trustee may be removed with or without cause at any time by the holders of a majority in principal amount of the Outstanding Bonds by the delivery to such Trustee or successor trustee, as the case may be, of an instrument or concurrent instruments signed by such holders or their attorneys-in-fact duly authorized. Any trustee who shall resign or be so removed shall be entitled to its reasonable compensation then accrued and unpaid and to reimbursement for proper expenses theretofore incurred and not previously reimbursed.

The Corporate Trustee shall have the power at any time, by instrument in writing duly executed by its President or Vice President under its corporate seal, to remove the Individual Trustee from his position as one of the Trustees hereunder.

SECTION 13. In case at any time either of the Trustees or any successor trustee shall resign or shall be removed or shall become incapable of acting or shall be adjudged bankrupt or insolvent, or if a receiver of the Corporate Trustee or any successor, or of its property, shall be appointed, or if any public officer in the exercise of his official powers shall take charge or control of the Corporate Trustee or any successor, or its property or affairs, or if a vacancy shall arise in the trusteeship under the Mortgage from any cause, a successor trustee or successor trustees may be appointed by the holders of a majority in principal amount of the Outstanding Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such holders or their attorneys-in-fact duly authorized and delivered to such new trustee hereunder, notification being given to the Company and the predecessor trustee; provided, however, that (i) until a new Corporate Trustee shall be appointed by the holders of Outstanding Bonds as aforesaid and shall accept such appointment, the Company, by an instrument duly executed and acknowledged by its proper officers, by authority of its Board of Directors, shall appoint a successor Corporate Trustee to fill the vacancy until the appointment of a new Corporate Trustee by such holders as herein authorized, and (ii) until a new Individual Trustee shall be appointed by the holders of Outstanding Bonds as aforesaid and shall accept such appointment, the Corporate Trustee, by an instrument duly executed and acknowledged by its President or Vice President under its corporate seal, shall appoint a new Individual Trustee to fill the vacancy until the appointment of a new Individual Trustee by such holders as herein authorized. The Company shall publish notice of any such appointment made by it or by the Corporate Trustee or by the holders of Outstanding Bonds as aforesaid once each week for two successive weeks in a Daily

Newspaper in the City of Minneapolis, State of Minnesota, and in a Daily Newspaper in the Borough of Manhattan, City and State of New York, the first publication in each such Daily Newspaper to be within 10 days after such appointment has been made. Any new trustee appointed by the Company or by the Corporate Trustee shall, immediately and without further act, be superseded by a trustee appointed by the holders of Outstanding Bonds in the manner above provided if the appointment by such holders be made within one year after the first publication of the notice of the appointment of the new trustee by the Company or by the Corporate Trustee.

Every successor Corporate Trustee appointed under any of the provisions of this Section 13 shall be a trust company or a banking corporation in good standing organized under the laws of the United States or of any State, having an office in the City of Minneapolis, State of Minnesota, or in the Borough of Manhattan, City and State of New York, and having a capital and surplus aggregating at least $5,000,000.

If in a proper case no appointment of a successor trustee shall be made by the holders of Outstanding Bonds pursuant to the foregoing provisions of this Section 13 within six months after the happening of any of the events set forth in the first paragraph of this Section 13, the holder of any Bond outstanding hereunder or any retiring trustee hereunder may apply to any court of competent jurisdiction to appoint a successor trustee. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint a successor trustee. Any trustee appointed by the Company or by the Corporate Trustee shall, immediately and without further act, be superseded by a trustee appointed by any such court in the manner above provided, if such appointment by such court be made within 18 months after the first publication of the notice of the appointment of the new trustee by the Company or by the Corporate Trustee. If application shall be made

to any such court within such 18 months' period in this paragraph provided, the holders of Outstanding Bonds shall have no power to appoint a successor trustee as in this Section 13 provided unless such application shall be dismissed within one year after the first publication of the notice of the appointment of a new trustee by the Company or by the Corporate Trustee.

Any successor trustee appointed hereunder shall execute, acknowledge and deliver to the predecessor trustee hereunder and to the Company an instrument in writing accepting such appointment hereunder, and thereupon said successor trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named as trustee herein; but the retiring trustee, nevertheless, on the written request of the Company or of the successor trustee, and upon payment of its unpaid compensation and expenses, if any, shall execute, acknowledge and deliver such instruments of conveyance and further assurances and do such other things as reasonably may be required for more fully and certainly vesting and confirming in said successor trustee all the right, title and interest of the retiring trustee in and to the mortgaged property and said rights, powers, trusts, duties and obligations; and the retiring trustee shall also, upon like request and upon payment of its unpaid compensation and expenses as aforesaid, pay over, assign and deliver to the successor trustee any money and other property subject to the lien of the Mortgage then held by it, and deliver any and all records, or copies thereof, in respect of the trusts hereunder which it may have, and upon request of any such successor trustee the Company shall execute, acknowledge and deliver any and all deeds, conveyances or other instruments in writing for more fully and certainly vesting in and confirming to such successor trustee said estates, properties,

rights, powers, duties and obligations, provided, however, that such successor trustee shall not authenticate Bonds in the name of such predecessor trustee.

SECTION 14. No right, title or interest in or to any part of the mortgaged property shall vest in the Individual Trustee by virtue of the Mortgage, except that all right, title and interest of the Trustees in and to that part of the mortgaged property located in the State of Illinois shall, to the extent required by the laws of Illinois, vest in Frank B. Weck and his successor or successors as Individual Trustee. The Individual Trustee has been joined as Trustee solely to comply with existing statutory requirements respecting trustees under deeds of trust in said State, and shall, as such Trustee, have all such powers, but only such powers, as may be necessary to comply with such requirements, and in all action hereunder shall comply with such requests as may be made from time to time in writing by the Corporate Trustee. Any such request in writing by the Corporate Trustee to the Individual Trustee shall be sufficient warrant for the Individual Trustee to take any action so requested and full protection for any action taken in accordance with such request.

Except as provided in the preceding paragraph of this Section 14, the Corporate Trustee shall solely and exclusively have and exercise all the powers, and be charged with the performance of all duties, herein declared to be had and exercised or performed on the part of the Trustees. The Individual Trustee may delegate to the Corporate Trustee the exercise of any power, discretionary or otherwise, conferred by any of the provisions of the Mortgage, except in so far as the Corporate Trustee may not lawfully have and exercise any particular power under the laws of Illinois. In case the Individual Trustee shall die, become incapable of acting, resign or be removed, all of the estates, properties, rights,

powers, trusts, duties and obligations of the Individual Trustee hereunder shall, so far as permitted by law, vest in and be exercised by the Corporate Trustee unless and until there shall be appointed a successor to the Individual Trustee.

SECTION 15. If at any time or times it shall be necessary or prudent in order to conform to any legal requirement, or the Trustee shall be advised by counsel satisfactory to it that it is so necessary or prudent in the interest of the Bondholders, or if the holders of a majority in principal amount of the Outstanding Bonds shall in writing so request the Trustee or the Company, the Trustees and the Company shall execute and deliver all instruments and agreements necessary or proper to appoint another bank or trust company or one or more persons, approved by the Trustee and the Company, either to act hereunder as co-trustee or co-trustees with respect to all or any of the property subject to the lien of the Mortgage, jointly with the Trustees, or to act hereunder as separate trustee or trustees with respect to any such property, with such power and authority and for such term as may be necessary or prudent for such purpose and as shall be specified in the instrument of appointment. In the event the Company shall not have joined in the execution of such instruments and agreements within 30 days after the receipt of a written request so to do from the Trustee or from the holders of a majority in principal amount of the Outstanding Bonds, or in case an Event of Default shall have occurred and be continuing, the Trustees may act under the foregoing provision of this Section 15 without the concurrence of the Company; and the Company hereby fully empowers the Trustees so to act and appoints the Trustees its agents and attorneys to act for it under the foregoing provision of this Section 15 in either of such contingencies.

SECTION 16. The Trustee is hereby appointed (and the successive holders of the Bonds, by taking and holding the

same, shall conclusively be deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the Bonds, with authority to make or file, irrespective of whether the Bonds or any of them are in default as to payment of principal or interest, in the respective names of the holders of the Bonds and coupons or in behalf of all holders of the Bonds and coupons as a class, any proof of debt, amendment to any proof of debt, petition or other document, and to execute any and all other papers and documents and do and perform any and all other acts and things for and in behalf of the respective holders of the Bonds and coupons, or in behalf of all holders of the Bonds and coupons as a class, as may be necessary or advisable in the opinion of the Trustee in order to have the claims of the holders of the Bonds and coupons against the Company, or any successor, or any other person or corporation allowed and paid in any equity receivership, insolvency liquidation, bankruptcy, reorganization or other proceedings which shall involve the Company or the mortgaged property or any part thereof, and to receive payment of or on account of any such claim or claims; and any receiver, assignee or trustee in any such proceedings is hereby authorized by each of the Bondholders to make such payments to the Trustee. The appointment made and authority granted by this Section 15 may be revoked by any holder of Bonds or coupons with respect to Bonds or coupons held by him at any time after institution of any such proceeding, by delivering notice of such revocation to the Trustee and filing a copy thereof in such proceeding. Nothing herein contained shall give the Trustee authority to assent to or reject on behalf of any holder of Bonds and coupons any plan of reorganization, plan of adjustment, or similar plan, proposed or approved in any such proceeding.

ARTICLE XVI

Remedies of Trustees and Bondholders

Section 1. Except as provided in Section 3 of Article XIX, the Company will not, directly or indirectly, extend or assent to the extension of the time for the payment of any coupon or claim for interest on any of the Bonds, and it will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or refunding said coupons or claims for interest or in any other manner; and if the time for payment of any such coupon or claim for interest shall be so extended with the consent of the Company, such coupon or claim for interest shall not be entitled, in case of default hereunder, to the benefit of the security of the Mortgage, except subject to the prior payment in full of the principal of all Outstanding Bonds and all coupons and claims for interest thereon the payment of which shall not have been so extended; provided, that the foregoing provisions of this Section 1 shall not be applicable to any coupon or claim for interest the time for the payment of which shall have been extended, if such extension was made pursuant to a plan proposed by the Company to all holders of any one or more series of Bonds. If, at or after the maturity of Bonds, any coupons or claims for interest in respect of such Bonds shall be owned by the Company, or shall be purchased by it or on its behalf, then such matured coupons or claims for interest shall not be entitled to the benefit or security of the Mortgage, and the Company covenants that all such matured coupons and claims for interest shall be cancelled promptly upon such maturity if then owned by the Company or upon their purchase if purchased by or on behalf of the Company at or after such maturity.

Section 2. If one or more of the following events, herein called Events of Default, shall occur, that is to say:

(a) Default shall be made in the payment of any installment of Fixed Interest on any of the Outstanding Bonds when and as such interest shall become due and such default shall continue for 90 days; or

(b) Default shall be made in the payment of any installment of Contingent Interest on any of the Outstanding Bonds when and as such interest shall become due and payable as therein and in the Mortgage expressed and such default shall continue for 30 days; or

(c) Default shall be made in the payment of the principal of any of the Outstanding Bonds, or the premium thereon payable on redemption thereof, when the same shall become due and payable either by the terms thereof or otherwise as herein provided; or

(d) Default shall be made in the payment of any installment of any sinking fund with respect to any Outstanding Bonds when and as the same shall become due and payable as therein and in the Mortgage expressed, and such default shall continue for 90 days; or

(e) Default shall be made in the observance or performance of any other of the covenants, conditions or agreements on the part of the Company, its successors or assigns, contained in the Bonds or in the Mortgage, and such default shall continue for 90 days (or in case of any default under a supplemental indenture for such other time, if any, as may be specified therein) after written notice specifying such default and requiring the same to be remedied shall have been given to the Company by the Trustee, which notice may be given by the Trustee in its discretion, and shall be given on the written request of the holders of 25% in principal amount of the then Outstanding Bonds; or

(f) A decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Company under the Bankruptcy Act or any other state or federal law, and such decree or order shall have continued undischarged and unstayed for 60 days; or a decree or

order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of the Company or of its property, or any substantial portion of its property, or for the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for 60 days; or

(g) The Company shall institute proceedings to be adjudged a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or readjustment under the Bankruptcy Act or any other state or federal law, or otherwise invoke any law for the aid of debtors except as permitted by the provisions of Section 20b of the Interstate Commerce Act, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of it or of its property or any substantial portion of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by the Company in furtherance of any of the aforesaid purposes;

then, and in each and every such case, the Trustees personally or by their agents or attorneys, to the extent permitted by law, may, but shall not be obligated to, enter into and upon all or any part of the mortgaged property, and each and every part thereof, and may exclude the Company, its agents and servants wholly therefrom; and having and holding the same may use, operate, manage and control the mortgaged property or any part thereof, and conduct the business of the Company, either personally or by the Company's superintendents, managers, agents, servants, attorneys, receivers or trustees, in such manner as the Trustees may deem to be to the best advantage of the Bondholders. Upon every such entry the Trustees, at the expense of the mortgaged property,

from time to time, either by purchase, repair or construction, may maintain and restore the rolling stock, tools and machinery and other property, buildings, bridges and structures erected upon or provided for use in connection with the railways and other premises whereof they shall become possessed as aforesaid, and may insure or keep insured such of the same as are usually insured by railway companies and in the same manner and to the same extent; and likewise from time to time, at the expense of the mortgaged property, may make all necessary or proper repairs, renewals and replacements and useful alterations, additions, betterments and improvements to and on the mortgaged property, and purchase or otherwise secure the use of additional rolling stock, tools, machinery and other property for use thereon, as to them may seem judicious. The Trustees shall further have the right to manage the mortgaged property and to carry on the business and exercise all rights and powers of the Company with respect thereto, either in the name of the Company or otherwise, as the Trustees shall deem best; and shall be entitled to collect and receive all rates, fares, tolls, earnings, incomes, rents, issues, revenues and profits of the same and every part thereof, including the income from stock, bonds or other obligations subject to the Mortgage. After deducting the expenses of operating said railways and other premises, and of conducting the business thereof, and of all repairs, maintenance, renewals, replacements, alterations, additions, betterments and improvements, and all payments which may be made for insurance and for the payment of all taxes, assessments and other proper charges having liens on the mortgaged property, or any part thereof, prior to the lien of the Mortgage, as well as just and reasonable compensation for their own services and for the services of all attorneys, counsel, agents, clerks, servants and other employees by them properly engaged and employed, the Trustees shall apply the

balance of the moneys derived from the operation and management of the mortgaged property and business as follows:

(i) If the principal of none of the Outstanding Bonds shall have become due and be unpaid, to the payment of the interest on the Outstanding Bonds, in the order of the maturity of the installments of such interest, such payments to be made proportionately to the persons entitled thereto without discrimination or preference.

(ii) If the principal of all or any part of the Bonds shall have become due, by declaration or otherwise, and shall be unpaid, *first* to the payment of interest accrued on the Outstanding Bonds prior to the date upon which the principal of said Bonds became due and payable, in the order of the maturity of the installments of such interest, *second* to the payment of interest on the overdue principal of said Bonds at the highest rate of interest borne by any of the Outstanding Bonds, and *third* (subject to the provisions of Section 4 of this Article XVI) to the payment of the principal of all of said Bonds, whether due or not; in every instance such payments to be made proportionately to the persons entitled thereto without discrimination or preference.

These provisions, however, are not intended to and shall not be deemed in any wise to modify the provisions of Section 1 of this Article XVI but are subject thereto.

SECTION 3. If the Trustees, under the powers in the Mortgage granted, or a receiver or any trustee appointed under the provisions of the Bankruptcy Act, or any other state or federal law, shall have entered into possession of the mortgaged property, or a part thereof, or one or more Events of Default shall have occurred and be continuing, the Trustee (to the extent permitted by law) shall be entitled to exercise, while such default shall continue, all right and power to vote and consent with respect to all shares of stock, bonds and other obligations subject to the lien of the Mortgage, and, for

the benefit of the Bondholders, shall be entitled to collect and receive all dividends on all shares of stock and all sums payable for principal, interest or otherwise upon any bonds or other obligations that shall then be subject to the Mortgage and shall apply, as hereinbefore in Section 2 of this Article XVI provided, any moneys so received; and, as the holder of any such shares of stock, bonds or other obligations, shall be entitled to perform any and all acts, or to make and execute any and all transfers, requests, requisitions or other instruments, for the purpose of carrying out the provisions of this Section 3.

SECTION 4. In case one or more Events of Default shall have occurred and be continuing, then, in each and every such case, unless the principal of all the Outstanding Bonds already shall have become due and payable, the Trustee may, and upon the written request of the holders of 25% in principal amount of the Outstanding Bonds shall, by notice in writing mailed to the Company, declare the principal of all Bonds to be forthwith due and payable, and upon any such declaration the same shall become and be forthwith due and payable, together with all accumulations of unpaid interest, if any, notwithstanding the date of maturity thereof, as stated in such Bonds or in the coupons, if any, pertaining thereto, or in the Mortgage. This provision, however, is subject to the condition that, if at any time after the principal of the Bonds shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided or any sale of the mortgaged property or any part thereof shall have been made, all unpaid interest upon all Outstanding Bonds, and the principal (and premium, if any) of any Outstanding Bonds which shall have become due otherwise than by acceleration under this Section 4, and the reasonable charges and expenses of the Trus-

tees, their agents and attorneys, shall either be paid by the Company or be collected out of the income of the mortgaged property, or be provided for by the deposit with the Trustee of a sum sufficient to pay the same, and all other defaults made good to the satisfaction of the Trustee, then and in every such case the holders of two-thirds in principal amount of the Outstanding Bonds, by written notice to the Company and to the Trustees, may waive such default or defaults and its or their consequences and annul such declaration of the maturity of the Bonds, but no such waiver or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

In case the Trustees shall have proceeded to enforce any right under the Mortgage, by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned because of such waiver or annulment, or for any other reason, or shall have been determined adversely to the Trustees, then and in every such case the Company and the Trustees shall be restored to their former position and rights hereunder in respect of the mortgaged property, and all rights, remedies and powers of the Company and of the Trustees shall continue thereafter as though no such proceedings had been taken.

SECTION 5. In case one or more Events of Default shall have occurred and be continuing, the Trustees, with or without entry, personally or by attorney, in their discretion:

(a) If and to the extent permitted by law, may but shall not be obligated to sell, subject to any prior liens thereon, to the highest bidder, all and singular the mortgaged property, and all right, title and interest, claim and demand therein, free from any right of redemption thereof, in one parcel and as an entirety, except as in Section 6 of this Article XVI provided; which sale or sales shall be made at public auction at such place in the

City of Minneapolis, State of Minnesota, or at such other place or places, and at such time and upon such terms, as the Trustee may fix and briefly specify in the notice of sale to be given as hereinafter in Section 7 of this Article XVI provided; or

(b) May proceed to protect and to enforce their rights and the rights of holders of the Outstanding Bonds by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the foreclosure of the Mortgage, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustees, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or duties and the rights of holders of the Outstanding Bonds.

Upon the written request of the holders of not less than 25% in principal amount of the then Outstanding Bonds, in case any Event of Default shall have occurred and be continuing as aforesaid, it shall be the duty of the Trustees, upon being indemnified as hereinbefore provided, to exercise such one or more of the remedies available for the protection and enforcement of their rights and the rights of the Bondholders (including the exercise of the powers of entry or sale herein conferred, or the taking of appropriate judicial proceedings by action, suit or otherwise) as the Trustees, being advised by counsel, shall deem most expedient in the interest of the Bondholders.

SECTION 6. In the event of any sale, whether made under the power of sale herein granted or conferred, or under or by virtue of judicial proceedings, or of some judgment or decree of foreclosure and sale, the whole of the mortgaged property shall be sold in one parcel and as an entirety, unless such sale as an entirety is impracticable in the opinion of the Trustees by reason of some statute or other circumstance, or unless the

holders of a majority in principal amount of the Outstanding Bonds shall in writing request the Trustees to cause said premises to be sold in parcels, in which case the sale shall be made in such parcels and in such order as may be specified in such request.

The Company, for itself and all persons and corporations hereafter claiming through or under it, or who may at any time hereafter become holders of liens junior to the lien of the Mortgage, hereby expressly waives and releases all right to have the mortgaged property marshaled upon any foreclosure or other enforcement hereof, and the Trustees or any court in which the foreclosure of the Mortgage or the administration of the trusts hereby created is sought shall have the right as aforesaid to sell the entire property of every description comprised in the mortgaged property, as a whole in a single lot or parcel.

SECTION 7. Notice of any sale pursuant to any provision of the Mortgage shall state the time and place of said sale, and shall contain a brief general description of the property to be sold, and shall be sufficiently given if published once in each week for four successive weeks prior to such sale in a Daily Newspaper in the City of Minneapolis, State of Minnesota, and in a Daily Newspaper in the Borough of Manhattan, City and State of New York, and in such other manner as may be required by law.

SECTION 8. The Trustees may adjourn from time to time any sale to be made by them under the provisions of the Mortgage, by announcement at the time and place appointed for such sale, or for such adjourned sale or sales, and without further notice or publication (unless otherwise required by law) such sale may be made at any time or place to which the same shall be so adjourned.

SECTION 9. Upon the completion of any sale or sales under the Mortgage, the Trustees or the court officer conducting the sale shall execute and deliver to the accepted purchaser or purchasers a good and sufficient bill or bills of sale and deed or deeds of conveyance of the property and franchises sold. The Trustees and their successors are hereby irrevocably appointed the true and lawful attorneys of the Company, in its name and stead to make all necessary deeds, bills of sale and conveyances of the property and franchises and all necessary transfers of shares of stock or bonds or other obligations thus sold; and may substitute one or more persons with like power, the Company hereby ratifying and confirming all that their said attorney or attorneys, or such substitute or substitutes, shall lawfully do by virtue hereof. Nevertheless, the Company, if so requested by the Trustees, shall ratify such sale by executing and delivering such deeds of conveyance, bills of sale or other instruments of assignment and transfer, as in the judgment of the Trustees may be advisable.

Any such sale or sales made under or by virtue of the Mortgage, whether under the power of sale hereby granted and conferred, or under or by virtue of any judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company, of, in and to the premises and property sold, and shall be a perpetual bar, both at law and in equity, against the Company, its successors and assigns, and against any and all persons claiming the premises and property sold, or any part thereof, from, through or under the Company, its successors or assigns.

The personal property and chattels conveyed, or intended to be conveyed, by or pursuant to the Mortgage, other than stocks and bonds and other obligations or securities or claims, shall be real property for all the purposes of the Mortgage,

and shall be held and taken to be fixtures and appurtenances of the Company's lines of railroad and a part thereof, and are to be used and sold therewith and not separate therefrom, except as herein otherwise provided.

The receipt of the Trustees for the purchase money paid at any such sale, or the receipt of any other person authorized to receive the same, shall be a sufficient discharge therefor to any purchaser of the property, or any part thereof, sold as aforesaid, and no such purchaser, or his representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money or any part thereof upon or for any trust or purpose of the Mortgage, or, in any manner whatsoever, be answerable for any loss, misapplication or nonapplication of any such purchase money, or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

SECTION 10. In case of a sale of the mortgaged property substantially as a whole under any of the foregoing provisions of this Article XVI, whether made under the power of sale hereby granted or pursuant to judicial proceedings, the principal of all Bonds then outstanding, if not previously due, immediately thereupon shall become due and payable, notwithstanding the date of maturity thereof as stated in such Bonds or in the Mortgage.

SECTION 11. The purchase money, proceeds and avails of any such sale, whether made under the power of sale hereby granted or pursuant to judicial proceedings, together with any other sums which then may be held by or for the Trustees under any of the provisions of the Mortgage as part of the mortgaged property or of the proceeds thereof, except sums held in trust for the benefit of the holders of particular Bonds or coupons, shall be applied as follows:

First. To the payment of the costs and expenses of such sale, the reasonable compensation to the Trustees, their agents, attorneys and counsel, all expenses, liabilities and advances made or incurred by the Trustees, except such as may have arisen by their negligence or bad faith, and the payment of all taxes, assessments or other charges having liens on the mortgaged property prior to the lien of the Mortgage, except taxes, assessments and other charges having prior liens, if any, subject to which the property shall have been sold.

Second. To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal and interest, with interest on the overdue principal at the highest rate of interest borne by any of the Outstanding Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Outstanding Bonds, then to the payment of such principal and interest proportionately, according to the aggregate of such principal and accrued and unpaid interest, without preference or priority of any Outstanding Bond over any other Outstanding Bond of the same or of another series or of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, subject, however, to the provisions of Section 1 of this Article XVI.

Third. To the payment of the surplus, if any, to the Company, its successors or assigns, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

SECTION 12. In case of any sale under the foregoing provisions of this Article XVI, whether made under the power of sale hereby granted or pursuant to judicial proceedings, any purchaser, for the purpose of making settlement or payment for the property purchased, shall be entitled to use and apply any Bonds and any matured and unpaid coupons and interest obligations hereby secured, subject to the provisions of Section 1 of this Article XVI, by presenting such Bonds and coupons in order that there may be credited as paid thereon the sums payable out of the net proceeds of such sale 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 Company covenants that (a) if default shall be made in the payment of any installment of Fixed Interest on any of the Outstanding Bonds when and as such interest shall become due and payable as therein and in the Mortgage expressed, and such default shall continue for 90 days, or in the payment of any installment of Contingent Interest on any of the Outstanding Bonds when and as such interest shall become due and payable as therein and in the Mortgage expressed, and such default shall continue for 30 days, 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 Trustees, the Company will pay to the Trustees 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 Company shall fail to pay the same forthwith upon such demand, the Trustees in their own name and as Trustees of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

The Trustees 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 proceedings for the enforcement of the lien of the Mortgage, and the right of the Trustees to such judgment or final decree shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of the Mortgage or the foreclosure of the lien hereof; and in case of a sale of the mortgaged property or any part thereof, the Trustees, in their own name and as trustees of an express trust, shall be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon any and all of the Bonds and coupons, for the benefit of the holders thereof, and shall be entitled to institute and prosecute any action and enforce any judgment or final decree as aforesaid for any portion of the said debt remaining unpaid, with interest. No judgment or decree obtained by the Trustees, and no levy of any execution upon the mortgaged property, or upon any other property, shall in any manner, or to any extent, affect the lien of the Mortgage upon the mortgaged property, or any part thereof, or any lien, rights, powers or remedies of the Trustees hereunder, or any lien, rights, powers or remedies of the Bondholders, but such lien, rights, powers and remedies shall continue unimpaired as before, except as otherwise provided by law.

Any moneys collected by the Trustees under this Section 13 shall be applied by the Trustee,

First, to the payment of the costs and expenses of the proceedings resulting in the collection of such moneys, and of the compensation of and the expenses, liabilities and advances made or incurred by the Trustees hereunder, except such as may have arisen by their negligence or bad faith; and

Second, to the payment of the amounts then due and unpaid upon the Outstanding Bonds and coupons in respect of which such moneys shall have been collected, without any preference or priority of any kind, but subject to the provisions of Section 1 of this Article XVI, proportionately according to the amounts due and payable upon such Outstanding Bonds and coupons, respectively, at the date fixed by the Trustee for distribution of such moneys, upon presentation of the several Outstanding Bonds and coupons and their surrender if fully paid, or for proper stamping if only partially paid.

SECTION 14. Except as permitted by the provisions of Section 20b of the Interstate Commerce Act, the Company will not at any time insist upon or plead, or claim to take advantage of any statute or rule of law, now or hereafter in force, wherever enacted or established, in aid of debtors or permitting or providing for (a) the staying of actions in respect of mortgages or mortgage indebtedness, or for extending the time for payment of such indebtedness, (b) the valuation or appraisement of the property held under any mortgage or pledge to secure indebtedness prior to any sale or sales thereof pursuant to the terms of such mortgage or pledge or to the decree, judgment or order of any court, or (c) the redemption of any property so sold; and the Company hereby expressly waives all benefit and advantage of any such statute or rule of law, and covenants that it will not hinder, delay or impede the execution of any power herein granted or delegated to the Trustees or either of them, but that it will suffer and permit the execution of every such power as though no such statute or rule of law had been enacted or established.

SECTION 15. In case (1) an Event of Default shall occur and at any time during the continuance of such Event of Default there shall be any unsatisfied final judgment against the

Company, or a receiver or trustee of the Company or of its property or any part thereof shall be appointed in any judicial proceeding instituted by any party other than the Trustee, or a judgment or order shall be entered for the sequestration of its property or any part thereof, or (2) the Company shall make default in the payment of interest specified in clauses (a) or (b) of Section 2 of this Article XVI, and shall by resolution of its Board of Directors admit to the Trustees its inability to make good such default, then the Trustees, in either such case, shall thereupon be entitled, in the discretion of the Trustees, forthwith to exercise the right of entry herein conferred and also any and all other rights and powers herein conferred and provided to be exercised by the Trustees upon the occurrence and continuance of an Event of Default as hereinbefore provided; and the Trustees shall thereupon be entitled as a matter of right (i) to the appointment of a receiver of the mortgaged property and of the earnings, rents, issues, profits, tolls, revenues and income thereof, with such powers as the court making such appointment shall confer, and (ii) to the entry of an order directing that the rents, issues, profits, tolls, revenues and other income of the premises and property comprised in the mortgaged property be segregated, sequestered and impounded for the benefit of the Trustees and the Bondholders from and after the date of the institution of any judicial proceedings of the nature referred to in this Section 15 or in clauses (f) and (g) of Section 2 of this Article XVI. Notwithstanding the appointment of any such receiver, the Trustee, as pledgee, shall be entitled to retain possession and control of, and to collect all interest and dividends or earnings on, any shares of stock, cash, bonds and other obligations pledged with it as security hereunder.

The Company hereby irrevocably consents to the appointment of such receiver and to the entry of such order.

SECTION 16. Upon application of the Trustees to any court

of competent jurisdiction, and with the consent of the Company if none of the Events of Default shall have occurred and be continuing, and without such consent if one or more of the Events of Default shall have occurred and be continuing, a receiver may be appointed to take possession of, and to operate, maintain and manage the mortgaged property or any part thereof, and any other property of the Company used for, in or about, or the use or possession whereof shall be essential to, the operation of the mortgaged railroads or any thereof, and the Company shall transfer and deliver to such receiver all such property, wheresoever the same may be situated; and in every case when a receiver of the whole or of any part of said property shall be appointed under this Section 16, or otherwise, the net income and profits of the mortgaged property shall be paid over to, and shall be received by, the Trustees for the benefit of the holders of the Outstanding Bonds and coupons to be applied as provided in Section 2 of this Article XVI; provided, however, that, notwithstanding the appointment of any such receiver, the Trustee shall be entitled to retain control of, and to collect all interest and dividends or earnings on, any shares of stock, cash, bonds and other obligations pledged with it as security hereunder.

SECTION 17. No holder of any Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the foreclosure of the Mortgage, or for the execution of any trust hereunder, including the appointment of a receiver, or for any other remedy hereunder, unless (a) such holder previously shall have delivered to the Trustees written notice that one or more Events of Default, which default or defaults shall be specified in such notice, has occurred and is continuing, and (b) the holders of not less than 25% in principal amount of the then Outstanding Bonds shall have requested the Trustees in writing and shall have afforded to them reasonable opportunity either to proceed to exercise the

powers hereinbefore granted, or to institute such action, suit or proceeding in their own names, and (c) one or more holders of Bonds shall have offered to the Trustees adequate security and indemnity, satisfactory to them, against the costs, expenses and liabilities to be incurred therein or thereby, nor unless the Trustees shall have refused or neglected to act on such notification, request and offer of indemnity for at least 30 days; and such notification, request and offer of indemnity are hereby declared, in every such case, at the option of the Trustees, to be conditions precedent to the exercise of the powers and trusts of the Mortgage and to any action or cause of action for foreclosure, including the appointment of a receiver or trustee, or for any other remedy hereunder; it being understood and intended that no holder of any Bond or coupon shall have any right in any manner whatsoever by his action to affect, disturb or prejudice the lien of the Mortgage or to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had or maintained in the manner herein provided, and for the equal benefit of all holders of the Outstanding Bonds and coupons.

Nothing contained in this Section 17 or elsewhere in the Mortgage or in the Bonds or in the coupons shall affect or impair the obligation of the Company to pay the principal of, premium if any, and interest on the Bonds to the respective holders of the Bonds and to the respective holders of the coupons, as provided in such Bonds, nor affect or impair the right of action at law, which is also absolute and unconditional, of such holders to collect such payment.

SECTION 18. Except as herein expressly provided to the contrary, no remedy herein conferred upon or reserved to the Trustees or the Bondholders is intended to be exclusive of any other remedy or remedies, but each and every such remedy shall be cumulative, and shall be in addition to every other

remedy given hereunder, or now or hereafter existing at law or in equity.

SECTION 19. No delay of the Trustees or of any Bondholder in exercising any right or power accruing upon any default continuing as aforesaid and no omission to exercise any such right or power shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article XVI to the Trustees, or to any Bondholder, may be exercised from time to time, and as often as may be deemed expedient, by the Trustees or by such Bondholder, respectively.

SECTION 20. The Trustees shall have power, but shall be under no duty, to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, or the observance of, any legislative or governmental enactment, rule or order that it may be advised and believe is unconstitutional, or otherwise invalid, if the enforcement of, or compliance with, or observance of, such enactment, rule or order would, in the judgment of the Trustees, impair the security hereunder or be prejudicial to the Trustees or to the Bondholders.

SECTION 21. The holders of a majority in aggregate principal amount of the Outstanding Bonds shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustees, or the exercise or non-exercise of any trust or power conferred on the Trustees. Except as provided in Section 4 of this Article XVI, the holders of a majority in aggregate principal amount of the Outstanding Bonds may on behalf of the holders of all the Bonds waive any past default hereunder and its consequences other than an Event of Default specified in clauses (a), (b), (c) or (d) of Section 2 of this Article XVI. In the case of any such waiver, the Company, the Trustees and

the Bondholders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 22. All parties to the Mortgage agree, and each holder of any Bond by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Mortgage, or in any suit against the Trustees for any action taken or omitted by them as Trustees, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 22 shall not apply to any suit instituted by the Trustees or either of them, to any suit instituted by any Bondholder or group of Bondholders holding more than 10% in aggregate principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the due date expressed in such Bond.

SECTION 23. To the extent that any provision of this Article XVI may be invalid or unenforceable under any applicable law with respect to any of the mortgaged property, such provision shall be deemed inoperative and inapplicable.

ARTICLE XVII

IMMUNITY OF INCORPORATORS, STOCKHOLDERS, DIRECTORS AND OFFICERS

The Mortgage and the Bonds and coupons are solely corporate obligations. No recourse shall be had for the payment of the principal of, premium if any, or interest on any Bond, or for any claim based thereon or on any coupon appurtenant thereto, or because of the creation of the indebtedness represented thereby, or otherwise in respect thereof, or based on or in respect of the Mortgage, against any past, present or future incorporator, stockholder, officer or director of the Company, as such, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability, except for fraud or wilful misconduct, by the acceptance of such Bond and as part of the consideration for the issuance thereof, being expressly waived and released.

ARTICLE XVIII

DEFEASANCE

SECTION 1. If (a) the 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 one year or are to be redeemed within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the 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 Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then the Mortgage shall cease to be of further effect. In such event the Trustees, on demand of the Company and at its cost and expense, shall execute and deliver to the Company such instrument or instruments as may be appropriate to acknowledge satisfaction of the Mortgage, and as will enable the Company to have the Mortgage discharged of record, and shall release and assign, or cause to be released and assigned, to the Company all of their interest in the mortgaged property, and shall deliver to the 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 XVIII.

The Company, notwithstanding the satisfaction of the

Mortgage as above provided, will indemnify the Trustees and hold them harmless against any and all expense or liability, incurred without negligence or bad faith, ascertained or incurred by the Trustees 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 XVIII shall be held in trust and applied by it, subject to the provisions of Section 4 of this Article XVIII, 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 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 6 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 Company on demand; and the holder of any Bond or coupon entitled to receive such payment shall thereafter look only to the Company for the payment thereof; provided, however, that (a) before any such repayment may be made, the Trustee, at the expense of the 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 City of Minneapolis, State of Minnesota, and in a Daily

Newspaper in the Borough of Manhattan, City and State of New York, 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 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 XIX

Supplemental Indentures

Section 1. The Company, when authorized by a resolution of its Board of Directors, and the Trustees may at any time and from time to 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 Trustees 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 Company, acquired through consolidation, merger, purchase or otherwise;

(b) To evidence the succession of another corporation to the Company, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the 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 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

Trustees 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 Trustees are hereby authorized to join with the 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 Trustees shall not be obligated to enter into any such supplemental indenture which, in their opinion, affects the Trustees' 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 Company and the Trustees without the consent of the holders of any of the then Outstanding Bonds, notwithstanding any of the provisions of Section 2 of this Article XIX.

Section 2. With the consent (evidenced as provided in Section 1 of Article XIII) of the holders of not less than 66⅔% in aggregate principal amount of the then Publicly Held Bonds to be directly affected thereby, the Company, when authorized by a resolution of its Board of Directors, and the Trustees, at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may modify (with the approval of the Interstate Commerce Commission or

other public regulatory body having jurisdiction in the premises) the sinking fund provisions of the Mortgage, or may modify or alter in any manner any of the other 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 Company, except as provided in Section 3 of this Article XIX; provided, however, that no such modification or alteration shall, without the consent of the holders of all Bonds affected thereby:

(i) alter or impair the obligation of the Company to pay the principal amount or the interest specified in any Bonds at the places and in the manner specified therein or in any interest coupon appertaining thereto; or

(ii) permit the creation by the Company of any mortgage or other lien in the nature of a mortgage 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; or

(iv) alter or impair the obligation of the Company with respect to the determination and application of Available Net Income applicable to the payment of interest specified in any Bonds, except as provided in Section 1 of Article XII;

and provided, further, that no such modification or alteration shall affect the rights, duties or immunities of the Trustees without the written consent of the Trustees.

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 XIII) of the holders of not less than 75% in aggregate principal amount of all of the then Publicly Held Bonds and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the Company, when authorized by a resolution of its Board of Directors, and the Trustees at any time and from time to time by entering into an indenture or indentures supplemental hereto, may postpone the time or times of payment of the principal of any or all series of Bonds then outstanding, whether before or after the maturity thereof, to any fixed or determinable date, not exceeding 20 years beyond the original date of maturity of the principal amount thereof, or the time or times of payment of any interest on the Bonds of any or all series then outstanding, whether before or after such interest is due, to any fixed or determinable date not later than five years after such interest first becomes payable and not beyond the original or any duly postponed date of maturity of the principal of such Bonds.

SECTION 4. Upon the request of the Company, accompanied by a Certified Resolution authorizing the execution of any supplemental indenture pursuant to Sections 2 or 3 of this Article XIX, and upon the filing with the Trustee of evidence of the consent of Bondholders as aforesaid, the Trustees shall join with the Company in the execution of such supplemental indenture.

SECTION 5. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XIX, 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 Company, the Trustees and the holders of Bonds of all series outstanding thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects 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 XIX may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the 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 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 the same series and of an aggregate principal amount equal to the aggregate principal amount of those so surrendered.

ARTICLE XX

MISCELLANEOUS

SECTION 1. The same officer or officers of the 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: (i) a statement that the person making such certificate or giving such opinion has read such covenant or condition; (ii) 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 (iii) 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 exclusive benefit of the parties hereto and the holders from time to time of the Bonds and coupons issued hereunder.

SECTION 4. 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 5. The Mortgage shall be effective by order of the Court in the reorganization proceedings hereinbefore mentioned as of 12:01 A. M., Central Standard Time, on March 1, 1954, although executed and delivered on the date of the acknowledgment hereof by the Trustee.

IN WITNESS WHEREOF, WISCONSIN CENTRAL RAILROAD COMPANY, the party of the first part, has caused the Mortgage to be signed and acknowledged by its President or Vice President, and its corporate seal to be affixed hereto, and the same to be attested by its Secretary or Assistant Secretary; FIRST NATIONAL BANK OF MINNEAPOLIS, one of the parties 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 hereto and attested by one of its Assistant Secretaries; and FRANK B. WECK, one of the parties of the second part, to evidence his acceptance of the trust hereby created, has hereto set his hand and seal.

Executed and delivered in the City of Minneapolis, State of Minnesota, as of the first day of January, 1954.

WISCONSIN CENTRAL RAILROAD COMPANY

By E. F. Zelle
President

Attest:

R. R. Galligan
Secretary

In the presence of

D. G. Dobmeyer

A. K. Frans

D. G. DOBMEYER

A. K. FRANS

First National Bank of Minneapolis

By H. Henretta
R. HENRETTA Vice President

Attest:

H. H. Peterson
H. H. PETERSON Assistant Secretary

In the presence of

D. G. Dobmeyer
D. G. DOBMEYER

A. K. Frans
A. K. FRANS

Frank B. Weck (L.S.)
FRANK B. WECK

In the presence of

D. G. Dobmeyer
D. G. DOBMEYER

A. K. Frans
A. K. FRANS

State of Minnesota }
County of Hennepin } ss.

On this 7 day of March, 1954, before me, Charles F. Glaman, a Notary Public in and for the County and State aforesaid, personally appeared E. F. ZELLE and R. R. GALLIGAN, to me personally known and to me known to be the ..... President and ..... Secretary, respectively, of Wisconsin Central Railroad Company, a corporation of the State of Minnesota, and the persons who executed the foregoing instrument, who, being by me duly sworn, did say: that they are the ..... President and ..... Secretary, respectively, of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; and that they executed the foregoing instrument as such officers, and said instrument was signed, sealed and delivered, on behalf of said corporation by its authority and the authority of its board of directors. And said E. F. ZELLE and R. R. GALLIGAN acknowledged the execution and delivery of the foregoing instrument, by them as such officers, as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

In Witness Whereof, I have hereunto set my hand and affixed my notarial seal in the County and State aforesaid this 7 day of March, 1954.

Charles F. Glaman
CHARLES F. GLAMAN,
Notary Public, Hennepin County, Minn.
My Commission Expires Mar. 4, 1958.

State of Minnesota }
County of Hennepin } ss.

On this 7 day of March, 1954, before me, Charles F. Glaman, a Notary Public in and for the County and State aforesaid, personally appeared H. HENRETTA and H. H. PETERSON, to me personally known and to me known to be a Vice President and an Assistant Secretary, respectively, of First National Bank of Minneapolis, a national banking association, and the persons who executed the foregoing instrument, who, being by me duly sworn, did say: that they are a Vice President and an Assistant Secretary, respectively, of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; and that they executed the foregoing instrument as such officers, and said instrument was signed, sealed and delivered, on behalf of said corporation by its authority and the authority of its board of directors. And said H. HENRETTA and H. H. PETERSON acknowledged the execution and delivery of the foregoing instrument, by them as such officers, as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

In Witness Whereof, I have hereunto set my hand and affixed my notarial seal in the County and State aforesaid this 7 day of March, 1954.

Charles F. Glaman
CHARLES F. GLAMAN,
Notary Public, Hennepin County, Minn.
My Commission Expires Mar. 4, 1958.

State of Minnesota }
County of Hennepin } ss.

On this 7 day of March, 1954, before me, Charles F. Glaman, a Notary Public in and for the County and State aforesaid, personally appeared Frank B. Weck, to me personally known and to me known to be the identical individual who executed the foregoing instrument, who, being by me duly sworn, did say that he executed and delivered the foregoing instrument as his 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 in the County and State aforesaid this 7 day of March, 1954.

Charles F. Glaman
CHARLES F. GLAMAN,
Notary Public, Hennepin County, Minn.
My Commission Expires Mar. 4, 1958.

STATE OF MINNESOTA } ss.
COUNTY OF HENNEPIN }

E. F. ZELLE, being first duly sworn, deposes and says that he is President of Wisconsin Central Railroad Company, a corporation organized and existing under the laws of the State of Minnesota, 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 set forth in said mortgage, and that First National Bank of Minneapolis and Frank B. Week, the trustees and mortgagees named in said mortgage, have delivered to said Railroad Company, and said Railroad Company has received, a duplicate copy of said mortgage as executed.

Edl F. Zelle.

Subscribed and sworn to before me this 7 day of March, 1954.

Charles F. Glaman

CHARLES F. GLAMAN,
Notary Public, Hennepin County, Minn.
My Commission Expires Mar. 4, 1958.

State of Wisconsin } ss.
DEPARTMENT OF STATE

Received this 10TH day of MAY A. D. 1954 at 10:20 o'clock A.M. and recorded in Vol. 45 of RAILROAD MORTGAGES on page 53-166

Assistant Secretary of State

This Indenture of Mortgage and Deed of Trust dated as of the first day of January, One Thousand Nine Hundred Fifty-four (hereinafter referred to as the "Mortgage"), between WISCONSIN CENTRAL RAILROAD COMPANY, a Minnesota corporation (hereinafter referred to as the "Company"), party of the first part, and THE NORTHERN TRUST COMPANY, an Illinois corporation, having its principal office at 50 South La Salle Street in the City of Chicago, Illinois, and THOMAS H. JOLLS, of the City of Chicago, Illinois (hereinafter together referred to as the "Trustees"), parties of the second part,

WITNESSETH:

WHEREAS, the Company was organized in order to carry out a certain plan of reorganization approved by order of the Interstate Commerce Commission dated September 15, 1952, in proceedings entitled "Wisconsin Central Railway Company Reorganization, Finance Docket No. 14720," and confirmed by order of the District Court of the United States for the District of Minnesota, Fourth Division, entered October 1, 1953, in proceedings for the reorganization of a railroad under Section 77 of the Bankruptcy Act, entitled "In the Matter of Wisconsin Central Railway Company, Debtor, No. 17104" (said plan as so confirmed being hereinafter referred to as the "Plan," and the debtor in said proceedings being hereinafter referred to as the "Debtor"), and said order of confirmation has become final in all respects; and

WHEREAS, pursuant to the Plan and the order of the Court directing consummation of the Plan, the Company now owns the several lines of railway and other property and franchises heretofore owned by the Debtor and by Edgar F. Zelle, as trustee of the Debtor's property, by virtue of an appropriate conveyance from said trustee; and

WHEREAS, in order to comply with the provisions of the Plan and orders of the Court and to provide funds for its lawful corporate purposes, the Company has duly determined to issue its General Mortgage Bonds, not limited in aggregate principal amount except as hereinafter provided, to be secured by the Mortgage on the property of the Company hereinafter described or referred to as being or to become subject to the lien hereof, such Bonds to be issued in one or more series from time to time, the Bonds of each series to be issued originally either as coupon Bonds with or without the privilege of registration as to principal or as registered Bonds without coupons, or both, and all such Bonds to be authenticated by the certificate of the Corporate Trustee, all as hereinafter provided; and

WHEREAS, in accordance with the Plan, the Reorganization Managers designated pursuant thereto have duly determined, and the Court by its order directing consummation of the Plan has approved, the form and provisions of the Mortgage and of the Bonds of Series A to be issued thereunder; and

WHEREAS, the Bonds of Series A, the interest coupons to be attached to the coupon Bonds of Series A, and the Corporate Trustee's certificate of authentication to be endorsed on the Bonds of all series, are to be substantially in the following forms, respectively:

(Form of Coupon Bond of Series A)

No..... $.....

WISCONSIN CENTRAL RAILROAD COMPANY

GENERAL MORTGAGE 4½% INCOME BOND, SERIES A,
DUE JANUARY 1, 2029

WISCONSIN CENTRAL RAILROAD COMPANY, a corporation existing under the laws of the State of Minnesota (herein referred to as the "Company"), for value received,

hereby promises to pay to bearer or, if this Bond be registered as to principal, then to the registered holder hereof, on January 1, 2029, the principal sum of ..... Dollars ($.....) in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; and (except as herein otherwise provided) to pay interest on said principal sum in like coin or currency at the rate of 4½% per annum, from January 1, 1954, until said principal sum becomes due and payable as herein provided and, if default be made in the payment of said principal sum when so due and payable, thereafter (to the extent permitted by law) at the highest rate of interest borne by any of the Bonds outstanding under the Mortgage hereinafter referred to until the Company's obligation with respect to the payment of said principal sum shall be discharged as provided in the Mortgage, but only, in the case of interest due on or before the date said principal sum becomes due and payable, upon presentation and surrender of the appropriate interest coupons hereto appertaining.

Until said principal sum becomes due and payable or until interest on said principal sum becomes fixed as hereinafter provided, interest on this Bond with respect to each calendar year prior to the calendar year immediately preceding the date of maturity of this Bond will be payable on the first May 1 following such calendar year when and to the extent that the Available Net Income of the Company, as defined and made applicable to the payment of such interest, is adequate therefor under the terms and provisions of the Mortgage. Interest of 4½% on the principal sum of this Bond for the calendar year 2028 will be paid on January 1, 2029, whether or not the Available Net Income of the Company for the calendar year 2028 is adequate for the payment of such interest. To the extent that the Available Net Income of the Company applicable to the payment of interest on this Bond for any calendar year prior to the year 2028 shall be less than 4½% of such principal sum, such interest shall accumulate up to but not exceeding 13½% of such principal sum. When said principal sum becomes due and payable or an event of default as defined in the Mortgage

shall occur, any unpaid accumulations of interest on this Bond, plus any interest reserved as hereinafter provided, and interest (to the extent not otherwise payable) at the rate of 4½% per annum from January 1 of the calendar year in which such principal sum becomes due and payable or when such event of default occurs, shall then be due and payable. Accumulations of interest on this Bond shall not bear interest. Except as aforesaid, no interest shall be required to be paid on this Bond on any interest payment date if the amount then payable would be less than 25 cents on each $100 of the principal sum hereof, but any amount available for interest not payable because of this provision shall be reserved and added to the amount available for, or payable on account of, interest on the next date on which interest shall be paid.

The principal of and interest on this Bond are payable at the office or agency of the Company in the City of Chicago, State of Illinois, or at the option of the holder hereof at the office or agency of the Company in the Borough of Manhattan, City and State of New York.

This Bond is one of the General Mortgage Bonds of the Company (herein referred to as the "Bonds"), not limited in aggregate principal amount except as provided in the Mortgage, issued and to be issued under, and all equally and ratably secured by, a mortgage and deed of trust dated as of January 1, 1954 (herein referred to as the "Mortgage"), executed and delivered by the Company to The Northern Trust Company and Thomas H. Jolls, as trustees, and their successors in trust (which trustees and their successors in trust are hereinafter referred to as the "Trustees"), to which Mortgage and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of and restrictions upon the Company and the holders of the Bonds and coupons in respect of such security, the rights, duties and immunities of the Trustees and the terms and conditions under which the Bonds are, and may be, issued and secured. By the terms of the Mortgage, the Bonds may be for various principal sums and are issuable in series,

and the Bonds of any series may differ from the Bonds of any other series as to denomination, date, maturity, interest rate, redemption, sinking fund provisions, conversion rights and otherwise, all as in the Mortgage provided. Bonds of Series A, of which this is one, are designated as the "General Mortgage 4½% Income Bonds, Series A, due January 1, 2029," and the aggregate principal amount thereof is limited to $20,441,000.

Bonds of any other series bearing any interest payable unconditionally at a fixed rate, either from a date stated therein or from some fixed or determinable date thereafter, may be issued under the Mortgage, but in the event of the issuance of any such Bonds the interest on this and all other Bonds of Series A shall become fixed and unconditionally payable at the rate of 4½% per annum for the full calendar year during which the interest on such Bonds of any other series becomes fixed and for all succeeding calendar years until the principal sum becomes due and payable, and shall be payable semiannually on such dates as may be determined by the Board of Directors of the Company and as shall be provided in the supplemental indenture creating such other series; and all accumulations of unpaid interest on the Bonds of Series A for prior years shall be paid prior to the issuance of the Bonds of such other series. In such event the Company will make provision for the issuance of new Bonds of Series A in exchange and substitution for the Bonds of Series A then outstanding.

If an event of default as defined in the Mortgage shall occur, the principal of this Bond may be declared or may become due and payable prior to the stated date of maturity hereof in the manner, with the effect and subject to the conditions provided in the Mortgage.

The Mortgage contains provisions permitting the Company and the Trustees at any time or times with the consent, evidenced as in the Mortgage provided, of the holders of not less than 66⅔% in aggregate principal amount of all of the Publicly Held Bonds, as defined in the Mortgage, then outstanding and to be directly affected thereby, to modify (with the approval of the Interstate Commerce Commission or other

public regulatory body having jurisdiction in the premises) the provisions of the Mortgage in respect of any sinking fund for the retirement of indebtedness of the Company, or to modify or alter in any manner any of the other provisions of the Mortgage or of any indenture supplemental thereto or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Company; provided, however, that without the consent of the holder of this Bond, evidenced as in the Mortgage provided (such consent to be conclusive and binding upon such holder and upon all future holders of this Bond), no such modification or alteration shall (a) alter or impair the obligation of the Company to pay the principal sum or the interest specified in this Bond at the places and in the manner specified in this Bond or in any interest coupon appertaining hereto, or (b) permit the creation by the Company of any mortgage or other lien in the nature of a mortgage ranking prior to or on a parity with the lien of the Mortgage or of any indenture supplemental thereto, with respect to any property covered thereby, otherwise than as permitted by the Mortgage, or (c) 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 or alteration shall alter or impair the obligation of the Company with respect to the time or times of payment of the principal sum or the interest specified in the Bonds, except that with the consent of the holders of not less than 75% in aggregate principal amount of all of the Publicly Held Bonds, as defined in the Mortgage, then outstanding, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the time or times of payment of the principal sum of any or all series of the Bonds then outstanding, whether before or after the maturity thereof and whether bearing fixed or contingent interest, may be postponed to any fixed or determinable date not exceeding 20 years beyond the original date of maturity of the principal sum thereof, or the time or times of payment of any interest on the Bonds of any or all series then outstanding, whether before or after such interest is due, may be postponed to any fixed or determinable date not later than

five years after such interest first becomes payable and not beyond the original or postponed date of maturity of the principal thereof.

The Bonds of Series A are subject to redemption in part from time to time on any date prior to maturity through the operation of the Sinking Fund provided for in the Mortgage, at a redemption price determined as hereinafter provided, upon publication of notice of such redemption once each week for four successive weeks, in a newspaper printed in the English language and customarily published on each business day and of general circulation in the City of Chicago, State of Illinois, and in a like newspaper in the Borough of Manhattan, City and State of New York, the first publication in each such newspaper to be not less than 30 or more than 60 days before the date fixed for redemption, all as provided in the Mortgage. The Bonds of Series A are also subject to redemption, in whole at any time or in part from time to time, on any date prior to maturity, other than through the operation of the Sinking Fund, at a redemption price determined as hereinafter provided, upon like publication of notice of such redemption except that if the date fixed for redemption is an interest-payment date the first such publication to be not less than 60 or more than 90 days before the date fixed for redemption, and if the date fixed for redemption is not an interest-payment date the first such publication to be not less than 90 or more than 120 days before the date fixed for redemption, all as provided in the Mortgage. The redemption price of Bonds of Series A, whether redeemed through the operation of the Sinking Fund or otherwise shall be an amount equal to the principal sum to be redeemed, plus all unpaid interest on such principal sum that has accumulated for prior years, interest that has been reserved as hereinabove provided, and interest at the rate of 4½% per annum on such principal sum from January 1 of the next preceding calendar year to the date fixed for redemption reduced by the amount of interest, if any, otherwise paid or made available for payment thereon for such preceding calendar year. Registered Bonds of Series A without coupons for principal sums exceeding $1,000 may be redeemed in por-

tions amounting to $1,000 or multiples of $1,000, with interest as aforesaid on the principal sum to be redeemed.

The Bonds of Series A are entitled to the benefit of annual payments into the Sinking Fund out of Available Net Income, if any, as defined and made applicable for such purposes under the terms of the Mortgage, and of such additional amounts, if any, as may be deposited in the Sinking Fund from time to time as required or permitted by the Mortgage.

This Bond is transferable by delivery unless registered as to principal in the holder's name at the office or agency maintained by the Company in said City of Chicago or in said Borough of Manhattan, on registry books kept for such purpose at such office or agency, such registration being noted hereon. After such registration no transfer hereof shall be valid unless made on said books at either said office or agency by the registered holder hereof in person or by his attorney duly authorized in writing, and similarly noted hereon; but this Bond may be discharged from such registration by like transfer to bearer noted hereon, whereupon transferability by delivery shall be restored. Such registration, however, shall not affect the transferability by delivery of the coupons for the interest hereon, and such coupons shall continue to be payable to bearer and transferable by delivery.

The Company, the Trustees, any paying agent and any bond registrar may deem and treat the bearer hereof, or if registered as to principal the registered holder hereof, and the bearer of any interest coupon appertaining hereto whether or not this Bond shall be registered as to principal, as the absolute owner of this Bond or such coupon, as the case may be (whether or not this Bond or such coupon shall have become due and payable), for the purpose of receiving any payment then being made of or on account of the principal hereof and interest hereon, and for all other purposes, and neither the Company nor the Trustees nor any paying agent nor any bond registrar shall be bound by any notice to the contrary.

Coupon Bonds of Series A are issuable in denominations of $50, $100, $500 and $1,000. Registered Bonds without coupons of Series A are issuable in denominations of $1,000 and,

with the consent of the Company, in denominations in multiples of $1,000. Upon presentation thereof for that purpose at the office or agency maintained by the Company in said City of Chicago or in said Borough of Manhattan, and in the manner, subject to the limitations, and upon payment of the charges provided in the Mortgage, coupon Bonds of Series A, with all unmatured coupons and any matured coupons in default appertaining thereto, may be exchanged for a like aggregate principal amount of registered Bonds without coupons of Series A of authorized denominations, coupon Bonds of Series A of the denominations of $50, $100 and $500 aggregating $1,000 in principal amount, with all unmatured coupons and any matured coupons in default appertaining thereto, may be exchanged for a coupon Bond of Series A of the denomination of $1,000 bearing all unmatured coupons and any matured coupons in default appertaining thereto, and registered Bonds without coupons of Series A may be exchanged for a like aggregate principal amount of coupon Bonds of Series A of the denomination of $1,000 and bearing all unmatured coupons and any matured coupons in default appertaining thereto, or for a like aggregate principal amount of registered Bonds without coupons of Series A of other authorized denominations.

As provided in the Mortgage, no recourse shall be had for the payment of the principal of or the interest on this Bond, or for any claim based hereon, or because of the creation of the indebtedness represented hereby, or otherwise in respect hereof, or based on or in respect of the Mortgage or any indenture supplemental thereto, against any past, present or future incorporator, stockholder, officer or director, as such, of the Company, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability, except for fraud or wilful misconduct, by the acceptance hereof and as part of the consideration for the issue hereof, being expressly waived and released.

This Bond shall not be valid or become obligatory for any purpose unless and until the certificate of authentication here-

on shall have been signed by the Corporate Trustee under the Mortgage.

IN WITNESS WHEREOF, Wisconsin Central Railroad Company has caused this Bond to be signed by its President or one of its Vice Presidents, and its corporate seal to be affixed hereto or a facsimile thereof to be imprinted or engraved hereon and attested by its Secretary or an Assistant Secretary, and coupons for interest bearing the facsimile signature of its Treasurer to be attached hereto, and this Bond to be dated as of the first day of January, 1954.

WISCONSIN CENTRAL RAILROAD COMPANY

By .....
President

ATTEST:

.....
Secretary

(Form of Interest Coupon, except Interest Coupon due January 1, 2029, for Coupon Bonds of Series A)

No.....

On the first day of May, 19...., unless the Bond hereinafter mentioned shall have been called for previous redemption and payment thereof duly provided for, Wisconsin Central Railroad Company will pay to bearer upon surrender of this coupon at its office or agency in the City of Chicago, State of Illinois, or at the option of the bearer at its office or agency in the Borough of Manhattan, City and State of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, such amount, if any, as shall be payable on said date as interest, both current and accumulated, on its General Mortgage 4½% Income Bond, due January 1, 2029, No. ....., in accordance with the provisions of said Bond and the Mortgage therein mentioned.

If no interest shall be payable on said date in accordance with the provisions of said Bond and Mortgage, this coupon shall be void and of no further force and effect.

.....
Treasurer

(Form of Interest Coupon due January 1, 2029, for Coupon Bonds of Series A)

No.....

On the first day of January, 2029, unless the Bond hereinafter mentioned shall have been called for previous redemption and payment thereof duly provided for, Wisconsin Central Railroad Company will pay to bearer upon surrender of this coupon at its office or agency in the City of Chicago, State of Illinois, or at the option of the bearer at its office or agency in the Borough of Manhattan, City and State of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, such amount as shall be payable on said date as interest on its General Mortgage 4½% Income Bond, Series A, due January 1, 2029, No. ....., in accordance with the provisions of said Bond and the Mortgage therein mentioned.

.....
Treasurer

(Form of Registered Bond without Coupons of Series A)

No..... $.....

WISCONSIN CENTRAL RAILROAD COMPANY

GENERAL MORTGAGE 4½% INCOME BOND, SERIES A,
DUE JANUARY 1, 2029

WISCONSIN CENTRAL RAILROAD COMPANY, a corporation existing under the laws of the State of Minnesota

(herein referred to as the "Company"), for value received, hereby promises to pay to .....
....., or registered assigns, on January 1, 2029, the principal sum of..... Dollars in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; and (except as herein otherwise provided) to pay interest on said principal sum in like coin or currency at the rate of 4½% per annum, from January 1, 1954 (except to the extent paid on or before the date hereof on a principal sum equivalent to the principal sum hereof), until said principal sum becomes due and payable as herein provided and, if default be made in the payment of said principal sum when so due and payable, thereafter (to the extent permitted by law) at the highest rate of interest borne by any of the Bonds outstanding under the Mortgage hereinafter referred to until the Company's obligation with respect to the payment of said principal sum shall be discharged as provided in the Mortgage.

Until said principal sum becomes due and payable or until interest on said principal sum becomes fixed as hereinafter provided, interest on this Bond with respect to each calendar year prior to the calendar year immediately preceding the date of maturity of this Bond will be payable on the first May 1 following such calendar year when and to the extent that the Available Net Income of the Company, as defined and made applicable to the payment of such interest, is adequate therefor under the terms and provisions of the Mortgage. Interest of 4½% on the principal sum of this Bond for the calendar year 2028 will be paid on January 1, 2029, whether or not the Available Net Income of the Company for the calendar year 2028 is adequate for the payment of such interest. To the extent that the Available Net Income of the Company applicable to the payment of interest on this Bond for any calendar year prior to the year 2028 shall be less than 4½% of such principal sum, such interest shall accumulate up to but not exceeding 13½% of such principal sum. When said principal sum becomes due and payable or an event of default as defined in the Mortgage shall occur, any unpaid accumulations

of interest on this Bond, plus any interest reserved as hereinafter provided, and interest (to the extent not otherwise payable) at the rate of 4½% per annum from January 1 of the calendar year in which such principal sum becomes due and payable or when such event of default occurs, shall then be due and payable. Accumulations of interest on this Bond shall not bear interest. Except as aforesaid, no interest shall be required to be paid on this Bond on any interest payment date if the amount then payable would be less than 25 cents on each $100 of the principal sum hereof, but any amount available for interest not payable because of this provision shall be reserved and added to the amount available for, or payable on account of, interest on the next date on which interest shall be paid.

The principal of and interest on this Bond are payable at the office or agency of the Company in the City of Chicago, State of Illinois, or at the option of the registered holder hereof at the office or agency of the Company in the Borough of Manhattan, City and State of New York.

This Bond is one of the General Mortgage Bonds of the Company (herein referred to as the "Bonds"), not limited in aggregate principal amount except as provided in the Mortgage, issued and to be issued under, and all equally and ratably secured by, a mortgage and deed of trust dated as of January 1, 1954 (herein referred to as the "Mortgage"), duly executed and delivered by the Company to The Northern Trust Company and Thomas H. Jolls, as trustees, and their successors in trust (which trustees and their successors in trust are hereinafter referred to as the "Trustees"), to which Mortgage and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of and restrictions upon the Company and the holders of the Bonds and coupons in respect of such security, the rights, duties and immunities of the Trustees and the terms and conditions under which the Bonds are, and may be, issued and secured. By the terms of the Mortgage, the Bonds may be for various principal sums and are issuable in series, and the Bonds of any series may differ from the

Bonds of any other series as to denomination, date, maturity, interest rate, redemption, sinking fund provisions, conversion rights and otherwise, all as in the Mortgage provided. Bonds of Series A, of which this is one, are designated as the "General Mortgage 4½% Income Bonds, Series A, due January 1, 2029," and the aggregate principal amount thereof is limited to $20,441,000.

Bonds of any other series bearing any interest payable unconditionally at a fixed rate, either from a date stated therein or from some fixed or determinable date thereafter, may be issued under the Mortgage, but in the event of the issuance of any such Bonds the interest on this and all other Bonds of Series A shall become fixed and unconditionally payable at the rate of 4½% per annum for the full calendar year during which the interest on such Bonds of any other series becomes fixed and for all succeeding calendar years until the principal sum becomes due and payable, and shall be payable semi-annually on such dates as may be determined by the Board of Directors of the Company and as shall be provided in the supplemental indenture creating such other series; and all accumulations of unpaid interest on the Bonds of Series A for prior years shall be paid prior to the issuance of the Bonds of such other series. In such event the Company will make provision for the issuance of new Bonds of Series A in exchange and substitution for the Bonds of Series A then outstanding.

If an event of default as defined in the Mortgage shall occur, the principal of this Bond may be declared or may become due and payable prior to the stated date of maturity hereof in the manner, with the effect and subject to the conditions provided in the Mortgage.

The Mortgage contains provisions permitting the Company and the Trustees at any time or times with the consent, evidenced as in the Mortgage provided, of the holders of not less than 66⅔% in aggregate principal amount of all of the Publicly Held Bonds, as defined in the Mortgage, then outstanding and to be directly affected thereby, to modify (with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises)

the provisions of the Mortgage in respect of any sinking fund for the retirement of indebtedness of the Company, or to modify or alter in any manner any of the other provisions of the Mortgage or of any indenture supplemental thereto or the rights of the holders of the Bonds and coupons to be directly affected thereby or the rights and obligations of the Company; provided, however, that without the consent of the holder of this Bond, evidenced as in the Mortgage provided (such consent to be conclusive and binding upon such holder and upon all future holders of this Bond), no such modification or alteration shall (a) alter or impair the obligation of the Company to pay the principal sum or the interest specified in this Bond at the places and in the manner specified in this Bond, or (b) permit the creation by the Company of any mortgage or other lien in the nature of a mortgage ranking prior to or on a parity with the lien of the Mortgage or of any indenture supplemental thereto, with respect to any property covered thereby, otherwise than as permitted by the Mortgage, or (c) 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 or alteration shall alter or impair the obligation of the Company with respect to the time or times of payment of the principal sum or the interest specified in the Bonds, except that with the consent of the holders of not less than 75% in aggregate principal amount of all of the Publicly Held Bonds, as defined in the Mortgage, then outstanding, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the time or times of payment of the principal sum of any or all series of the Bonds then outstanding, whether before or after the maturity thereof, and whether bearing fixed or contingent interest, may be postponed to any fixed or determinable date not exceeding 20 years beyond the original date of maturity of the principal sum thereof, or the time or times of payment of any interest on the Bonds of any or all series then outstanding, whether before or after such interest is due, may be postponed to any fixed or determinable date not later than five years after such interest first becomes payable and not

beyond the original or postponed date of maturity of the principal thereof.

The Bonds of Series A are subject to redemption in part from time to time on any date prior to maturity through the operation of the Sinking Fund provided for in the Mortgage, at a redemption price determined as hereinafter provided, upon publication of notice of such redemption once each week for four successive weeks, in a newspaper printed in the English language and customarily published on each business day and of general circulation in the City of Chicago, State of Illinois, and in a like newspaper in the Borough of Manhattan, City and State of New York, the first publication in each such newspaper to be not less than 30 or more than 60 days before the date fixed for redemption, all as provided in the Mortgage. The Bonds of Series A are also subject to redemption, in whole at any time or in part from time to time, on any date prior to maturity, other than through the operation of the Sinking Fund, at a redemption price determined as hereinafter provided, upon like publication of notice of such redemption except that if the date fixed for redemption is an interest-payment date the first such publication to be not less than 60 or more than 90 days before the date fixed for redemption, and if the date fixed for redemption is not an interest-payment date the first such publication to be not less than 90 or more than 120 days before the date fixed for redemption, all as provided in the Mortgage. The redemption price of Bonds of Series A, whether redeemed through the operation of the Sinking Fund or otherwise, shall be an amount equal to the principal sum to be redeemed, plus all unpaid interest on such principal sum that has accumulated for prior years, interest that has been reserved as hereinabove provided, and interest at the rate of 4½% per annum on such principal sum from January 1 of the next preceding calendar year to the date fixed for redemption reduced by the amount of interest, if any, otherwise paid or made available for payment thereon for such preceding calendar year. Registered Bonds of Series A without coupons for principal amounts exceeding $1,000 may be redeemed in portions amounting to $1,000 or multiples of $1,000, with interest as aforesaid on the principal sum to be redeemed.

The Bonds of Series A are entitled to the benefit of annual payments into the Sinking Fund out of Available Net Income, if any, as defined and made applicable for such purposes under the terms of the Mortgage, and of such additional amounts, if any, as may be deposited in the Sinking Fund from time to time as required or permitted by the Mortgage.

This Bond is transferable by the registered holder in person (or by his attorney duly authorized in writing) at the office or agency maintained by the Company in said City of Chicago or in said Borough of Manhattan, on registry books kept for such purpose at such office or agency, but only in the manner, subject to the limitations, upon payment of the charges provided in the Mortgage, and upon surrender and cancellation of this Bond. Upon any such transfer a new registered Bond or Bonds without coupons of this series and of authorized denominations for the same aggregate principal sum will be issued to the transferee in exchange therefor.

The Company, the Trustees, any paying agent and any bond registrar may deem and treat the registered holder hereof as the absolute owner of this Bond (whether or not this Bond shall have become due and payable), for the purpose of receiving any payment then being made of or on account of the principal hereof and interest hereon, and for all other purposes, and neither the Company nor the Trustees nor any paying agent nor any bond registrar shall be bound by any notice to the contrary.

Coupon Bonds of Series A are issuable in denominations of $50, $100, $500 and $1,000. Registered Bonds without coupons of Series A are issuable in denominations of $1,000 and, with the consent of the Company, in denominations in multiples of $1,000. Upon presentation thereof for that purpose at the office or agency maintained by the Company in said City of Chicago or in said Borough of Manhattan, and in the manner, subject to the limitations, and upon payment of the charges provided in the Mortgage, coupon

Bonds of Series A, with all unmatured coupons and any matured coupons in default appertaining thereto, may be exchanged for a like aggregate principal amount of registered bonds without coupons of Series A of authorized denominations, coupon Bonds of Series A of the denominations of $50, $100 and $500 aggregating $1,000 in principal amount, with all unmatured coupons and any matured coupons in default appertaining thereto, may be exchanged for a coupon Bond of Series A of the denomination of $1,000 bearing all unmatured coupons and any matured coupons in default appertaining thereto, and registered Bonds without coupons of Series A may be exchanged for a like aggregate principal amount of coupon Bonds of Series A of the denomination of $1,000 and bearing all unmatured coupons and any matured coupons in default appertaining thereto, or for a like aggregate principal amount of registered Bonds without coupons of Series A of other authorized denominations.

Each registered Bond without coupons of Series A delivered pursuant to the exercise of any privilege of transfer, exchange or substitution for the whole or any part of one or more other Bonds of Series A (except new Bonds of Series A delivered by the Company in exchange and substitution for Bonds of Series A then outstanding in the event interest on Bonds of Series A becomes payable unconditionally at a fixed rate) shall carry all of the rights to interest which were carried by the whole or such part of such other Bond or Bonds at the time of such transfer, exchange or substitution, and interest shall be deemed to have been paid on such Bond to the extent paid, made available for payment or under a similar provision deemed to have been paid on an equal principal amount of the Bond or Bonds for which said Bond was transferred, exchanged or substituted.

As provided in the Mortgage, no recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon, or because of the creation of the indebtedness represented hereby, or otherwise in respect hereof, or based on or in respect of the Mortgage or any indenture supplemental thereto, against any past, present or future incorporator, stockholder, officer or director, as such,

of the Company, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability, except for fraud or wilful misconduct, by the acceptance hereof and as part of the consideration for the issue hereof, being expressly waived and released.

This Bond shall not be valid or become obligatory for any purpose unless and until the certificate of authentication hereon shall have been signed by the Corporate Trustee under the Mortgage.

In Witness Whereof, Wisconsin Central Railroad Company has caused this Bond to be signed by its President or one of its Vice Presidents, and its corporate seal to be affixed hereto or a facsimile thereof to be imprinted or engraved hereon and attested by its Secretary or an Assistant Secretary, and this Bond to be dated .....

Wisconsin Central Railroad Company

By.....
President

Attest:

.....
Secretary

(Form of Corporate Trustee's Certificate of Authentication on Bonds of all Series)

Corporate Trustee's Certificate of Authentication.

This is one of the Bonds of Series ..... described in the within-mentioned Mortgage.

.....
As Corporate Trustee

By .....
Authorized Officer

and

Whereas, the Bonds of series other than Series A are to be substantially in the forms hereinabove set forth for the Bonds of Series A, but with such provision and form for coupons, if any, to be attached to such thereof as may be coupon Bonds, and with such omissions, insertions and variations as may be authorized and permitted by the Mortgage; and

Whereas, the execution and delivery of the Mortgage have been authorized by resolutions duly adopted by the stockholders and Board of Directors of the Company; and

Whereas, all acts and things prescribed by law and by the articles of incorporation and by-laws of the Company necessary to make the Bonds of Series A when executed by the Company and authenticated by the Corporate Trustee, as in the Mortgage provided, valid, binding and legal obligations of the Company, and to make the Mortgage a valid and binding mortgage and deed of trust to secure the payment of the Bonds, have been performed, and the execution and delivery of the Mortgage have been duly authorized in all respects;

Now, Therefore, This Indenture Witnesseth, that in order to secure the payment of the principal of, premium if any, and interest on all the Bonds at any time issued and outstanding hereunder, according to their tenor and effect, and the performance and observance of the covenants and conditions contained in the Bonds and in the Mortgage, and in consideration of the premises and the acceptance by the Trustees of the trusts hereby created, and of the acceptance of the Bonds (and coupons, if any) by the holders thereof, and of the sum of One Dollar in hand paid by the Trustees to the Company upon the execution and delivery of the Mortgage, receipt whereof is hereby acknowledged, the 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 Trustees, and to their successors in trust, and their assigns forever, subject to the terms of the Mortgage, all and singular the following described property, rights, privileges and franchises of the Company:

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

Group A: Main lines:

	Miles
Item (1). Beginning at Central Avenue in the City of Chicago, Illinois, and extending in a general northwesterly direction through the Counties of Cook and Lake, in the State of Illinois, the Counties of Kenosha, Racine, Walworth, Waukesha, Washington, Dodge, Fond du Lac, Winnebago, Outagamie, Waupaca, Portage, Wood, Marathon, Clark, Chippewa, Dunn and St. Croix, in the State of Wisconsin, and the County of Washington, in the State of Minnesota, to a connection with the tracks of Minneapolis, St. Paul & Sault Ste. Marie Railroad Company at Withrow, Minnesota (including the right to the free use of 3.06 miles of track from Central Avenue to Madison street in the City of Chicago, Illinois), and having a length of approximately.....	423.89
Item (2). Beginning at a connection with the main line described in Item (1) of this *Group A* at Carnelian Junction, Minnesota, and extending westerly through the Counties of Washington and Ramsey, in the State of Minnesota, to a connection with the tracks of Northern Pacific Railway Company at Trout Brook Junction in St. Paul, Minnesota, and having a length of approximately	18.05

	Miles
Item (3). Beginning at a connection with the main line described in Item (1) of this *Group A* at Spencer, Wisconsin, and extending in a northerly direction through the Counties of Marathon, Clark, Taylor, Price and Ashland, in the State of Wisconsin, to the end of the track in Ashland, Wisconsin, and having a length of approximately	146.31
Item (4). Beginning at a connection with the main line described in Item (1) of this *Group A* at Owen, Wisconsin, and extending in a northwesterly direction through the Counties of Clark, Rusk, Sawyer, Washburn and Douglas, in the State of Wisconsin, to a connection with the tracks of Lake Superior Terminal & Transfer Railway Company near Tower Avenue in Superior, Wisconsin, and having a length of approximately	153.39
Item (5). Beginning at the Grassy Point Bridge and extending to the 6th Avenue West Passenger Station in the City of Duluth, St. Louis County, Minnesota, and having a length of approximately	4.71
Item (6). Beginning at a connection with the main line described in Item (1) of this *Group A* and extending to a connection with the tracks of Minneapolis, St. Paul & Sault Ste. Marie Railroad Company in the City of Neenah, Winnebago County, Wisconsin, and having a length of approximately	0.06
Total track in *Group A*	746.41

Group B: Branch lines:

Item (1). Extending from a connection with the main line described in Item (1) of *Group A*	

	Miles
at Neenah, easterly to the end of the track at Manitowoc, all in the Counties of Winnebago, Calumet and Manitowoc, State of Wisconsin, and having a length of approximately	28.66
Item (2). Extending from a connection with the main line described in Item (1) of *Group A* at Marshfield, southeasterly to a connection with the tracks of Chicago & North Western Railway Company near Arpin, all in the County of Wood, State of Wisconsin, and having a length of approximately	12.76
Item (3). Extending from a connection with the tracks of Chicago & North Western Railway Company near Wisconsin Rapids, southerly to the end of the track at Nekoosa, all in the County of Wood, State of Wisconsin, and having a length of approximately	8.37
Item (4). Extending from a connection with the main line described in Item (1) of *Group A* at Marshfield, northwesterly to the end of the track at Greenwood, all in the Counties of Wood and Clark, in the State of Wisconsin, and having a length of approximately	22.66
Item (5). Extending from a connection with the main line described in Item (3) of *Group A* at Abbotsford, northeasterly to the end of the track at Athens, all in the Counties of Clark and Marathon, in the State of Wisconsin, and having a length of approximately	14.70
Item (6). Extending from a connection with the main line described in Item (3) of *Group A* at Mellen, Wisconsin, easterly to the Wisconsin-Michigan state line, all in the Counties of Ashland and Iron, in the State of Wisconsin, and having a length of approximately	26.91

	Miles
Item (7). Extending from a connection with the main line described in Item (1) of *Group A* at Chippewa Falls, southwesterly to a connection with the tracks of Chicago, Milwaukee, St. Paul and Pacific Railroad Company near Magenta, all in the Counties of Chippewa and Eau Claire, in the State of Wisconsin, and having a length of approximately	8.79
Item (8). Extending from a connection with the tracks of Chicago, Milwaukee, St. Paul and Pacific Railroad Company to the Freight Station in Eau Claire, Eau Claire County, Wisconsin, and having a length of approximately	1.12
Item (9). Extending from a connection with the main line described in Item (1) of *Group A* at Downing Junction, westerly to the end of the track at Glenwood City, all in the Counties of Dunn and St. Croix, in the State of Wisconsin, and having a length of approximately	3.59
Total track in *Group B*	127.56

Group C: The undivided one-half interest of the Company in each of the following lines of railroad:

Item (1). A line extending from a connection with the main line described in Item (1) of *Group A* at 2d Street to a connection with the same main line at Marion Street, all in the City of Oshkosh, Winnebago County, Wisconsin, owned jointly with Chicago, Milwaukee, St. Paul and Pacific Railroad Company, and having a length of approximately	0.25
Item (2). A line extending from a connection with the branch line described in Item (1) of *Group B* at Neenah, to a connection with the same branch line at Hilbert Junction, all in the Counties of Winnebago and Calumet, in the State	

	Miles
of Wisconsin, owned jointly with Chicago, Milwaukee, St. Paul and Pacific Railroad Company, and having a length of approximately	15.76
Total track in *Group C*	16.01

Group D: Second and other main tracks:

All tracks owned by the Company or in which it has an interest and commonly designated as second and other main tracks, and used as part of or in connection with any of the lines of railroad above described in *Groups A, B* and *C*, and having an aggregate length of approximately	26.46

Group E: Other tracks and sidings:

All spur, side, industrial, switch, connecting, storage, yard, terminal, passing, and shop tracks and turnouts owned by the Company or in which it has an interest and used or provided for use in connection with any of the lines of railroad and tracks above described in *Groups A, B, C* and *D*, and having an aggregate length of approximately	385.01

SECOND. All right, title and interest, legal or equitable, of the Company in any and all other main and branch lines and tracks, cut-off, spur, industrial, switch, connecting, storage, yard or terminal tracks, superstructures, roadbeds, bridges, trestles, culverts, viaducts, buildings, depots, stations, stock yards, warehouses, elevators, car houses, engine houses, freight houses, machine shops and other shops, turntables, fuel stations, water stations, signals, interlocking plants, telegraph and telephone lines, fences, docks, structures and fixtures.

THIRD. All right, title and interest, legal or equitable, of the Company in and to all lands, tenements, hereditaments, easements, rights of way and other real property and interests in real property of whatever kind or description and wherever situated, and in and to all structures, improvements and fixtures thereon.

FOURTH. All right, title and interest of every name and nature, legal or equitable, of the Company in any and all mechanical equipment, machinery, tools, implements, furniture, supplies, materials, and other chattels.

FIFTH. All right, title and interest of every kind and nature, legal or equitable, of the Company in and to Equipment (as defined in Article I) now owned by the Company, and any and all additions, betterments and improvements thereto, including all right, title and interest now vested in the Company in and to any and all such property now leased to or possessed by the Company under any Equipment Obligation.

SIXTH. Subject to the Company's First Mortgage, the following described shares of capital stock of other corporations now owned by the Company and deposited with the corporate trustee of the First Mortgage:

	Number of Shares	Total Par Value
The Belt Railway Company of Chicago, Capital Stock	2,400	$240,000
Gogebic and Montreal River Railroad Company	6,000	No par value

SEVENTH. All of the Company's estate, right, title, interest, terms and remainders of terms, franchises, privileges and rights of action of whatsoever name and nature in law or in equity in and to the following principal trackage, terminal or operating contracts or agreements or leases, and all amendments, supplements, renewals and extensions thereof:

Group A: Trackage Agreements:

(1) With The Baltimore and Ohio Chicago Terminal Railroad Company, dated March 1, 1938, terminating April 30, 1958, covering trackage rights between Central Avenue and the end of the tracks in Grand Central Station, Chicago, Illinois, approximately 7.95 miles in length.

(2) With the Chicago, Milwaukee, St. Paul & Pacific Railroad Company, dated July 31, 1938, for a term of 25 years, covering trackage rights between a connection with the Company's tracks at Rugby Junction, Wisconsin, and 31st Street in the City of Milwaukee, Wisconsin, approximately 25.41 miles in length.

(3) With the Chicago & North Western Railway Company, dated May 22, 1936, terminable by mutual consent, covering trackage rights between a connection with the Company's tracks at Arpin, Wisconsin, and a connection with the Company's tracks at Wisconsin Rapids, Wisconsin, approximately 11.54 miles in length.

(4) With the Chicago & North Western Railway Company, dated March 26, 1934, for a term of 99 years, covering trackage rights from a connection with the Company's tracks at Hurley, Wisconsin, extending west to Orva, Wisconsin, and east to Wakefield, Michigan, approximately 18.26 miles in length.

(5) With the Chicago, Milwaukee, St. Paul & Pacific Railroad Company, dated April 15, 1919, for a term of 99 years, covering trackage rights between a connection with the Company's tracks at Magenta, Wisconsin, and Eau Claire, Wisconsin, approximately 1.32 miles in length.

(6) With the Northern Pacific Railway Company, dated November 24, 1909, for an indefinite term, covering trackage rights between Wisconsin Central Junction and Soo Line Junction, St. Paul, Minnesota, approximately .08 of a mile in length.

Group B: Agreements relating to union and other stations, terminal yards and bridges:

(1) With The Belt Railway Company of Chicago, dated November 1, 1912, terminating September 1, 1962, covering the use of freight terminal facilities in Chicago,

Illinois, jointly with twelve other trunk lines which are parties to the agreement.

(2) With the Pennsylvania Railroad Company, dated June 18, 1935, terminable on 30 days' notice by either party, for trackage rights between a connection with the tracks of The Baltimore and Ohio Chicago Terminal Railroad Company at Roosevelt Road and Brighton Park, Chicago, Illinois.

(3) With The Baltimore and Ohio Chicago Terminal Railroad Company, dated March 1, 1938, terminating April 30, 1958, covering use of Grand Central Station, Lincoln Street enginehouse and coach yard facilities, including lead tracks thereto, trackage between Western Avenue and the Union Stock Yards connections at Brighton Park, in Chicago, Illinois, and station and team track facilities in Forest Park, Illinois.

(4) With the Central Terminal Railway Company, dated April 30, 1938, terminating April 30, 1958, for use of freight house facilities and trackage at Chicago, Illinois.

(5) With the Chicago, Milwaukee, St. Paul & Pacific Railroad Company, dated July 31, 1938, for a term of 25 years, covering terminal facilities at Milwaukee, Wisconsin.

(6) With the Chicago & North Western Railway Company, dated March 26, 1934, for a term of 99 years, covering use of yard trackage and trackage serving iron mines on the Gogebic Range in Northern Wisconsin and Michigan.

(7) With the Northern Pacific Railway Company, dated December 10, 1928, for a term of 50 years, covering use of terminal facilities at Ashland, Wisconsin.

(8) With the Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, dated December 3, 1932, as amended and supplemented July 1, 1937 and April 15, 1944, terminable by either party on six months' written notice, in so far as the same covers the use of terminal facilities

at Minneapolis, St. Paul and Duluth, Minnesota, and Superior, Wisconsin, including operating rights over various foreign line facilities at Minneapolis, St. Paul, Duluth and Superior in which the Minneapolis, St. Paul & Sault Ste. Marie Railroad Company is the contracting company.

EIGHTH. All of the Company's estate, right, title, interest, terms and remainders of terms, franchises, privileges and rights of action of whatsoever name and nature in law or in equity in and to any and all other leases, leasehold rights, joint facilities and other trackage contracts and operating rights and privileges and amendments and renewals and extensions thereof, not specifically described in granting clause SEVENTH, now owned by the Company in connection with or relating to the ownership, use or operation by the Company of any of its lines of railroad, or any terminals or union or other stations situated along, or at the terminus of, any of the Company's lines of railroad.

NINTH. Any and all right, title and interest of every name and nature of the Company in and to any and all telegraph, telephone or other communication facilities, and the rights and agreements covering the rights to the use of any and all such facilities along the Company's lines of railroad, as they may be used from time to time or subject to use by the Company.

TENTH. Any and all corporate rights, powers, franchises, privileges and immunities now owned or possessed by the Company which may be necessary for or appurtenant to the use, operation, management, maintenance, renewal, alteration or improvement of the Company's lines of railroad or of any other property now subject to the lien of the Mortgage.

ELEVENTH. All other property of every kind and description, real, personal or mixed, now owned by the Company or

in which it now has any right, title or interest, including all property of every kind and description acquired by the Company from Edgar F. Zelle, as trustee of the properties of the Debtor.

TWELFTH. All property of every kind and description which may hereafter be acquired by the Company, including but without being limited to all property which (a) shall be acquired in replacement of or substitution for or shall constitute additions, betterments or improvements to any property now or hereafter owned by the Company and subject to the lien of the Mortgage or which may at any time become subject to the lien of the Mortgage, or (b) shall be appurtenant to or acquired for use upon or in connection with any of the Company's lines of railroad or for use upon or in connection with any other property, real or personal, which may at the time be subject to the lien of the Mortgage, or (c) shall be acquired in whole or in part through the issuance or by the use of the proceeds of Bonds issued under the Mortgage or First Mortgage Bonds issued under the Company's First Mortgage or Prior Lien Bonds issued under a Prior Lien, or by the use of moneys deposited with the Trustee under any provision of the Mortgage or with the trustee of the First Mortgage or a Prior Lien under any provision thereof, or (d) by any provision of the Mortgage the Company is required to convey, mortgage, pledge, assign or transfer to the Trustees hereunder; provided, however, that if the Company shall acquire substantially all of the properties of any Class I Carrier (as defined in Article I), such properties shall be subject to the lien of the Mortgage only to the extent and under the conditions provided in Article XII.

THIRTEENTH. All property of every kind and description, in addition to that above described, which, at any time hereafter, by indenture or indentures supplemental hereto, or other in-

struments of transfer, may be expressly conveyed, mortgaged or pledged, delivered, assigned or transferred to the Trustee by the Company or by a successor corporation, or with its consent by anyone in its behalf, as and for additional security or substitute security for the Bonds issued and to be issued hereunder, the Trustees being hereby authorized at any time and at all times to receive such conveyance, mortgage, pledge, delivery, assignment or transfer and to hold and apply any and all such properties subject to the trusts of the Mortgage; provided that any such conveyance, mortgage, pledge, delivery, assignment or transfer made pursuant to the provisions of this granting clause THIRTEENTH, as and for additional security or substituted security, may be made subject to any liens, reservations, limitations, conditions and provisions, consistent with the provisions of the Mortgage, which shall be specified or set forth in such supplemental indenture or instrument of transfer.

FOURTEENTH. All rents, issues, tolls, profits and other income from the premises and property herein or hereafter mortgaged, and conveyed or assigned, or intended so to be.

FIFTEENTH. All Securities (as defined in Article I) now owned or hereafter acquired by the Company.

For the purpose of the foregoing granting clauses FIRST to FIFTEENTH, inclusive:

(1) The word "property" shall be deemed to include property of every kind and description, whether real, personal, or mixed, whether tangible or intangible, and whether of present or future interests, including, without limitation, franchises, leaseholds, stocks, bonds and other securities;

(2) The "Company's lines of railroad" shall be deemed to include any main or branch or cut-off lines of railroad, and any and all main, branch, second, spur, side, indus-

trial, switch, connecting, storage, yard, terminal, passing and shop tracks and turnouts, which the Company may own, either solely or jointly, or over which the Company may operate or have any right to operate under any lease, trackage or operating agreement;

(3) Out of the grants hereby made, the last day of the term of each leasehold estate (whether created orally or by written instrument) now or hereafter enjoyed by the Company is hereby excepted and reserved, whether falling within the general or particular description of property herein described;

(4) It is not intended to subject to the lien hereof, and this grant shall not be deemed to apply to, the properties of any Class I Carrier (as defined in Article I) acquired by the Company or of any Class I Carrier which shall acquire substantially all of the assets of the Company as an entirety, or of any Class I Carrier consolidated with the Company or into which the Company shall be merged, whether owned at the time of such acquisition, consolidation or merger or thereafter acquired, except to the extent and under the conditions provided in Article XII;

(5) It is not intended to subject to the lien hereof, and this grant shall not be deemed to apply to

(a) any rents, issues, tolls, profits or other income from the premises and property herein or hereafter mortgaged and conveyed or assigned, or

(b) any cash, government securities, federal, state or local, or bills, notes or accounts receivable (except cash, government securities or bills, notes or accounts receivable deposited or required to be deposited with the Trustee pursuant to any of the provisions of the Mortgage), or

(c) any materials or supplies, or

(d) any Special Securities (as defined in Article I),

unless and until one or more of the Events of Default enumerated in Section 2 of Article XVI shall have occurred; but, upon the occurrence of any such Event of Default, all such rents, issues, tolls, profits and other income, cash, government securities, bills, notes and accounts receivable, materials and supplies and Special Securities shall immediately become subject to the lien hereof to the extent permitted by law;

(6) The provisions of the Mortgage, including those in the foregoing granting clauses FIRST to FIFTEENTH, inclusive, shall be construed, and the lien of the Mortgage at any time shall be determined, in conformity with the following restrictions and rules of construction, which shall prevail over any other provision of the Mortgage in the event of any inconsistency therewith:

(a) Subject to the limitations of Article XII, the provisions of the Mortgage which may reasonably be construed to subject to the lien of the Mortgage property which may be acquired hereafter by the Company, or in which the Company hereafter may acquire an interest, shall be construed as applying to such property, and a liberal scope and effect shall be given to such provisions;

(b) Nothing in the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Company, which is hereby expressly reserved, to acquire any property or interest therein subject to liens or charges existing thereon at the time of the acquisition thereof, or to create any purchase money mortgage or other lien or charge on such property or interest in order to finance the cost thereof, or to extend the term of or to refund any such lien or purchase money mortgage;

(c) Nothing in the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Company, which is hereby expressly reserved, to consolidate with or merge into, or to convey or lease the mortgaged property as a whole,

or substantially as a whole, to another corporation or corporations, or to merge another corporation or corporations into the Company or to acquire property, as a whole or substantially as a whole, of another corporation or corporations, all as provided and with the exceptions and upon the terms and conditions set forth in Article XII;

(d) Nothing in the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Company, which is hereby expressly reserved, to subject to an Equipment Obligation (by transfer to a trustee thereunder, or otherwise) any Equipment constructed or acquired for its use, at any time within two years from the date the same is so constructed or acquired, if such Equipment Obligation is created for the purpose of providing for, or reimbursing the Company for, in whole or in part, the cost of such construction or acquisition, and if and to the extent that such Equipment has not theretofore been acquired or constructed by expenditures from the Equipment Replacement Fund, but the lien of the Mortgage shall attach to the right, title and interest of the Company then or thereafter existing in such Equipment, subject only to such Equipment Obligation;

(e) Nothing in the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Company, which is hereby expressly reserved, to use and apply any of its materials and supplies in the routine maintenance and repair of railroad equipment, whether owned by the Company or by any other railroad, after one or more Events of Default enumerated in Section 2 of Article XVI shall have occurred and be continuing; and

(f) Nothing in the Mortgage is intended or shall be construed to require the deposit with the Trustee of any Securities, or of any instruments of the character referred to in granting clauses SEVENTH, EIGHTH and NINTH, except such Securities and in-

struments as are by the terms of the Mortgage specifically required to be so deposited.

TO HAVE AND TO HOLD the premises, railroads, railroad property, appurtenances, rights, privileges, franchises, estates, leaseholds, securities and other property, real, personal and mixed, hereby granted, bargained, sold, conveyed, released, confirmed, mortgaged, pledged, assigned, transferred or set over, or intended so to be, or which may in any manner become subject to the lien of the Mortgage by indentures supplemental hereto or otherwise (all of which property at any given time subject to the lien of the Mortgage, whether by the terms of the Mortgage, including the after-acquired property clauses thereof, or by subsequent conveyance, delivery or pledge to the Trustees, or otherwise, is herein sometimes referred to as the "mortgaged property");

SUBJECT, HOWEVER, to the following:

(1) The prior lien of the Company's First Mortgage, as defined in Article I, upon all of the mortgaged property except moneys held in trust by the Trustee under any of the provisions of the Mortgage; and

(2) The prior rights, charges, lien and title under the following Equipment Obligations assumed by the Company in accordance with the Plan and the orders of the Court:

(a) Conditional sale agreement, dated as of May 1, 1949, between Edgar F. Zelle, as trustee of the property of the Debtor, and First National Bank of Minneapolis, owner by assignment from General Motors Corporation, covering the purchase of three 4500 H.P. Diesel-Electric Freight Locomotives, numbered 2201, 2202 and 2203 but each composed of three units lettered A, B and C, respectively;

(b) Conditional sale agreement, dated May 10, 1949, between Edgar F. Zelle, as trustee of the

property of the Debtor, and First National Bank of Minneapolis, owner by assignment from American Locomotive Company, covering the purchase of four 3000 H.P. Diesel-Electric Freight Locomotives, numbered 2220 to 2223, both inclusive, but each composed of two units lettered A and B, respectively;

(c) Conditional sale agreement, dated September 20, 1949, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from American Locomotive Company, covering the purchase of two 1000 H.P. Diesel-Electric Combination Road-Switching Locomotives, numbered 2360 and 2361, and two 1000 H.P. Diesel-Electric Switching Locomotives, numbered 2109 and 2110;

(d) Conditional sale agreement, dated as of May 15, 1950, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from General Motors Corporation, covering the purchase of two 3000 H.P. Diesel-Electric Passenger Locomotives, numbered 2500 and 2501 but each composed of two units lettered A and B, respectively, and two 3000 H.P. Diesel-Electric Freight Locomotives, numbered 2224 and 2225 but each composed of two units lettered A and B, respectively;

(e) Conditional sale agreement, dated May 16, 1950, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from American Locomotive Company, covering the purchase of one 1000 H.P. Diesel-Electric Road-Switching Locomotive, numbered 2362;

(f) Conditional sale agreement, dated as of July 21, 1952, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from General Motors Corporation, covering the purchase

of one 1500 H.P. Model F-7-B Booster Unit Diesel-Electric Locomotive, numbered 2204C, and five 1200 H.P. Model SW-9 Diesel-Electric Switching Locomotives, numbered 2111 to 2115, both inclusive;

(g) Conditional sale agreement, dated as of August 1, 1953, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, owner by assignment from American Car and Foundry Company, covering the purchase of 25 Steel Ballast Cars, numbered 61001 to 61049, both inclusive, odd numbers only;

(h) Equipment Trust Agreement and Lease, Series D, dated as of June 1, 1953, between Edgar F. Zelle, as trustee of the property of the Debtor, and Northwestern National Bank of Minneapolis, Trustee, covering 6 Diesel-Electric Locomotives, 100 Gondola Cars and 350 Box Cars;

under which Equipment Obligations the unpaid balance of outstanding obligations as of the close of business on February 28, 1953, aggregated $5,222,246 in principal amount; and

(3) All and singular the other matters hereinabove set forth in the granting clauses hereof and Permitted Encumbrances (as defined in Article I) but only to the extent that the same shall constitute a prior lien or charge of record against any part of the mortgaged property;

BUT IN TRUST, NEVERTHELESS, upon the terms and conditions of the Mortgage, for the equal and proportionate benefit and security (except as provided in Section 1 of Article XVI) of all present and future holders of Bonds and coupons, according to their tenor, purport and effect, without preference, priority or distinction (except as provided in Section 1 of Article XVI) as to lien or otherwise; so that (except as aforesaid) each and every Bond and coupon shall have the same right, lien and privilege under the Mortgage and shall

be equally and ratably secured thereby in accordance with the provisions of the Mortgage;

And It Is Hereby Covenanted and Declared that all of the Bonds and coupons for interest thereon, if any, are to be issued, authenticated and delivered, and that the mortgaged property is to be held and disposed of by the Trustees, upon and subject to the following covenants, conditions, uses and trusts:

ARTICLE I

Definitions

The terms defined in this Article I (unless otherwise expressly provided or unless the context otherwise requires) shall have the following meanings, respectively:

"Additions and Betterments" shall mean all physical additions to or improvements, extensions and betterments of the property of the Company becoming subject to the lien of the Mortgage, or located on any leasehold that is subject to the lien of the Mortgage, acquired or constructed by the Company after March 1, 1954, the cost of which, at the time of acquisition or construction, was properly chargeable to Capital Accounts, except:

(a) Equipment;

(b) Purchased Property; and

(c) Such additions, improvements, extensions, and betterments as:

(1) Were acquired or constructed through grants or donations; or

(2) Are subject to any Prior Lien; or

(3) Are located on any leasehold subject to the lien of the Mortgage, unless the lease by its terms will expire subsequent to the date of maturity of the latest maturing Bonds then outstanding or Bonds for the authentication and delivery of which Application is then being made, or unless the Company has the right to remove such Additions and Betterments or to be reimbursed for the Cost thereof upon termination of the lease; or

(4) The Company has covenanted in Sections 7 and 8 of Article X not to use as a basis for the au-

thentication and delivery of any Bonds, the release of any property, or the withdrawal, payment or application of any cash held by the Trustee.

"Application" shall mean a letter or other instrument in writing dated not more than 60 days prior to its delivery to the Trustee and signed by the President or a Vice President of the Company, setting forth briefly the nature of the matter or action covered by the application, referring to the particular provision or provisions of the Mortgage upon which the application is based, and enumerating the resolutions, certificates, opinions, securities, cash, instruments of transfer and other papers and documents or property delivered or to be delivered to the Trustee with or in connection with such application.

"Available Net Income" for any calendar year shall mean the consolidated income after fixed charges of the Company and its Wholly Owned Railroad Subsidiaries for such year, subject to the following:

(a) Such consolidated income shall be determined, in accordance with the Uniform System of Accounts applicable to such year, from the books of the Company and its Wholly Owned Railroad Subsidiaries without adjustment, except that:

(1) There shall be added to such consolidated income all amounts charged to operating expenses during such year on account of non-depreciable road property retired;

(2) There shall be deducted from such consolidated income all amounts credited to income of the Company during such year by reason of the settlement of land-grant rate adjustment the liability for which was assumed by the Company in consummation of the Plan;

(3) In determining such consolidated income, any adjustment necessary to correct the income account for any prior year shall be made by appropriate entries either

in the accounts of the current year (unless in violation of the applicable orders, instructions and regulations) or, in the discretion of the Board of Directors and subject to any requisite approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, in whole or in part in the accounts of any subsequent year or years; and in determining Available Net Income for any year any such entries made in the accounts of that year to adjust the income accounts of prior years, whether cleared through income or profit and loss accounts, shall be treated as items affecting the income accounts for the year in which they are entered on the books; and

(4) If in respect of any calendar year there is a deficit in Available Net Income after the adjustments provided in the preceding paragraphs (1), (2) and (3) have been made, the amount of such deficit shall be carried forward and deducted from such consolidated income in determining Available Net Income for the next succeeding calendar year or years until such deficit, and all accumulated or remaining deficits, be extinguished by what, in the absence of such deficit or deficits, would be Available Net Income.

(b) All computations of Available Net Income shall be made on a calendar year basis and each calendar year shall constitute an income period.

(c) Available Net Income for the calendar year 1954 shall be computed in the same manner as if the Company had come into ownership and possession on January 1, 1954, of the properties operated by the trustee of the properties of the Debtor and had issued on that date all securities issuable under the Plan.

"Board of Directors" shall mean the Board of Directors of the Company as from time to time constituted or any executive committee or other committee of the Board of Directors

which shall be authorized by resolution of the Board of Directors or by the by-laws of the Company to act in place of the Board of Directors during any period or for any purpose germane to the Mortgage.

"Bonded," when used with reference to Bonds, Expenditures or Net Expenditures for Additions and Betterments, or Purchased Property, shall mean that such Bonds, Expenditures or Net Expenditures for Additions and Betterments, or Purchased Property have been made the basis by the Company for (a) the authentication and delivery of any Bonds or First Mortgage Bonds, (b) the release of any property from the lien of the Mortgage or of the First Mortgage or of any Prior Lien, (c) the withdrawal, payment or application of any cash held by the Trustee under any provision of the Mortgage or by the corporate trustee of the First Mortgage or by the trustee or mortgagee of any Prior Lien under any provision thereof, or (d) the surrender or other use, under the provisions of Section 7 or 8 of Article X, of Securities theretofore Bonded; and, when used with reference to Railroad Subsidiary Bonds, Railroad Subsidiary Stocks or Prior Lien Bonds, or any securities acquired in substitution therefor, shall mean that such Bonds or Stocks, or any securities acquired in substitution therefor, have been made the basis by the Company for (a) the authentication and delivery of any Bonds or First Mortgage Bonds, or (b) the withdrawal, payment or application of any cash held by the Trustee under any provision of the Mortgage or by the corporate trustee of the First Mortgage under any provision thereof.

If any Bonds, Expenditures or Net Expenditures for Additions and Betterments, Purchased Property, Railroad Subsidiary Bonds, Railroad Subsidiary Stocks or Prior Lien Bonds, made the basis for any of the foregoing purposes,

shall be in excess of the amount required for that particular purpose, such excess shall not be deemed to be Bonded.

All of the mortgaged property owned by the Company, and all of the Securities deposited with the Trustee, on the date of the execution and delivery of the Mortgage shall for all purposes of the Mortgage be deemed to be Bonded.

"Bondholders" shall mean, as of any particular date, all holders of coupon Bonds not registered as to principal and all registered owners of coupon Bonds registered as to principal and of registered Bonds without coupons, provided such Bonds, whether coupon or registered, are Outstanding Bonds.

"Bonds" shall mean all bonds of all series which have been authenticated and delivered at any time under the Mortgage.

"Capital Accounts" shall mean the following present accounts, or similar accounts performing the functions of said present accounts, maintained by the Company and by the trustee of the Debtor in accordance with the Uniform System of Accounts:

Account 701—Road and Equipment Property;
Account 702—Improvements on Leased Property; and
Account 705—Miscellaneous Physical Property.

"Certified Resolution" shall mean a resolution or resolutions certified by the Secretary or an Assistant Secretary of the Company, under its corporate seal, as having been duly adopted by the Board of Directors at a meeting held on a specified date and as being in full force and effect as of the date of certification.

"Chief Accounting Officer" shall mean, as of any particular time, the officer having general supervision over the accounts of the Company or his principal assistant.

"Class I Carrier" shall mean any common carrier corporation which had gross operating revenue of more than $1,000,000 for the calendar year next preceding the time of any transaction requiring a determination thereof under any provision of the Mortgage and determined in accordance with the Uniform System of Accounts.

"Company" shall mean and include not only Wisconsin Central Railroad Company, the party of the first part to the Mortgage, but also any corporation that shall have complied with the provisions of Article XII and that shall have become a successor corporation as defined in Section 1 of said Article XII.

"Contingent Interest" shall mean, with respect to the Bonds, First Mortgage Bonds, or other obligations of the Company, the interest thereon to the extent that such interest is payable on condition that there is Available Net Income or other funds applicable to such payment.

"Corporate Trustee" shall mean The Northern Trust Company or any corporation which shall be its successor as a trustee under the Mortgage.

"Cost," when used with reference to any Purchased Property, shall mean the amount properly charged to Capital Accounts as the cost or investment of the Company therein, except (a) in the case of Purchased Property which shall be required or permitted by the Uniform System of Accounts to be charged to Capital Accounts at the original cost thereof when first devoted to railroad purposes, the excess of such original cost over the cost or investment of the Company therein, and (b) the aggregate principal amount of any indebtedness secured by Prior Liens thereon and by lien on any Equipment included therein, whether or not assumed or guaranteed by the Company; and, when used with reference to Railroad Subsidiary Bonds and Railroad Subsidiary Stocks,

shall mean the amount properly charged to investment accounts in accordance with the Uniform System of Accounts as the cost or investment of the Company therein.

"Daily Newspaper" shall mean, with respect to any City or Borough, a newspaper printed in the English language and customarily published on each business day and of general circulation in such City or Borough.

"Debt Securities" shall mean Prior Lien Bonds, Railroad Subsidiary Bonds, and the bonds, notes, certificates of indebtedness and other obligations and claims for the payment of money of any private or municipal corporation or analogous legal entity other than the Company.

"Engineer" shall mean, as of any particular time, the Chief Engineer of the Company or his principal assistant.

"Engineer's Certificate" shall mean a certificate signed and verified by the Engineer and dated not more than 60 days prior to the delivery thereof to the Trustee.

"Equipment" shall mean locomotives, however propelled or operated, passenger, freight, mail, express, baggage or other railway cars.

"Equipment Obligation" shall mean with respect to the Company any obligation or guaranty of the Company (other than Bonds and First Mortgage Bonds), and with respect to a Railroad Subsidiary any obligation or guaranty of such Railroad Subsidiary, issued under and secured by a right, charge, lien or title with respect to Equipment evidenced by an equipment trust agreement, conditional sale agreement, rental agreement, lease, chattel mortgage or other such instrument.

"Equipment Replacement Fund" shall mean the fund created and maintained in accordance with the provisions of Article VII.

"Event of Default" shall mean any event defined as such in Section 2 of Article XVI.

"Expenditures for Additions and Betterments" shall mean the amount properly charged to Capital Accounts as the cost or investment of the Company therein.

"First Mortgage" shall mean the indenture executed and delivered by the Company to First National Bank of Minneapolis and Frank B. Weck, as trustees, dated as of January 1, 1954, as amended, modified or supplemented from time to time, or any mortgage having a substantially equivalent lien.

"First Mortgage Bonds" shall mean all bonds authenticated and delivered under the First Mortgage.

"Fixed Interest" shall mean, with respect to the Bonds, First Mortgage Bonds or other obligations of the Company, the interest thereon to the extent that such interest is payable unconditionally.

"Independent Engineer" shall mean any individual, partnership or corporation engaged in the engineering business and satisfactory to the Trustee, provided such individual, partnership or corporation has no financial interest in the transaction to which his, their or its certificate or opinion relates and neither such individual nor any partner of such partnership nor any officer or director of such corporation is an officer, director or employee of the Company or of any Railroad Subsidiary.

"Independent Engineer's Certificate" shall mean a certificate signed and verified by an Independent Engineer and dated not more than 60 days prior to the delivery thereof to the Trustee.

"Individual Trustee" shall mean Thomas H. Jolls or any individual who shall be his successor as a trustee under the Mortgage.

"Interest Coverage Certificate" shall mean a certificate signed and verified by the Chief Accounting Officer and dated not more than 60 days prior to the delivery thereof to the Trustee, and which conforms to the provisions of Section 26 of Article IX.

"Mortgage" shall mean this indenture as originally executed or as the same may be supplemented, modified or amended from time to time.

"Net Expenditures for Additions and Betterments," when used in connection with any Application, shall mean the Expenditures for Additions and Betterments described therein, minus:

(a) The aggregate amounts credited to Capital Accounts prior to the date of such Application, in accordance with the requirements of the Uniform System of Accounts, by reason of the retirement of any of such Additions and Betterments; and

(b) The aggregate amounts provided by the Company prior to the date of such Application for depreciation and amortization of such Additions and Betterments.

"Officers' Certificate" shall mean a certificate which is signed and verified by the President or a Vice President and by the Chief Accounting Officer of the Company and dated not more than 60 days prior to the delivery thereof to the Trustee, and which conforms to the requirements of Section 2 of Article XX, when applicable.

"Opinion of Counsel" shall mean a written opinion of counsel, who shall be satisfactory to the Trustee and who may be counsel for the Company, dated not more than 60 days prior to the delivery thereof to the Trustee and conforming to the requirements of Section 2 of Article XX, when applicable.

"Outstanding Bonds" shall mean, as of any particular date, all Bonds of all series when no particular series is specified in the context, or all Bonds of any specified series, authenticated and delivered by the Trustee under the Mortgage, except (with respect to all Bonds of all series or all Bonds of any specified series, as the case may be):

(a) Bonds theretofore redeemed or cancelled or delivered to the Trustee for cancellation;

(b) Bonds for the payment, purchase or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee, provided that if such Bonds are to be redeemed notice of such redemption shall have been given, or provision satisfactory to the Trustee shall have been made for giving such notice, as provided in Article IV;

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the provisions of Section 7 of Article II; and

(d) Bonds then owned by the Company, other than Bonds then pledged by the Company.

"Outstanding First Mortgage Bonds" shall mean, as of any particular date, all First Mortgage Bonds of all series when no particular series is specified in the context, or all First Mortgage Bonds of any specified series, authenticated and delivered by the corporate trustee under the First Mortgage, except (with respect to all First Mortgage Bonds of all series or all First Mortgage Bonds of any specified series, as the case may be):

(a) First Mortgage Bonds theretofore redeemed or cancelled or delivered to the corporate trustee of the First Mortgage for cancellation;

(b) First Mortgage Bonds for the payment, purchase or redemption of which moneys in the necessary amount shall have been irrevocably deposited in trust with the corporate trustee of the First Mortgage, provided that if

such First Mortgage Bonds are to be redeemed notice of such redemption shall have been given, or provision shall have been made for giving such notice, to the satisfaction of the Trustee;

(c) Lost, stolen, mutilated or destroyed First Mortgage Bonds in lieu of or in substitution for which other First Mortgage Bonds shall have been issued; and

(d) First Mortgage Bonds then owned by the Company, other than First Mortgage Bonds then pledged by the Company.

"Outstanding Prior Lien Bonds" shall mean, as of any particular date, all Prior Lien Bonds authenticated and delivered by the trustee under the mortgage or other lien securing the same, except:

(a) Prior Lien Bonds theretofore redeemed or cancelled or delivered for cancellation to the trustee or other holder of the mortgage or other lien securing such Prior Lien Bonds;

(b) Prior Lien Bonds then deposited and pledged with the Trustee;

(c) Prior Lien Bonds then held in pledge by the trustee or other holder of the mortgage or other lien securing such Prior Lien Bonds for the purpose of any sinking fund or analogous fund for the retirement of Prior Lien Bonds for which provision has been made in the instrument evidencing such mortgage or other lien;

(d) Prior Lien Bonds for the payment or redemption of which moneys in the necessary amount shall have been irrevocably deposited in trust with the Trustee or with the trustee or other holder of the mortgage or other lien securing such Prior Lien Bonds or in trust with any agency satisfactory to the Trustee, provided that if such Prior Lien Bonds are to be redeemed notice of such redemption shall have been given, or provision shall have been made for giving such notice, to the satisfaction of the Trustee; and

(e) Lost, stolen, mutilated or destroyed Prior Lien

Bonds in lieu of or in substitution for which other Prior Lien Bonds shall have been issued.

"Permitted Encumbrances" shall mean, as of any particular time, any of the following:

(a) Liens for taxes, assessments or governmental charges not then delinquent; liens for workmen's compensation awards and similar obligations not then delinquent; liens or encumbrances in connection with litigation against the Company concerning claims for personal injuries or damages to property arising out of the operation of its business if entitled to priority over the lien of the Mortgage by operation of law; other liens not exceeding $100,000 in the aggregate arising out of litigation against the Company; liens for the payment or discharge of which provisions satisfactory to the Trustee have been made; mechanics', laborers', materialmen's and similar liens not then delinquent; any of such liens irrespective of amount, whether or not delinquent, the validity of which is being contested at the time by the Company in good faith; and undetermined liens or charges incidental to construction;

(b) Liens securing indebtedness neither payable nor assumed nor guaranteed by the Company, nor on which it customarily pays interest, on property with respect to which the Company owns easements or rights of way;

(c) Rights reserved to or vested in any governmental authority or agency or in any municipality by the terms of any franchise, grant, license or permit or by any provision of law to terminate such franchise, grant, license or permit, or to purchase or appropriate or recapture, or to designate a purchaser of, any of the mortgaged property; or to demand and collect any tax or other compensation for the use of streets or other public places or to control or regulate the mortgaged property;

(d) Any obligation or duty affecting the mortgaged property, or the uses, removal, control or regulation

thereof by any public authority, under any franchise, grant, license or permit or provision of law;

(e) Rights of lessees under leases from the Company, and interests of others than the Company in property owned jointly or in common; and

(f) Easements, rights of way, exceptions, reservations, restrictions, conditions, limitations, covenants, adverse rights or interests and any other defects or irregularities in title affecting the mortgaged property which do not materially affect the use of the mortgaged property for the purposes for which it is held by the Company, and may be properly ignored as to their effect upon the security of the Mortgage. Any Opinion of Counsel required by the Mortgage may recite that, as to the matters covered by this clause (f), it is based upon a written statement of the Engineer.

"Prior Lien" shall mean any lien prior to the lien of the Mortgage, except the First Mortgage, Equipment Obligations and Permitted Encumbrances, existing or placed on any property at the time of the acquisition thereof by the Company.

"Prior Lien Bonds" shall mean any indebtedness or obligation secured by a Prior Lien.

"Publicly Held Bonds" shall mean, as of any particular date, all Outstanding Bonds except those then pledged by the Company.

"Purchased Property" shall mean lines of railroad, bridges or railroad terminals, including the Equipment thereof, if any, purchased or acquired by the Company from others, directly connected with the lines of railroad owned by the Company and deemed by the Board of Directors to be necessary or useful in connection with the operation of the Company's system.

"Railroad Subsidiary" shall mean any corporation owning

one or more lines of railroad, bridges or railroad terminals, including the Equipment thereof, if any, directly connected with the lines of railroad owned by the Company and deemed by the Board of Directors to be necessary or useful in connection with the operation of the Company's system, of which at least 50% of the total outstanding shares of capital stock having general voting rights is owned by the Company.

"Railroad Subsidiary Bonds" shall mean the bonds of a Railroad Subsidiary secured by a general lien on all or substantially all of its physical property, or by a first lien on a substantial division thereof, subject only to Equipment Obligations and liens in the nature of Permitted Encumbrances.

"Railroad Subsidiary Stocks" shall mean the shares of any class of capital stock of a Wholly Owned Railroad Subsidiary issued prior to and outstanding upon the date it shall become a Wholly Owned Railroad Subsidiary and the shares of any class of capital stock thereafter issued by such Wholly Owned Railroad Subsidiary.

"Road Replacement Fund" shall mean the fund created and maintained by the Company in accordance with the provisions of Article VI.

"Securities" shall mean Debt Securities or Stocks or both.

"Special Securities" shall mean Securities of a private or municipal corporation or analogous legal entity in which the aggregate cost or investment of the Company does not exceed $5,000.

"Stocks" shall mean any proprietary interest in a corporation or other analogous legal entity or certificates evidencing the same.

"Trustee" shall mean the Corporate Trustee.

"Uniform System of Accounts" shall mean (a) the system of accounts for steam railroads prescribed by the Interstate Commerce Commission, and the instructions, interpretations, regulations and orders of the Interstate Commerce Commission thereunder, in effect at the date of the execution and delivery of the Mortgage or as thereafter modified, or (b) any other system of accounts thereafter prescribed by the Interstate Commerce Commission or by any other public regulatory body having similar jurisdiction over the accounts of the Company, or (c) to the extent not covered by the systems of accounts referred to in clauses (a) and (b) above, any system of accounts that is in accord with sound accounting principles as determined by a certified public accountant selected by the Company and approved by the Trustee.

"Value" shall mean, with respect to the unretired physical property of a Railroad Subsidiary or of a Wholly Owned Railroad Subsidiary, the value thereof to such Subsidiary and, with respect to Purchased Property, the value thereof to the Company in excess of the aggregate principal amount of indebtedness secured by Prior Liens and Equipment liens thereon, as determined by an Independent Engineer.

"Wholly Owned Railroad Subsidiary" shall mean a Railroad Subsidiary of which at least 90% of the total outstanding shares of capital stock of each class are owned by the Company.

ARTICLE II

Description of Bonds

Section 1. The Bonds shall be designated generally as the Company's "General Mortgage Bonds" and may be issued in one or more series as shall be authorized from time to time in the manner provided in the Mortgage.

The authorized aggregate principal amount of Bonds shall be unlimited, except as may be provided hereinafter and except as may be limited by applicable federal and state laws now or hereafter enacted.

Section 2. The initial series of Bonds shall be designated as "Series A" and shall be limited in aggregate principal amount to $20,441,000, and the Bonds of Series A to be issued pursuant to Section 1 of Article III shall:

(a) be designated "General Mortgage 4½% Income Bonds, Series A, due January 1, 2029";

(b) be dated as of January 1, 1954, except that all registered Bonds without coupons shall be dated the date of their authentication;

(c) mature January 1, 2029, unless previously redeemed pursuant to Article IV or declared due and payable pursuant to Article XVI;

(d) bear interest at the rate of 4½% per annum from January 1, 1954, until the principal sum thereof becomes due and payable as herein provided, and, if default be made in the payment of said principal sum when so due and payable, thereafter (to the extent permitted by law) at the highest rate of interest borne by any of the Outstanding Bonds until the Company's obligation with respect to the payment of said principal sum shall be discharged as provided in the Mortgage; but until said principal sum becomes due and payable or until interest on said principal sum becomes fixed as provided in this Section 2,

(i) such interest with respect to each calendar year prior to the calendar year immediately preceding the date of maturity of such principal sum will be payable on the first May 1 following such calendar year when and to the extent that the Available Net Income of the Company, as defined and made applicable to the payment of such interest, is adequate therefor under the terms and provisions of the Mortgage,

(ii) interest of 4½% on said principal sum for the calendar year 2028 will be paid on January 1, 2029, whether or not the Available Net Income for the calendar year 2028 is adequate for the payment of such interest,

(iii) to the extent that Available Net Income of the Company applicable to the payment of interest on such Bonds for any calendar year prior to the year 2028 shall be less than 4½% of said principal sum, such interest shall accumulate up to but not exceeding 13½% of said principal sum,

(iv) to the extent that any interest on such Bonds has accumulated as aforesaid and remains unpaid when said principal sum becomes due and payable or when an Event of Default shall occur, such interest, plus any interest reserved as hereinafter provided, and interest (to the extent not otherwise payable) at the rate of 4½% per annum from January 1 of the calendar year in which such principal sum becomes due and payable or when such Event of Default occurs, shall then be due and payable,

(v) accumulations of interest on such Bonds shall not bear interest,

(vi) except as aforesaid, no interest shall be required to be paid on such Bonds on any interest payment date if the amount then payable would be less than 25 cents on each $100 of said principal sum, but any amount available for interest not payable because of this provision shall be reserved and added to

the amount available for, or payable on account of, interest on the next date on which interest shall be paid,

(vii) in the case of coupon Bonds, as to interest due on or before the date said principal sum becomes due and payable, such interest shall be payable only upon presentation and surrender of the appropriate coupons thereto appertaining,

(viii) in the case of registered Bonds without coupons, such interest shall be payable only to the extent not paid on or before the date thereof on an equivalent principal amount of Bonds, and

(ix) after said principal sum becomes due and payable as herein provided, such interest shall not be contingent but shall be fixed until said principal sum is paid;

(e) provide that in the event Bonds of any other series bearing any interest payable unconditionally at a fixed rate, either from a date stated therein or from some fixed or determinable date thereafter, shall be issued under the Mortgage, the interest on all Bonds of Series A shall become fixed and unconditionally payable at the rate of 4½% per annum for the full calendar year during which the interest on such Bonds of any other series becomes fixed and for all succeeding calendar years until the principal sum becomes due and payable, and shall be payable semi-annually on such dates as may be determined by the Board of Directors and as shall be provided in the supplemental indenture creating such other series, and all accumulations of unpaid interest on the Bonds of Series A for prior years shall be paid prior to the issuance of the Bonds of such other series. In such event the Company will make provision for the issuance of new Bonds of Series A in exchange and substitution for the Bonds of Series A then outstanding;

(f) be payable, both as to principal and interest, at the office or agency of the Company in the City of Chicago,

State of Illinois, or, at the option of the bearer or registered holder, at the office or agency of the Company in the Borough of Manhattan, City and State of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts;

(g) be redeemable before maturity at the option of the Company upon the terms stated in Article IV;

(h) be issued as coupon Bonds in the denominations of $50, $100, $500 and $1,000, and as registered Bonds without coupons in denominations of $1,000 and, with the consent of the Company (such consent as to any particular Bond to be evidenced conclusively by the execution thereof by the officers on behalf of the Company), in denominations in multiples of $1,000; the Bonds of either form to be exchangeable for other Bonds of either form in authorized denominations (except that Bonds of the denominations of $50, $100 or $500 shall be exchangeable only for Bonds of the denomination of $1,000 or larger, and Bonds of the denomination of $1,000 or larger shall not be exchangeable for Bonds of the denomination of $50, $100 or $500); and the Bonds of either form to be transferable or exchangeable, and the coupon Bonds to be registrable as to principal, at the office or agency of the Company in the City of Chicago, State of Illinois, or in the Borough of Manhattan, City and State of New York, as provided in Section 5 of this Article II;

(i) provide that each registered Bond without coupons of Series A delivered pursuant to the exercise of any privilege of transfer, exchange, or substitution for the whole or any part of one or more other Bonds of Series A (except new Bonds of Series A delivered by the Company in exchange and substitution for Bonds of Series A then outstanding in the event interest on Bonds of said series becomes payable unconditionally at a fixed rate, as provided in this Section 2) shall carry all of the rights to interest which were carried by the whole or such part of such one or more other Bonds of Series A at the time of transfer, exchange or substitution; and that as to each

registered Bond without coupons of Series A delivered upon the exercise of any privilege of transfer, exchange or substitution, as aforesaid, interest shall be deemed to have been paid on said Bond to the extent paid, made available for payment, or under a provision similar to this deemed to have been paid, on an equal principal amount of the Bond or Bonds for which said Bond was transferred, exchanged or substituted;

(j) be entitled to the benefit of the Sinking Fund, and redeemable through the operation thereof, as provided in Article VIII; and

(k) be substantially in the respective forms recited in the preambles of the Mortgage, and bear appropriate serial numbers.

In the event of the issuance of any Bonds of any other series bearing interest payable unconditionally at a fixed rate, either from a date stated therein or from some fixed or determinable date thereafter, then the Company, by the supplemental indenture creating such other series, shall make provision (a) for the issuance of new Bonds of Series A in the form hereinbefore recited but with such omissions, variations and insertions as to designation, form and dates of payment of interest as may be appropriate, and (b) for the exchange and substitution, without expense to the holder, of such new Bonds of Series A for the Bonds of Series A then outstanding, interest on which has or may become fixed by virtue of such event.

SECTION 3. The Bonds of series other than Series A, and the coupons, if any, appertaining thereto, shall be substantially in the forms hereinbefore recited for the Bonds of Series A, with such omissions, variations and insertions as may be authorized, permitted or required by the Mortgage and as may be prescribed in the supplemental indenture creating such other series.

The Bonds, and the coupons, if any, appertaining thereto,

may contain such specifications, descriptive words and recitals, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon, as the Company may deem appropriate and as are not inconsistent with the provisions of the Mortgage or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Bonds may be listed or to conform to usage.

The several series of Bonds may differ from the Bonds of Series A and as between series in respect of any or all of the following matters:

(a) title;

(b) date;

(c) date of maturity (which shall not be earlier than the date of maturity of Outstanding Bonds of Series A);

(d) interest rate, the extent to which any portion of such interest shall be Contingent Interest, and the extent to which such Contingent Interest shall be cumulative;

(e) interest payment dates;

(f) place or places for the payment of principal and for the payment of interest;

(g) whether issuable as registered Bonds without coupons, or as coupon Bonds with or without the privilege of registration as to principal, or both, and the respective denominations of each and the place or places, if any, for registration as to principal of coupon Bonds and for registration and transfer of registered Bonds without coupons and the procedure therefor;

(h) provisions, if any, for exchanges as between denominations and forms, and the place or places for such exchanges;

(i) limitations, if any, upon the aggregate principal amount of Bonds of the series which may be issued;

(j) provisions, if any, for the payment of principal or interest or both without deduction for taxes or for reimbursement of taxes in case of payment thereof by the holders;

(k) provisions, if any, for exchangeability of Bonds of one series for Bonds of another series;

(l) provisions, if any, with regard to any obligation of the Company to permit the conversion of Bonds of any series into stock or other securities of the Company;

(m) provisions, if any, reserving to the Company the right to redeem all or any part of the Bonds of any series before maturity;

(n) provisions, if any, for any sinking fund with respect to the Bonds of any series and the priority thereof over any sinking fund with respect to the Bonds of any series except Bonds of Series A; and

(o) any other provisions not in conflict with the provisions of the Mortgage.

In authorizing the issue of any series of Bonds (other than Bonds of Series A), all matters in respect of the Bonds of such series set forth in clauses (a) to (g), inclusive, of this Section 3, and the form of the Bonds and coupons, if any, of such series, shall be determined and specified, and any and all matters permitted by clauses (h) to (o), inclusive, of this Section 3 may be determined and specified, in a supplemental indenture creating such series.

Bonds of any particular series shall be identical except that they may be of different numbers, of different denominations, in the form of coupon Bonds or registered Bonds without coupons, and may have serial maturities, in which case the several maturities may differ with respect to redemption price and interest rate.

SECTION 4. The Bonds shall be signed on behalf of the Company by its President or a Vice President, and its corporate seal or a facsimile thereof shall be affixed thereto or imprinted or engraved thereon and attested by its Secretary or an Assistant Secretary. Only such Bonds as shall bear thereon a certificate of authentication executed by the Trustee substantially in the form hereinbefore recited shall be secured by the Mortgage or be entitled to any right or benefit hereunder; and no Bond and no coupon thereunto appertaining shall be or become valid or obligatory for any purpose until such certificate shall have been duly executed on such Bond. Such certificate executed by the Trustee upon any Bond executed by the Company shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered hereunder and is one of the Bonds described in the Mortgage. The Trustee shall not authenticate or deliver any coupon Bond until all matured coupons thereunto appertaining shall have been detached and cancelled except as otherwise provided in Section 5 or Section 7 of this Article II.

In case any person who, as an officer of the Company, shall have signed any of the Bonds or attested the seal thereon shall cease to be such officer before the Bonds so signed or sealed shall have been authenticated and delivered by the Trustee or disposed of by the Company, such Bonds, nevertheless, may be authenticated, delivered and disposed of as though the person had not ceased to be such officer; and any Bond may be signed on behalf of the Company and the seal of the Company may be attested by such persons as, at the actual date of the execution of the Bond, shall be the proper officers of the Company, although at the nominal date of such Bond any such person was not such officer.

The coupons attached to coupon Bonds shall bear the fac-

simile signature of the present Treasurer or of any future Treasurer of the Company, and for that purpose the Company may use the facsimile signature of any person who shall have been such Treasurer, notwithstanding the fact that at the time when such coupon Bonds shall be authenticated and delivered or disposed of he shall have ceased to be the Treasurer of the Company.

SECTION 5. In all cases in which the privilege of exchanging Bonds of any series exists and is exercised, the Bonds to be exchanged shall be surrendered at any office or agency maintained by the Company in accordance with the provisions of Section 2 of Article IX with respect to the Bonds of such series, and the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor the Bond or Bonds which the holder making the exchange shall be entitled to receive. All coupon Bonds surrendered for exchange and delivered in exchange shall have attached thereto all unmatured coupons appertaining thereto and, in case at the time of any such exchange interest on the Bonds of the particular series is in default, shall in addition have attached thereto all matured coupons in default.

The Company shall keep, at the offices or agencies to be maintained by the Company in accordance with the provisions of Section 2 of Article IX, a register or registers in which, subject to such reasonable regulations as it may prescribe, the Company shall register Bonds entitled to registration and shall transfer registered Bonds. At all reasonable times such register or registers shall be open for inspection by the Trustee and, upon demand by holders of at least 10% in aggregate principal amount of Outstanding Bonds, by such holders.

Upon surrender for transfer of any registered Bond without coupons of any series at any office or agency maintained with respect to the Bonds of such series, the Company shall

execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new registered Bond or Bonds without coupons of the same series and maturity for a like aggregate principal amount.

Upon presentation for registration of any coupon Bond registrable as to principal at any such office or agency, such Bond shall be registered as to principal in the name of the holder and the fact of such registration shall be noted on the Bond. No transfer of any coupon Bond so registered as to principal shall be valid unless made at any such office or agency and similarly noted on the Bond, but the same may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored. Coupon Bonds entitled to registration shall continue to be subject to successive registrations and transfers to bearer, at the option of the holders. Such registration of any coupon Bond shall not affect the negotiability of the coupons appertaining thereto, which shall continue to be payable to bearer and transferable by delivery.

All Bonds presented or surrendered for exchange, transfer, registration or discharge from registration as provided in this Section 5 shall be in bearer form or, if registered, shall be accompanied by a written instrument or instruments of transfer in form approved by the Company duly executed by the registered holder or his legal representative, either in person or by duly authorized attorney.

Upon every exchange, transfer, registration or discharge from registration of Bonds the Company may require the payment of a sum sufficient to cover any tax or taxes or other governmental charge and in addition thereto a further sum not exceeding $2.00 for each new Bond then issued, except as otherwise provided in Section 6 of this Article II, in Section 3 of Article IV and in Section 6 of Article XIX.

The Company shall not be required to make transfers or exchanges of registered Bonds without coupons of any series for a period of 10 days next preceding any interest payment date of the Bonds of such series or next preceding any selection by lot of Bonds to be redeemed. The Company shall not be required to make transfers or exchanges of any Bonds selected for redemption.

If one or more Events of Default shall have occurred and be continuing, nevertheless the Company shall duly execute and the Trustee shall authenticate and deliver Bonds for the purposes of making the exchanges and transfers provided for in this Section 5.

SECTION 6. Definitive Bonds of each series shall be fully engraved. Pending the preparation of definitive Bonds of any series, the Company may execute and the Trustee shall authenticate and deliver one or more temporary Bonds (printed or lithographed) of such series with or without one or more coupons and of any denomination or denominations, in bearer form, registrable or not registrable as to principal, or in registered form, which shall be substantially in the form of the definitive Bonds of such series, but with any omissions, insertions and variations appropriate for temporary Bonds, all as authorized by the Board of Directors and as provided in the written order of the Company for the authentication and delivery thereof. Every such temporary Bond shall be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. When definitive Bonds of any series are prepared and ready for delivery, the temporary Bonds of such series may be surrendered in exchange therefor, and the Trustee shall authenticate and deliver in exchange therefor, without expense to the holder, an equal aggregate principal amount of definitive Bonds of the same series and maturity. Until so exchanged, the temporary Bonds shall in all respects be en-

titled to the same benefit and security of the Mortgage as definitive Bonds authenticated and delivered hereunder. Interest when and as payable upon temporary Bonds without coupons in bearer form and not registered as to principal shall be paid only upon presentation thereof for notation thereon of such payment.

When temporary Bonds of any series are authenticated and delivered, the Company will cause definitive Bonds of such series to be prepared without unreasonable delay.

SECTION 7. In case any temporary or definitive Bond and any coupons appertaining thereto shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon the written request of the Company, signed by its President or a Vice President, the Trustee may authenticate and deliver, a new Bond (with coupons corresponding to the coupons, if any, appertaining to the mutilated, destroyed, lost or stolen Bond) of the same series and maturity and of like tenor, in exchange and substitution for the mutilated Bond and its coupons, if any, or in lieu of and substitution for the Bond and its coupons, if any, so destroyed, lost or stolen, or, if any such Bond or any coupon shall have matured or shall be about to mature or shall have been called for redemption, instead of issuing a substituted Bond or coupon the Company may pay the same without surrender thereof. In case of destruction, loss or theft of any Bond or coupon, the applicant for a substituted Bond or for such payment shall furnish to the Company, to the Trustee and to any paying agent of the Company, in their discretion, evidence to their satisfaction of the destruction, loss or theft of such Bond and its coupons, if any, and of the ownership thereof, and also such security or indemnity as may be required by the Company, the Trustee and such paying agent to save each of them harmless. The Trustee may

authenticate any such substituted Bond and deliver the same with appurtenant coupons, if any, or the Trustee or any paying agent of the Company may make any such payment, upon the written request or authorization of the Company, signed by its President or a Vice President, and shall incur no liability to anyone by reason of anything done or omitted to be done by it in good faith under the provisions of this Section 7. Upon the issue of any substituted Bond, the Company may require the payment of a sum sufficient to cover any tax or taxes or other governmental charge and any other expense connected therewith, and also a further sum not exceeding $2.00 for each Bond so issued in substitution.

Notwithstanding any limitations contained in the Mortgage, any Bonds and coupons issued under the provisions of this Section 7 shall constitute original contractual obligations, in accordance with their terms, on the part of the Company, and shall be equally and proportionately entitled to the benefit and security of the Mortgage with all other Bonds and coupons issued under the Mortgage, in accordance with the terms thereof.

SECTION 8. Except as otherwise provided in the Mortgage, all Bonds (and appurtenant coupons, if any) surrendered for the purpose of payment, redemption, exchange or transfer shall either be surrendered to the Company or any paying agent and by it delivered to the Trustee, or be surrendered to the Trustee, and shall be cancelled by the Trustee as and when so delivered or surrendered to it, and no Bonds or appurtenant coupons shall be issued under the Mortgage in lieu of Bonds or appurtenant coupons so surrendered except as expressly permitted by any of the provisions of the Mortgage. All coupons surrendered to the Company or any paying agent

for the purpose of payment shall be cancelled and delivered to the Trustee.

The Trustee shall make appropriate notations in its records in respect of all Bonds and appurtenant coupons cancelled as aforesaid, shall cremate all such cancelled coupon Bonds not registered as to principal and all cancelled coupons, and shall, at the direction of the Company, cremate all such cancelled coupon Bonds registered as to principal and registered Bonds without coupons, and shall deliver a certificate of any such cremation to the Company.

If the Company shall acquire any of the Bonds otherwise than as aforesaid, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Bonds unless and until the same are surrendered to the Trustee for cancellation.

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 Twenty Million Four Hundred Forty-one Thousand Dollars ($20,441,000) may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, without any further action on the part of the Company.

SECTION 2. No Bonds other than those authenticated and delivered pursuant to Section 1 of this Article III 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.

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, may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding 80% of the Net Expenditures for Additions and Betterments during a period beginning not more than 36 months prior to the date of the Application for the authentication of such Bonds; provided, however, that no Bonds shall be authenticated and delivered (i) on the basis of Net Expenditures for Additions and Betterments that have theretofore been Bonded, or (ii) on the basis of Net Expenditures for Additions and Betterments during such period in a principal amount which, when added to the amount of expenditures from the Road Replacement Fund and expenditures pursuant

to the provisions of Section 21 of Article IX for or on account of Expenditures for Additions and Betterments during such period, would exceed the Net Expenditures for Additions and Betterments during such period, or (iii) unless the Company shall have expended all of the funds which it has covenanted to apply only to Expenditures for Additions and Betterments under the provisions of Section 21 of Article IX, or (iv) unless there are no funds remaining in the Road Replacement Fund available for Expenditures for Additions and Betterments, or (v) at a time when there are any unpaid accumulations of Contingent Interest on any Outstanding Bonds of any series and unless there shall have been paid or set aside for payment out of Available Net Income as interest on all Outstanding Bonds, for each of the two calendar years next preceding the year in which such Application is made, amounts equal to the amounts that would have been payable as interest on all Outstanding Bonds for each of said calendar years respectively if the maximum annual rate or rates of interest expressed therein had been Fixed Interest, or (vi) if the authentication and delivery of such Bonds will result in a violation of the covenant in respect of interest coverage in Section 26 of Article IX.

Bonds shall be authenticated and delivered under this Section 3 upon delivery to the Trustee in each case 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 9 of this Article III;

(c) An Officers' Certificate stating:

(1) A description of the unretired Additions and Betterments the Expenditures for which are made the basis of the Application, in such reasonable detail as shall be sufficient to permit identification

thereof, a specification of such thereof as may be located on leaseholds, and that such Expenditures were made by the Company during a specified period beginning not more than 36 months prior to the date of the Application and have not theretofore been Bonded;

(2) The amount of Expenditures for Additions and Betterments during such period;

(3) The aggregate amounts credited to Capital Accounts prior to the date of the Application, in accordance with the Uniform System of Accounts, by reason of the retirement of any Additions and Betterments for which such Expenditures were made;

(4) The aggregate amounts provided by the Company prior to the date of such Application for depreciation and amortization of the Additions and Betterments for which such Expenditures were made;

(5) The amount of Net Expenditures for Additions and Betterments during such period;

(6) The amount of Expenditures for Additions and Betterments made from the Road Replacement Fund during such period;

(7) The amount of Expenditures for Additions and Betterments pursuant to the provisions of Section 21 of Article IX during such period;

(8) The principal amount of Bonds that could be authenticated on the basis of the Application, and the principal amount of Bonds the authentication of which is applied for in the Application;

(9) That the Company has expended all of the funds which it has covenanted to apply only to Expenditures for Additions and Betterments under the provisions of Section 21 of Article IX, and that there are no funds remaining in the Road Replacement Fund available for Expenditure for Additions and Betterments; and

(10) That there are no unpaid accumulations of Contingent Interest on any Outstanding Bonds of

any series, and that there has been paid or set aside for payment out of Available Net Income, in the manner provided by Section 2 of Article IX, as interest on all Outstanding Bonds, for each of the two calendar years next preceding the year in which such Application is made, amounts equal to the amounts that would have been payable as interest on all Outstanding Bonds for each of said calendar years respectively if the maximum annual rate or rates of interest expressed therein had been Fixed Interest; and

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

(e) An Opinion of Counsel that (i) all property included in the unretired Additions and Betterments shown in the Officers' Certificate required by subsection (c) above is subject to the lien of the Mortgage, or will become subject to such lien upon the delivery and recording or filing of such deeds, supplemental indentures or instruments of further assurance, if any, as are specified in said Opinion of Counsel, subject to no defect in title and subject to no lien thereon equal or prior to the lien of the Mortgage except the First Mortgage and Permitted Encumbrances, and (ii) if any such property is located on any leasehold, as shown by the Officers' Certificate, that such leasehold is subject to the lien of the Mortgage, or will become subject to such lien 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 term beyond the latest maturity date of any Bonds outstanding or for the authentication and delivery of which application is

being made, or that, under the terms of such leasehold, the Company has the right to be reimbursed in respect of the Expenditures for such Additions and Betterments or the right to remove such Additions and Betterments upon the termination thereof, and that all of the Company's interest in such leasehold (except the last day of the term thereof), including any such right of reimbursement, has been pledged with the Trustees; provided that such Opinion of Counsel may recite that it is based upon certificates or opinions of officers or engineers of the Company as to any factual matters not of public record.

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, may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, for the purpose of acquiring Purchased Property, but in an aggregate principal amount not exceeding 80% of the Cost thereof, or, if such Purchased Property is to be acquired subject to any Prior Lien thereon or indebtedness secured by lien on any Equipment included therein, in an aggregate principal amount not exceeding an amount which, when added to the principal amount of the indebtedness secured by such Prior Liens and Equipment liens, will equal 80% of the sum of the Cost or Value, whichever is less, of such Purchased Property and the aggregate principal amount of such indebtedness, provided, however, that no Bonds shall be authenticated and delivered under this Section 4, (i) on the basis of Purchased Property which has theretofore been Bonded, or (ii) at a time when there are any unpaid accumulations of Contingent Interest on any Outstanding Bonds of any series and unless there shall have been paid or set aside for payment out of Available Net Income, for each of the two calendar years next preceding the year in which such Application is made, amounts equal to the amounts that

would have been payable as interest on all Outstanding Bonds for each of said calendar years respectively if the maximum annual rate or rates of interest expressed therein had been Fixed Interest, or (iii) if the authentication and delivery of such Bonds will result in a violation of the covenant in respect of interest coverage in Section 26 of Article IX.

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 9 of this Article III;

(c) An Officers' Certificate stating:

(1) A description in reasonable detail of the Purchased Property for the acquisition of which the authentication of Bonds is applied for in the Application and a statement that such Purchased Property has not theretofore been Bonded;

(2) The Cost of such Purchased Property determined in accordance with the definition of Cost, when used with reference to Purchased Property, in Article I;

(3) If such Purchased Property is to be acquired subject to any Prior Lien or indebtedness secured by lien on any Equipment included therein, a description of each such Prior Lien and Equipment lien and the principal amount of indebtedness secured thereby, and a statement of the Value of such Purchased Property to the Company as evidenced by an Independent Engineer's Certificate attached to such Officers' Certificate;

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

Bonds the authentication of which is applied for in the Application; and

(5) That there are no unpaid accumulations of Contingent Interest on any Outstanding Bonds of any series, and that there has been paid or set aside for payment out of Available Net Income, in the manner provided by Section 2 of Article IX, as interest on all Outstanding Bonds, for each of the two calendar years next preceding the year in which such Application is made, amounts equal to the amounts that would have been payable as interest on all Outstanding Bonds for each of said calendar years respectively if the maximum annual rate or rates of interest expressed therein had been Fixed Interest; and

(d) All such deeds, supplemental indentures or instruments of further assurance, if any, as in the Opinion of Counsel furnished pursuant to subsection (e) below may be specified as necessary or advisable to subject such Purchased Property to the lien of the Mortgage;

(e) An Opinion of Counsel that all of such Purchased Property will become subject to the lien of the Mortgage 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 equal or prior to the lien of the Mortgage except the First Mortgage and the Prior Liens and Equipment liens described in the Officers' Certificate required by subsection (c) above, and Permitted Encumbrances; and

(f) A Certified Resolution to the effect that the Purchased Property referred to in the Application is deemed by the Board of Directors to be necessary or useful in connection with the operation of the Company's system.

SECTION 5. From time to time and in the manner provided in this Section 5, Bonds of one or more series, other than Series A, may be executed by the Company and shall be

authenticated by the Trustee and delivered to or upon the written order of the 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 of any series which shall have been cancelled or surrendered to the Trustee for cancellation or for the payment or redemption of which cash in the necessary amount shall have been irrevocably deposited in trust with the Trustee or in trust with any agency satisfactory to the Trustee; provided, however, that (i) no Bonds shall be authenticated and delivered under this Section 5 on the basis of Bonds of any other series or First Mortgage Bonds theretofore Bonded, or theretofore acquired, retired, cancelled or paid through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage, and (ii) 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 5 upon delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 5, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 9 of this Article III, except clause (f) thereof;

(c) An Officers' Certificate which shall (i) describe and state the amount of Bonds of other series 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 or acquired, retired, cancelled or paid through the operation

of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage; and (iii) state that the cash deposited in trust as required by subsection (d) of this Section 5 is not otherwise required to be deposited with the Trustee or used under any provision of the Mortgage or of the First Mortgage; and

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

Bonds of any other series or First Mortgage Bonds made the basis for the authentication and delivery of Bonds under this Section 5, together with all coupons appertaining thereto, if not cancelled when delivered to the Trustee, shall be cancelled by the Trustee and shall not thereafter be made the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage.

So long as the First Mortgage shall remain a lien on the mortgaged property, the requirements of this Section 5 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 corporate trustee of the First Mortgage subject to the terms thereof, instead of to the Trustee, and the filing with the Trustee of a statement of the corporate trustee of the First Mort-

gage certifying that such delivery has been made to it and that such First Mortgage Bonds as have been delivered to it have been cancelled.

SECTION 6. From time to time and in the manner provided in this Section 6, Bonds of one or more series, other than Series A, may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, in an aggregate principal amount not exceeding the principal amount of any Outstanding Prior Lien Bonds not theretofore Bonded which shall have been pledged and deposited with the Trustee uncancelled; provided, however, that no Bonds shall be authenticated and delivered under this Section 6, (i) on the basis of Outstanding Prior Lien Bonds in excess of a principal amount which, when added to the sum of the principal amount of Bonds theretofore authenticated and delivered in respect of the acquisition by the Company of the Purchased Property securing such Outstanding Prior Lien Bonds and the principal amount of indebtedness secured by Prior Liens and Equipment liens on such Purchased Property, would exceed 80% of the sum of the Cost or Value, whichever was less, of such Purchased Property and the aggregate principal amount of indebtedness secured by Prior Liens and Equipment liens thereon at the time of acquisition of such Purchased Property by the Company, or (ii) at a time when there are any unpaid accumulations of Contingent Interest on any Outstanding Bonds of any series and unless there shall have been paid or set aside for payment out of Available Net Income, for each of the two calendar years next preceding the year in which such Application is made, amounts equal to the amounts that would have been payable as interest on all Outstanding Bonds for each of said calendar years respectively if the maximum annual rate or rates of interest expressed therein had been Fixed

Interest, or (iii) if the authentication and delivery of said Bonds will result in a violation of the covenant in respect of interest coverage in Section 26 of Article IX.

Bonds shall be authenticated and delivered under this Section 6 upon the delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 6, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 9 of this Article III;

(c) An Officers' Certificate which shall (i) describe and state the amount of the Outstanding Prior Lien Bonds the pledge and deposit of which with the Trustee form the basis of the Application, (ii) state that said Prior Lien Bonds are Outstanding Prior Lien Bonds and have not theretofore been Bonded, (iii) set forth a computation showing the principal amount of Bonds that could be authenticated on the basis of the Application, and the principal amount of Bonds the authentication of which is applied for in the Application, and (iv) state that there are no unpaid accumulations of Contingent Interest on any Outstanding Bonds of any series, and that there has been paid or set aside for payment out of Available Net Income, in the manner provided by Section 2 of Article IX, as interest on all Outstanding Bonds, for each of the two calendar years next preceding the year in which such Application is made, amounts equal to the amounts that would have been payable as interest on all Outstanding Bonds for each of said calendar years respectively if the maximum annual rate or rates of interest expressed therein had been Fixed Interest;

(d) Said Outstanding Prior Lien Bonds uncancelled which form the basis of the Application, together with all unmatured coupons and all unpaid matured coupons appertaining thereto, if any; and

(e) An Opinion of Counsel that all Outstanding Prior Lien Bonds required to be pledged and deposited with

the Trustee by clause (d) above are subject to the lien of the Mortgage or will become subject to such lien upon delivery thereof or delivery of the instruments, if any, specified in said Opinion of Counsel; and that the Company has valid title to such Outstanding Prior Lien Bonds and the right to own and pledge the same free from any other lien.

Prior Lien Bonds made the basis for the authentication and delivery of Bonds under this Section 6, together with all coupons appertaining thereto, shall be held by the Trustee uncancelled and without extinguishment or impairment of the Prior Lien securing the same, except as effected as a matter of law by the acquisition thereof by the Company, and shall not thereafter be made the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage; provided, however, that the Trustee, at the request of the Company, shall deliver any such Prior Lien Bonds to the trustee under the mortgage, deed of trust or other instrument under which the same may have been issued or which may secure the same for the purpose of obtaining the release, satisfaction and discharge of such mortgage, deed of trust or other instrument if it is furnished with an Opinion of Counsel that the property on which such mortgage, deed of trust or other instrument constitutes a lien is owned by the Company and is subject to the lien of the Mortgage, and that there is no other lien on such property, except Permitted Encumbrances and the lien of the First Mortgage, which is prior to the lien of the Mortgage.

So long as the First Mortgage shall remain a lien on the mortgaged property, the requirements of this Section 6 with respect to the pledge and deposit with the Trustee of Prior Lien Bonds made the basis for the authentication and delivery

of Bonds shall be deemed to be satisfied by the pledge and deposit thereof with the corporate trustee of the First Mortgage subject to the terms thereof, instead of with the Trustee, and the filing with the Trustee of a statement of the corporate trustee of the First Mortgage certifying to such pledge and deposit.

SECTION 7. From time to time and in the manner provided in this Section 7, Bonds of one or more series, other than Series A, may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, for the purpose of acquiring Railroad Subsidiary Bonds or Railroad Subsidiary Stocks, subject to the following conditions:

I. Bonds may be authenticated and delivered under this Section 7 on account of Railroad Subsidiary Bonds not then Bonded to the extent only of the principal amount of such Railroad Subsidiary Bonds or the Cost to the Company therefor, whichever shall be less, and to the extent only that the principal amount of such Railroad Subsidiary Bonds does not exceed an amount which, when added to the principal amount of all Railroad Subsidiary Bonds of such Railroad Subsidiary, will equal 80% of the Value of the then unretired physical property of such Railroad Subsidiary securing such Railroad Subsidiary Bonds.

II. Bonds may be authenticated and delivered under this Section 7 on account of Railroad Subsidiary Stocks not then Bonded in a principal amount not exceeding the smaller of the following amounts:

(A) 80% of the Cost to the Company of such Railroad Subsidiary Stocks;

(B) 80% of the Value of the then unretired physical property of the Wholly Owned Railroad Subsidiary that issued such Stocks.

III. No Bonds may be authenticated and delivered under this Section 7 on account of Railroad Subsidiary Stocks at a time when the Wholly Owned Railroad Subsidiary that issued such Stocks has outstanding any bonds, debentures or other funded indebtedness, or short term or other indebtedness not incurred in the ordinary course of business, unless the Debt Securities or other evidences of the same have been acquired by the Company and either have been theretofore deposited and pledged with the Trustee or are deposited and pledged with the Trustee concurrently with the deposit and pledge of such Stocks.

IV. No Bonds may be authenticated and delivered under this Section 7 on account of Railroad Subsidiary Stocks of any Wholly Owned Railroad Subsidiary the Railroad Subsidiary Bonds of which have been or are then being made the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage.

V. No Bonds may be authenticated and delivered under this Section 7 on account of Railroad Subsidiary Bonds of any Wholly Owned Railroad Subsidiary the Railroad Subsidiary Stocks of which have been or are then being made the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage.

VI. No Bonds shall be authenticated and delivered under this Section 7 at a time when there are any unpaid accumulations of Contingent Interest on any Outstanding Bonds of any series and unless there shall have been paid or set aside for payment out of Available Net Income, in the manner provided in Section 2 of Article IX, as interest on all Outstanding Bonds, for each of the two calendar years next preceding the year in which such Application is made, amounts equal to the amounts that

would have been payable as interest on all Outstanding Bonds for each of said calendar years respectively if the maximum annual rate or rates of interest expressed therein had been Fixed Interest.

VII. No Bonds shall be authenticated and delivered under this Section 7 if the authentication and delivery thereof will result in a violation of the covenant in respect of interest coverage in Section 26 of Article IX.

Bonds shall be authenticated and delivered under this Section 7 upon the delivery to the Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 7, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 9 of this Article III;

(c) An Officers' Certificate which shall:

(1) Name the corporation the Debt Securities or Stocks of which are to be pledged and deposited with the Trustee, and state, in the case of Railroad Subsidiary Bonds, that such corporation is a Railroad Subsidiary and, in the case of Stocks, that such corporation is a Wholly Owned Railroad Subsidiary or will become a Wholly Owned Railroad Subsidiary upon the acquisition of the Stocks made the basis for the issuance of Bonds;

(2) If the Application is with respect to Railroad Subsidiary Bonds, state the principal amount of all Railroad Subsidiary Bonds of such Railroad Subsidiary then outstanding, the principal amount thereof to be pledged and deposited concurrently with the Trustee, and the Cost thereof to the Company.

(3) If the Application is with respect to Railroad Subsidiary Stocks, state the number of shares and classes of all outstanding stocks of the Wholly Owned Railroad Subsidiary that issued such Stocks, the number of shares of each class to be pledged and

deposited concurrently with the Trustee, and the Cost thereof to the Company;

(4) State the Value of the then unretired physical property securing the Railroad Subsidiary Bonds of such Railroad Subsidiary, or the Value of the then unretired physical property of such Wholly Owned Railroad Subsidiary, as the case may be, as determined by an Independent Engineer;

(5) Furnish a computation showing that the principal amount of Bonds the authentication of which is applied for in the Application meets the requirements of subsections I and II of this Section 7;

(6) State that the Railroad Subsidiary Bonds or Railroad Subsidiary Stocks made the basis for the authentication of Bonds under the Application have not theretofore been Bonded;

(7) State whether or not the Wholly Owned Railroad Subsidiary that issued the Railroad Subsidiary Stocks made the basis for such Application has outstanding any bonds, debentures or other funded indebtedness, or short term or other indebtedness not incurred in the ordinary course of business, and whether or not the Debt Securities or other evidences of the same have been acquired by the Company and theretofore deposited and pledged with the Trustee;

(8) State that no Railroad Subsidiary Bonds of the Wholly Owned Railroad Subsidiary that issued the Railroad Subsidiary Stocks made the basis for such Application have been or are then being made the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage;

(9) State that no Railroad Subsidiary Stocks of the Wholly Owned Railroad Subsidiary the Railroad Subsidiary Bonds of which are made the basis for such Application have been or are then being made

the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage;

(10) State that there are no unpaid accumulations of Contingent Interest on any Outstanding Bonds of any series, and that there has been paid or set aside for payment out of Available Net Income, in the manner provided by Section 2 of Article IX, as interest on all Outstanding Bonds, for each of the two calendar years next preceding the year in which such Application is made, amounts equal to the amounts that would have been payable as interest on all Outstanding Bonds for each of said calendar years respectively if the maximum annual rate or rates of interest expressed therein had been Fixed Interest; and

(d) An Independent Engineer's Certificate stating, in the case of Railroad Subsidiary Stocks named in the Application, the Value at the date of the Application of the then unretired physical property of the Wholly Owned Railroad Subsidiary that issued such Stocks, and, in the case of Railroad Subsidiary Bonds named in the Application, the Value at the date of the Application of the then unretired physical property securing the Railroad Subsidiary Bonds of such Railroad Subsidiary;

(e) All Railroad Subsidiary Bonds and Railroad Subsidiary Stocks made the basis for the Application not theretofore pledged and deposited with the Trustee; all outstanding Debt Securities or other evidences of indebtedness, of the character described in subsection III of this Section 7, of the Wholly Owned Railroad Subsidiary that issued such Railroad Subsidiary Stocks, unless theretofore deposited and pledged with the Trustee; and all such instruments, if any, as in the Opinion of Counsel furnished pursuant to subsection (f) below may be stated to be necessary or advisable to subject such securities to the lien of the Mortgage;

(f) An Opinion of Counsel that all Railroad Subsidiary Bonds and Railroad Subsidiary Stocks of each Railroad Subsidiary required to be pledged and deposited with the Trustee by subsection (e) above are subject to the lien of the First Mortgage (so long as it shall remain a lien on the mortgaged property) and to the lien of the Mortgage or will become subject to such lien upon delivery thereof or delivery of the instruments, if any, specified in said Opinion of Counsel; that the Company has valid title to such securities and the right to own and pledge the same, free from any other lien; that such securities have been duly authorized by all corporate authority required under the laws of the state of incorporation, the charter (or other document of organization) and the by-laws of the Railroad Subsidiary issuing the same; that no authorization by any commission or governmental authority is required by law for the issue of such securities or for the valid ownership thereof by the Company or the pledge thereof as provided in this Section 7, except such authorization as shall be specified in said Opinion of Counsel, and which shall be evidenced by copies of the orders or certificates so specified, appropriately certified; that the said Railroad Subsidiary Bonds of each such Railroad Subsidiary are valid obligations thereof and are secured by a valid general lien on all or substantially all of the physical property of such subsidiary, or by a first lien on a substantial division thereof, subject only to Equipment Obligations and to liens in the nature of Permitted Encumbrances; and that such Railroad Subsidiary Stocks are fully paid and nonassessable; and

(g) A Certified Resolution to the effect that each Railroad Subsidiary and Wholly Owned Railroad Subsidiary referred to in the Application owns one or more lines of railroad, bridges or railroad terminals directly connected with the lines of railroad owned by the Company and deemed by the Board of Directors to be necessary or useful in connection with the operation of the Company's system.

So long as the First Mortgage shall remain a lien on the mortgaged property, the requirements of this Section 7 with respect to the pledge and deposit with the Trustee of Railroad Subsidiary Bonds, Railroad Subsidiary Stocks and other Securities and evidences of indebtedness shall be deemed to be satisfied by the pledge and deposit thereof with the corporate trustee of the First Mortgage subject to the terms thereof, instead of with the Trustee, and the filing with the Trustee of a statement of the corporate trustee of the First Mortgage certifying to such pledge and deposit.

SECTION 8. From time to time and in the manner provided in this Section 8, Bonds of one or more series, other than Series A, may be executed by the Company and shall be authenticated by the Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, upon the deposit by the 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 Company to the Trustee of:

(a) An Application for the authentication of Bonds under this Section 8, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 9 of this Article III, unless the Company shall state in the Application that it proposes to use the deposited cash to pay or redeem Bonds or First Mortgage Bonds, in which event the document specified in clause (f) of Section 9 of this Article III need not be furnished; and

(c) An Officers' Certificate which shall:

(1) Certify that any cash so deposited with the Trustee is not otherwise required to be deposited with the Trustee or used under any provision of the Mortgage or of the First Mortgage; and

(2) Unless the Company shall state in the Application that it proposes to use the deposited cash to pay or redeem Bonds or First Mortgage Bonds, state that there are no unpaid accumulations of Contingent Interest on any Outstanding Bonds of any series and that there has been paid or set aside for payment out of Available Net Income, in the manner provided by Section 2 of Article IX, as interest on all Outstanding Bonds, for each of the two calendar years next preceding the year in which such Application is made, amounts equal to the amounts that would have been payable as interest on all Outstanding Bonds for each of said calendar years respectively if the maximum annual rate or rates of interest expressed therein had been Fixed Interest.

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 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 and in lieu of the principal amount of Bonds to the authentication and delivery of which the Company would be entitled under the provisions of Sections 3, 4, 5, 6 or 7 of this Article III. Upon applying for any such withdrawal in lieu of the authentication and delivery of Bonds, the Company shall comply with all applicable provisions of this Article III relating to the authentication and delivery of such Bonds, except that the Company shall not be required to comply with any of the provisions of Section 9 of this Article III other than clause (d) (4) (with such changes as shall be appropriate to the withdrawal of escrowed cash), clause (e) and (unless such withdrawal is made in lieu of the authentication and delivery of Bonds under Section 5 of this Article III) clause (f) of said Section 9.

Bonds surrendered to the Trustee as the basis for the withdrawal of any escrowed cash under this Section 8, together with all coupons appertaining thereto, if not cancelled when delivered to the Trustee, shall be cancelled by the Trustee and shall not thereafter be made the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Trustee or otherwise used under any provision of the Mortgage.

The Company shall not be entitled to withdraw any escrowed cash pursuant to the provisions of this Section 8 at any time when an Event of Default shall have occurred and be continuing, or in lieu of the right of the Company to the authentication and delivery of Bonds to which the Company would otherwise be entitled under the provisions of Sections 3, 4, 6 or 7 of this Article III, if at the time of the Application for withdrawal there shall be any unpaid accumulations of Contingent Interest on any Outstanding Bonds of any series or if at the time there shall not have been paid or set aside for payment out of Available Net Income as interest on all Outstanding Bonds, for each of the two calendar years next preceding the year in which such Application is made, amounts equal to the amounts that would have been payable as interest on all Outstanding Bonds for each of said calendar years respectively if the maximum annual rate or rates of interest expressed therein had been Fixed Interest.

SECTION 9. Whenever applying for the authentication of any Bonds, other than Bonds of Series A, under the provisions of this Article III, the Company shall cause to be delivered to the Trustee:

(a) A Certified Resolution authorizing the proposed issue of bonds in a specified principal amount pursuant to a specified section or sections of this Article III, re-

questing the authentication and delivery thereof and either (i) stating that such Bonds are of a designated series previously authorized, or (ii) authorizing the execution and delivery of the supplemental indenture provided for in subsection (b) of this Section 9;

(b) If such Bonds are to be of a series not previously authorized, a supplemental indenture duly creating the proposed series and specifying as provided in Section 3 of Article II the particular provision of the Bonds of such series;

(c) A copy authenticated in a manner satisfactory to the Trustee of any orders or certificates of any commissions or public regulatory bodies or other governmental authorities shown by the Opinion of Counsel referred to in subsection (d) of this Section 9 to be required by law for the issue of such Bonds;

(d) An Opinion of Counsel that

(1) no authorization or approval by any commission or public regulatory body or other governmental authority is required by law for the issue of such Bonds except such authorizations as are specified in such Opinion;

(2) the Company is entitled by law and by the terms of the Mortgage to the authentication and delivery of such Bonds;

(3) the authentication and delivery of such Bonds has been duly authorized by all requisite corporate action on the part of the Company;

(4) the Applications, certificates, orders and other documents delivered to the Trustee conform to the requirements of the Mortgage and constitute sufficient authority hereunder for the Trustee to authenticate and deliver such Bonds; and

(5) such Bonds when duly executed, authenticated and delivered and issued for consideration will constitute valid and outstanding obligations of the Com-

pany according to their terms and will be secured by the Mortgage in accordance with its terms;

(e) An Officers' Certificate stating that no Event of Default has occurred and is continuing; and

(f) An Interest Coverage Certificate showing that the authentication and delivery of such Bonds will not result in a violation of the covenant in respect of interest coverage in Section 26 of Article IX.

ARTICLE IV

Redemption of Bonds

Section 1. The Bonds of Series A shall be redeemable in part by lot from time to time through the operation of the Sinking Fund created pursuant to Article VIII, or as a whole at any time, or in part by lot from time to time, at the option of the Company, on any date prior to the maturity thereof, at a redemption price equal to the principal sum thereof, plus (i) all unpaid interest on such principal sum that has accumulated for prior years, (ii) interest reserved in accordance with clause (vi) of subsection (d) of Section 2 of Article II, and (iii) interest (to the extent not otherwise payable) at the rate of 4½% per annum on such principal sum from January 1 of the next preceding calendar year to the date fixed for redemption, reduced by the amount of interest, if any, otherwise paid or made available for payment thereon for such preceding calendar year.

Registered Bonds without coupons of Series A for principal amounts exceeding $1,000 may be redeemed in portions amounting to $1,000 or multiples of $1,000, with interest as aforesaid on the principal sum to be redeemed.

Upon the creation of any other series of Bonds the Company may reserve the right to redeem on any date prior to maturity all or from time to time any part of the Bonds of such series at such time or times and on such terms as shall be determined by the Board of Directors and specified in the supplemental indenture providing for the creation of such series and as shall be appropriately expressed in the Bonds of such series.

Except as otherwise provided in respect of Bonds of any particular series, the procedure for redemption of Bonds of all series which by their terms are redeemable shall be as hereinafter in this Article IV provided.

Section 2. Notice of the redemption of Bonds through the operation of the Sinking Fund shall be given by publication once each week for four successive weeks in a Daily Newspaper in each city in which the principal of such Bonds is payable, the first publication in each such newspaper to be not less than 30 days and not more than 60 days before the date fixed for redemption. Notice of the redemption of Bonds other than through the operation of the Sinking Fund shall be given by like publication, except that if the date fixed for redemption is an interest-payment date the first such publication shall be not less than 60 and not more than 90 days before the date fixed for redemption, and if the date fixed for redemption is not an interest-payment date the first such publication shall be not less than 90 and not more than 120 days before the date fixed for redemption. It shall not be necessary for all of such publications in any such city to be made in the same Daily Newspaper. Each such notice shall specify the series of the Bonds to be redeemed, the date fixed for redemption and the redemption price thereof, and shall state that payment of such redemption price will be made at the office or agency or at the offices or agencies of the Company at which the principal of such Bonds is payable, and that on and after said date interest thereon will cease to accrue. A copy of such notice shall be mailed by the Company, at least 30 days prior to the date fixed for redemption, to the Trustee and to the registered holders of registered Bonds without coupons and of coupon Bonds registered as to principal so to be redeemed, at their last addresses as they shall appear upon the bond registry books, but neither failure to give such notice by mail, nor any defect therein, shall affect the validity of the proceedings for the redemption of the Bonds.

Whenever less than all of the Bonds of any series are to be redeemed, the Company shall give the Trustee adequate written notice in advance of the aggregate principal amount of the Bonds of such series to be redeemed and of the series

thereof; and the Trustee shall draw by lot from the Outstanding Bonds of such series, in such manner as it shall deem appropriate (and for that purpose the Company will, upon request of the Trustee, close or cause to be closed for a period not exceeding 10 days the bond registry books), the distinguishing numbers of a principal amount of Bonds equal to such aggregate principal amount of Bonds to be redeemed. In any drawing by lot under this Section 2, each registered Bond without coupons for a principal amount in excess of $1,000 shall be represented by a separate number for each $1,000 of its principal amount. The Trustee, after such drawing, shall promptly notify the Company in writing of the serial numbers of the Bonds so drawn, and in the case of any registered Bond without coupons to be redeemed in part only, the portion of the principal amount thereof to be redeemed. The notice of redemption shall specify the numbers of coupon Bonds and registered Bonds without coupons so drawn, and in case of any registered Bond without coupons which is to be redeemed in part only (by reason of the fact that distinguishing numbers representing only part of the principal amount thereof shall have been so drawn), the notice shall specify the serial number of such Bond and the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for the redemption, upon surrender of such registered Bond, new Bonds of the same series and maturity in principal amount equal to the unredeemed portion of such registered Bond will be issued without expense to the holder of such registered Bond.

In case less than all of the Bonds of Series A are to be called for redemption, there shall not be included in the drawing provided for in this Section 2 the distinguishing numbers of any Bonds of Series A then held by the Exchange Agent under the Exchange Agency Agreement dated as of March 1, 1954, entered into between the Company and The First National Bank of Chicago, as Exchange Agent under the

Plan, or held by the Bond Scrip Agent under the Bond Scrip Agreement dated as of March 1, 1954, entered into between the Company and The First National Bank of Chicago, as Bond Scrip Agent. The Company, at the time it shall give notice to the Trustee of its election to redeem less than all of the Outstanding Bonds of any series, to evidence the ownership of Bonds of such series owned by the Company, shall deliver to the Trustee an Officers' Certificate setting forth the serial numbers of any Bonds of such series owned by the Company, and in case of the redemption of Bonds of Series A shall also deliver to the Trustee a certificate signed by a Vice President of The First National Bank of Chicago, or its successor as such Exchange Agent, stating the serial numbers of the Bonds of Series A remaining undistributed under the Plan, and a certificate signed by a Vice President of The First National Bank of Chicago, or its successor as such Bond Scrip Agent, stating the serial numbers of the Bonds of Series A then held by it as such Bond Scrip Agent under said Bond Scrip Agreement. If any certificate of such Exchange Agent or Bond Scrip Agent shall show that such Agent no longer holds any Bonds of Series A, a certificate from such Agent under the foregoing provision shall not thereafter be required.

SECTION 3. If publication of notice of redemption shall have been completed as above provided, the Bonds or portions of Bonds specified in such notice shall become due and payable on the date and at the place stated in such notice, at the applicable redemption price, and on and after such date (unless the Company shall fail to deposit with the Trustee, as hereinafter provided, funds sufficient for the payment of such Bonds at the redemption price) interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, and the coupons for such interest payable after the date fixed for redemption shall be void. On presentation and

surrender of such Bonds on or after such date at any place or places of payment in said notice specified, accompanied by appropriate transfer powers in blank in the case of coupon Bonds registered as to principal and registered Bonds without coupons, and with all coupons, if any, thereto appertaining and maturing on or after such date, they shall be paid and redeemed by the Company at the applicable redemption price. If the Company, having completed publication of notice of redemption as required, fails so to deposit, or to direct the application from cash so available and held by the Trustee, of a sum of money equal to such redemption price, the Bonds so called for redemption, nevertheless, shall become due and payable on the date fixed for redemption.

Upon presentation of any registered Bond without coupons which is redeemed in part only, the Company shall execute and the Trustee shall authenticate and deliver to the registered holder thereof, without expense to such holder, a new registered Bond or Bonds without coupons or new coupon Bonds of the same series and maturity in principal amount equal to the unredeemed portion of the Bond so presented.

SECTION 4. If the Company shall deposit in trust with the Trustee on, or within 30 days prior to, the date fixed for redemption an amount in cash sufficient to redeem all Bonds, or portions thereof, then called or to be called for redemption, and shall furnish to the Trustee proof satisfactory to it that notice of redemption of such Bonds has been published as herein provided, or provision satisfactory to the Trustee shall have been made for giving such notice, then the Bonds or portions of Bonds to be redeemed shall no longer entitle the holders thereof to any right or benefit under the Mortgage, save and except the right to receive the redemption price therefor, and such Bonds or portions thereof to be redeemed shall no longer be considered as Outstanding Bonds.

All moneys deposited with the Trustee for the redemption

of Bonds shall be held in trust for the benefit of the holders of such Bonds, but subject to the provisions of Section 4 of Article XVIII.

SECTION 5. If any banking institution where payment of the redemption price is to be made is lawfully closed on the date fixed for redemption, then payment of the redemption price may be made at such banking institution on the next succeeding business day with the same force and effect as if made on the nominal date fixed for redemption, and no interest shall accrue for the period after such nominal date.

ARTICLE V

AVAILABLE NET INCOME

SECTION 1. The Company covenants that Available Net Income for each calendar year, beginning with the calendar year 1954, and continuing as long as any Bonds are outstanding under the Mortgage, shall be determined and applied as provided in this Section 1, subject to the provisions of Section 8 of this Article V.

The Available Net Income for the calendar year 1954 and for each calendar year thereafter shall be determined not later than April 1 of the following calendar year; and Available Net Income for each calendar year shall be applied, to the extent that the same shall suffice therefor, during the succeeding calendar year for the following purposes and in the following order:

(a) To the payment of the amount currently required to be paid into the sinking fund established for the retirement of First Mortgage Bonds of Series A pursuant to the requirements of Section 2 of Article VIII of the First Mortgage;

(b) To the payment of the currently payable Contingent Interest on all Outstanding First Mortgage Bonds of series other than First Mortgage Bonds of Series A, and the unpaid accumulations of Contingent Interest thereon, subject to the provisions of Section 2 of Article V of the First Mortgage;

(c) To the payment of any amounts currently required to be paid into the sinking fund established for the retirement of First Mortgage Bonds of any series other than First Mortgage Bonds of Series A pursuant to the requirements of Section 3 of Article VIII of the First Mortgage;

(d) To the payment of the currently payable Contingent Interest on all Outstanding Bonds and the unpaid

accumulations of Contingent Interest thereon, subject to the provisions of Section 4 of this Article V;

(e) To the payment of the amount currently required to be paid into the Sinking Fund established for the retirement of Bonds of Series A pursuant to the requirements of Section 2 of Article VIII;

(f) To the payment of any amounts currently required to be paid into the Sinking Fund established for the retirement of Bonds of any series other than Bonds of Series A pursuant to the requirements of Section 3 of Article VIII;

(g) To the payment of any amounts currently required to be paid into the Road Replacement Fund out of Available Net Income pursuant to the provisions of clause (d) of Section 1 of Article VI; and

(h) To the payment of any amounts required to be paid into the Road Replacement Fund out of Available Net Income pursuant to the provisions of clause (d) of Section 1 of Article VI, the payment of which has been postponed from a prior calendar year or years as permitted by said Section 1.

Any remaining Available Net Income may be applied (without restriction as to the year of application) as the Board of Directors may determine to the payment of dividends on the capital stock of the Company, or to any other corporate purposes.

SECTION 2. If First Mortgage Bonds of series subsequent to First Mortgage Bonds of Series A shall be issued and the bonds of such subsequent series shall bear Contingent Interest, and if in any calendar year the amount of Available Net Income applicable to the payment of Contingent Interest on all of the Outstanding First Mortgage Bonds bearing Contingent Interest is insufficient for the payment thereof in full, including any then unpaid accumulations of Contingent Interest that shall have accrued thereon, the amount of such

Available Net Income applicable to such payment under subsection (b) of Section 1 of this Article V shall be prorated among the several series of such bonds in proportion to one year's full interest thereon, at their respective interest rates, and the remainder, if any, of such amount shall be prorated among the several series in proportion to the respective balances of interest due thereon.

SECTION 3. No Contingent Interest shall be required to be paid out of Available Net Income under subsection (d) of Section 1 of this Article V if the amount so to be paid would be less than 25 cents on each $100 of the principal amount of any Contingent Interest bearing obligations and all payments of Contingent Interest shall be made in multiples of one cent for each $100 of the principal amount of such obligation. Any excess available for interest not paid because of this provision shall be reserved by the Company and added to the amount available for, or payable on account of, such interest on the next date upon which interest shall be paid.

SECTION 4. If Bonds of series subsequent to Bonds of Series A shall be issued and the bonds of such subsequent series shall bear Contingent Interest, and if in any calendar year the amount of Available Net Income applicable to the payment of Contingent Interest on all of the Outstanding Bonds bearing Contingent Interest is insufficient for the payment thereof in full, including any then unpaid accumulations of Contingent Interest that shall have accrued thereon, the amount of such Available Net Income applicable to such payment under subsection (d) of Section 1 of this Article V shall be prorated among the several series of such Bonds in proportion to one year's full interest thereon, at their respective interest rates, and the remainder, if any, of such amount shall be prorated among the several series in proportion to the respective balances of interest due thereon.

SECTION 5. If the Contingent Interest on the Bonds of any series shall become Fixed Interest or if the obligation of the Company on the First Mortgage Bonds shall cease to be an obligation of the Company, either through payment or satisfaction in full, or if for any other reason the indenture securing or providing for such obligation has been terminated and released, whether by refunding or otherwise, the requirement to apply Available Net Income for such interest or obligation shall cease and the amount of Available Net Income otherwise required to be applied thereto, after meeting all remaining requirements, if any, of like priority, shall be applied thereafter to the remaining purposes in the order of priority specified in Section 1 of this Article V.

SECTION 6. On or before April 1 of each year, beginning with the year 1955, the Company shall file with the Trustee a Certified Resolution determining the Available Net Income for the preceding calendar year, and a report signed as in the case of an Officers' Certificate showing the calculations in reasonable detail of the amount of Available Net Income for the preceding calendar year and the application thereof made or to be made by the Company pursuant to the provisions of clauses (a) through (h) of Section 1 of this Article V.

In determining Available Net Income for any year the members of the Board of Directors may rely upon and shall be fully protected in relying upon any statement signed by the Chief Accounting Officer as to any facts set forth therein and upon advice of counsel as to the meaning and application of any provision of the Mortgage.

SECTION 7. The Company, in the discretion of the Board of Directors, may pay any Contingent Interest, and the unpaid accumulations thereof, on the Bonds of any series or on the First Mortgage Bonds of any series for any year out of any funds lawfully available therefor although there be no

Available Net Income applicable thereto, provided (i) such payments are made in the order of priority specified in this Article V, and (ii) all payments having a priority senior thereto out of Available Net Income for the preceding calendar year have been paid in full.

SECTION 8. The provisions of this Article V are hereby made expressly subject to each and all of the remedies of the Trustees or the Bondholders as set forth in Article XVI, and the operation of the provisions of this Article V shall be suspended during the continuance of either of the Events of Default specified in clause (f) or clause (g) of Section 2 of Article XVI.

ARTICLE VI

Road Replacement Fund

Section 1. The Company covenants that it will create and maintain a fund to be known as the "Road Replacement Fund," and that on or before April 1 in each year, beginning with the year 1955, and continuing as long as any Bonds are outstanding under the Mortgage, but subject to the provisions of Section 5 of this Article VI, it will pay into the Road Replacement Fund in cash:

(a) Such amounts as the Company shall charge to operating expenses and credit to depreciation reserve in respect of the next preceding calendar year for depreciation of roadway and structures, which shall be not less than the amounts required therefor by the Interstate Commerce Commission or other public regulatory body having jurisdiction or, if no specific amount or rate of depreciation is so required, then such reasonable amount therefor as shall be established by the Board of Directors within the maximum amount or rate permitted by such Commission or other public regulatory body;

(b) Such other amounts as the Company shall charge to operating expenses in respect of such preceding calendar year for write-offs or amortization of investments in roadway and structures in accordance with the Uniform System of Accounts or by direction or authority of the Interstate Commerce Commission or other public regulatory body having jurisdiction;

(c) Such amounts as the Company shall recover as proceeds from salvage recovered during such preceding calendar year from mortgaged property retired; and

(d) Such amounts as shall be added to consolidated income for such preceding calendar year by reason of charges to operating expenses on account of non-depreciable road property retired as required by clause (a) (1) of the definition of Available Net Income in Article I,

but only to the extent of the Available Net Income applicable to such payment under clause (g) of Section 1 of Article V.

If Available Net Income for any calendar year applicable to payment into the sinking fund created pursuant to the provisions of Article VIII of the First Mortgage or to the payment of Contingent Interest on Outstanding Bonds is attributable to the addition to consolidated income of amounts charged to operating expenses during such calendar year on account of non-depreciable road property retired as required by clause (a) (1) of the definition of Available Net Income in Article I, then to that extent payments into the Road Replacement Fund required by clause (d) above shall be postponed until the next calendar year or years in which and to the extent that there is Available Net Income applicable to such payment under clause (h) of Section 1 of Article V.

Section 2. All amounts that are paid into the Road Replacement Fund shall be segregated from the general funds of the Company, shall be held by the Company in a separate bank account or invested in direct or guaranteed obligations of the United States of America, and, subject to the provisions of Section 3 of this Article VI, shall be expended to pay, or to reimburse the treasury of the Company for, all or any part of such cash Expenditures for Additions and Betterments as have not been Bonded or made pursuant to the provisions of Section 21 of Article IX.

On or before April 1 in each year, beginning with the year 1956, the Board of Directors may, however, in its discretion, withdraw from the Road Replacement Fund and deposit in the sinking fund created pursuant to the provisions of Article VIII of the First Mortgage, or if the obligation of the Company to maintain such sinking fund shall cease then in the Sinking Fund created and maintained in accordance with

Article VIII, all or any part of the unexpended balance remaining in the Road Replacement Fund on December 31 of the next preceding year.

Section 3. No expenditures shall be made from the Road Replacement Fund for the purpose provided in the first paragraph of Section 2 of this Article VI if the Company shall not have expended all of the funds which it has covenanted to apply only to Expenditures for Additions and Betterments under the provisions of Section 21 of Article IX.

Section 4. The Company covenants that on or before April 1 of each year, beginning with the year 1956, it will deliver to the Trustee a report signed as in the case of an Officers' Certificate, which report shall state separately with respect to the preceding calendar year (i) the amounts of all payments into the Road Replacement Fund required under the provisions of Section 1 of this Article VI and a computation showing the determination of such amounts in accordance with the provisions of said Section 1; (ii) the amounts of all expenditures from the Road Replacement Fund made pursuant to the provisions of the first paragraph of Section 2 of this Article VI, together with a description thereof in reasonable detail and a statement that the Expenditures for Additions and Betterments therein described were not theretofore Bonded or made pursuant to the provisions of Section 21 of Article IX; (iii) the unexpended balance in the Road Replacement Fund at the close of such preceding calendar year; and (iv) the amount, if any, of such unexpended balance withdrawn from the Road Replacement Fund pursuant to the provisions of the second paragraph of Section 2 of this Article VI.

Section 5. The provisions of this Article VI are hereby made expressly subject to each and all of the remedies of the

Trustees or the Bondholders as set forth in Article XVI, and the operation of the provisions of this Article VI shall be suspended during the continuance of either of the Events of Default specified in clause (f) or clause (g) of Section 2 of Article XVI.

ARTICLE VII

Equipment Replacement Fund

Section 1. The Company covenants that it will create and maintain a fund to be known as the "Equipment Replacement Fund" and that within 45 days after the close of each calendar month, beginning with the month of March, 1954, and continuing as long as any Bonds are outstanding under the Mortgage, but subject to the provisions of Section 5 of this Article VII, it will pay into the Equipment Replacement Fund in cash:

(a) Such amounts as the Company shall charge to operating expenses for such month and credit to depreciation reserve for depreciation of Equipment, which shall be not less than the amounts required therefor by the Interstate Commerce Commission or other public regulatory body having jurisdiction or, if no specific amount or rate of depreciation of Equipment is so required, then such reasonable amount therefor as shall be established by the Board of Directors within the maximum amount or rate permitted by such Commission or other public regulatory body;

(b) Such amounts as the Company shall recover as proceeds from salvage recovered during such month from Equipment retired; and

(c) Such other amounts as the Company shall charge to operating expenses during such month on account of write-offs or amortization of investments in Equipment in accordance with the Uniform System of Accounts or by direction or authority of the Interstate Commerce Commission or other public regulatory body having jurisdiction.

Section 2. All cash paid into the Equipment Replacement Fund shall be segregated from the general funds of the Company, shall be held by the Company in a separate bank account or invested in direct or guaranteed obligations of the United States of America, and shall be expended to pay, or to reimburse the treasury of the Company for, the following purposes and in the following order, subject to the provisions of Section 5 of this Article VII:

(a) The principal of Equipment Obligations as they severally mature;

(b) The cost of acquisition or construction of Equipment to the extent not financed by Equipment Obligations; and

(c) The cost of improvements and betterments to existing Equipment required to maintain the operating efficiency of the Company's railway system unimpaired, but only to the extent that the expenditures therefor are properly chargeable to Capital Accounts.

Section 3. On or before April 1 in each year, beginning with the year 1955, the Board of Directors may, in its discretion, withdraw from the Equipment Replacement Fund and deposit in the sinking fund created pursuant to the provisions of Article VIII of the First Mortgage, or if the obligation of the Company to maintain such sinking fund shall cease then in the Sinking Fund created and maintained in accordance with Article VIII, all or any part of the unexpended balance in excess of $500,000 remaining in the Equipment Replacement Fund on December 31 of the next preceding year.

Section 4. The Company covenants that on or before April 1 of each year, beginning with the year 1955, it will deliver to the Trustee a report signed as in the case of an Officers' Certificate, which report shall state separately with respect to the preceding calendar year (i) the amounts of all payments into the Equipment Replacement Fund required under the provisions of Section 1 of this Article VII and a computation showing the determination of such amounts in accordance with the

provisions of said Section 1; (ii) the amounts of all expenditures from the Equipment Replacement Fund made pursuant to the provisions of clauses (a), (b) and (c) of Section 2 of this Article VII, together with a description thereof in reasonable detail; (iii) the unexpended balance in the Equipment Replacement Fund at the close of such preceding calendar year; and (iv) the amount, if any, of such unexpended balance withdrawn from the Equipment Replacement Fund pursuant to the provisions of Section 3 of this Article VII.

Section 5. The provisions of this Article VII are hereby made expressly subject to each and all of the remedies of the Trustees or the Bondholders as set forth in Article XVI hereof, and the operation of the provisions of this Article VII shall be suspended during the continuance of either of the Events of Default specified in clause (f) or clause (g) of Section 2 of Article XVI.

ARTICLE VIII

Sinking Fund

Section 1. The Company covenants that it will create and maintain a fund for the retirement of Bonds to be known as the "Sinking Fund"; that all sums deposited in the Sinking Fund will be segregated from the general funds of the Company and held by it in a separate bank account; and that such sums will be applied in accordance with and subject to the provisions of this Article VIII.

Section 2. The Company covenants that so long as any Bonds of Series A are outstanding under the Mortgage, it will, subject to the provisions of Section 8 of this Article VIII, deposit in the Sinking Fund (i) on or before April 1 in each year, beginning with the year 1955, out of the amount of Available Net Income for the preceding calendar year applicable to payments into the Sinking Fund under clause (e) of Section 1 of Article V, the sum of $102,205 in cash, and (ii) the amount, if any, that the Company is required to deposit in the Sinking Fund under the provisions of Section 10 of this Article VIII; and that all sums so deposited will be applied to the retirement of Outstanding Bonds of Series A in the manner hereinafter provided.

Section 3. The Company covenants that, in the event Bonds of any series other than Series A are issued under the Mortgage, it will, subject to the provisions of Section 8 of this Article VIII, deposit in the Sinking Fund on or before April 1 in each year thereafter, out of the amount of Available Net Income for the preceding calendar year applicable to payments into the Sinking Fund under clause (f) of Section 1 of Article V, such additional sum, not less than ½ of 1% of the highest principal amount of Bonds of such series at any time outstanding, as shall be provided in the supplemental indenture creating such other series; and that all

sums so deposited will be applied to the retirement of Outstanding Bonds of such other series in the manner hereinafter provided.

SECTION 4. Amounts in the Sinking Fund from time to time applicable to the retirement of Outstanding Bonds of any particular series may be applied by the Company, in the discretion of the Board of Directors, to the purchase or redemption of Outstanding Bonds of such series. The Company may purchase such Bonds in the open market at the lowest price or prices at which it shall deem such Bonds reasonably obtainable, or may advertise for proposals to sell such Bonds to the Company, 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 at a price exceeding the redemption price thereof that would be applicable if such Bonds were being redeemed on the date of purchase.

All advertising and publishing costs, commissions, postage and other expenses incurred in the purchase or redemption of such Bonds, and all interest required to be paid thereon to the date of purchase or redemption, shall be paid by the Company from other available funds and not out of the Sinking Fund.

SECTION 5. The Company covenants that on or before February 1 of each year, beginning with the year 1956, it will deliver to the Trustee a report, signed as in the case of an Officers' Certificate, which shall state separately, with respect to the preceding calendar year, the sums, if any, deposited in the Sinking Fund pursuant to the provisions of Sections 2, 3 and 11 of this Article VIII, the numbers and principal amounts of Outstanding Bonds purchased or redeemed out of such deposits, the amount expended out of each such deposit for the purchase or redemption of such Bonds, and the unexpended balance of each such deposit at the close of such calendar year.

Each such report shall be accompanied by (i) a surrender for cancellation by the Trustee of all Bonds purchased by the Company out of the Sinking Fund during such calendar year, and (ii) in cash the unexpended balances in the Sinking Fund, at the close of such calendar year, of deposits made pursuant to Sections 2, 3 and 11 of this Article VIII.

SECTION 6. The unexpended cash balances deposited with the Trustee pursuant to the provisions of Section 5 of this Article VIII shall be applied respectively by the Trustee, so long as no Event of Default has occurred and is continuing, to the purchase or redemption, in accordance with the provisions of this Section 6, of Outstanding Bonds of such one or more series as the Company would have been required or permitted to purchase or redeem under Sections 2, 3 and 11 of this Article VIII if it had expended such balances for the purposes of said Sections.

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 exceeding the redemption price thereof that would be applicable if such Bonds were being redeemed on the date of purchase.

Whenever the balance of cash remaining on deposit with the Trustee under the provisions of this Section 6 on March 1 of any year equals or exceeds $50,000, the Trustee shall apply such balance to the redemption of Outstanding Bonds of such one or more series as the Trustee would be entitled to purchase under the foregoing provisions of this Section 6, such redemption to be made on the earliest practicable redemption date, in the case of Bonds of Series A at the Sinking Fund redemption price specified in Section 1 of Article IV and in the case of Bonds of any other series at the redemption price specified in the supplemental indenture creating such series. The Trustee shall give notice of such redemption in the name of the Company in the manner and in accordance with the applicable provisions of Article IV; and the Trustee is hereby appointed the agent of the Company for such purpose. The Company covenants that whenever any redemption of Bonds shall be required under the provisions of this Section 6, it will at the request of the Trustee take all action necessary, and authorize the Trustee to take all action necessary, to redeem such Bonds.

The Company covenants that, in connection with any purchase or redemption of Bonds under this Section 6, it will deposit with the Trustee, upon request of the Trustee in the case of purchase, or prior to the date fixed for redemption in the case of redemption, in addition to funds theretofore deposited with the Trustee pursuant to the provisions of Section 5 of this Article VIII, an additional sum in cash sufficient to pay all interest required to be paid thereon to the date of purchase or redemption.

All advertising and publishing costs, commission, postage and other expenses incurred in the purchase or redemption of such Bonds by the Trustee shall be paid by the Company, or, if paid by the Trustee, shall be repaid by the Company to the Trustee upon demand.

SECTION 7. Any cash deposited with the Trustee pursuant to the provisions of Section 5 of this Article VIII and applicable to the purchase or redemption of Outstanding Bonds of a particular series may be withdrawn by the Company at any time prior to the application of such cash by the Trustee to the purchase of Outstanding Bonds or the giving of notice by the Trustee of the redemption of any Bonds, as provided in Section 6 of this Article VIII, in an amount equal to the lower of the cost (exclusive of interest) or the principal amount of Bonds of such series, bearing all unmatured coupons appertaining thereto, reacquired by the Company and delivered to the Trustee for that purpose. Any Bonds so delivered to the Trustee shall be accompanied by an Application for the withdrawal of such cash, specifying and describing the Bonds delivered therewith, and by an Officers' Certificate stating that such Bonds have been duly issued and outstanding and have been reacquired by the Company, the cost (exclusive of interest) at which they were reacquired, that none of such Bonds has theretofore been Bonded and that such Bonds are delivered to the Trustee for the purpose of withdrawing cash then on deposit with the Trustee pursuant to the provisions of Section 5 of this Article VIII.

SECTION 8. In lieu of depositing cash in the Sinking Fund as provided in Sections 2, 3 and 11 of this Article VIII, the Company may reacquire and deliver to the Trustee for cancellation Bonds of any series which the Company would be entitled to purchase or redeem with such cash, bearing all unmatured coupons appertaining thereto, at the cost of reacquisition thereof (exclusive of interest) or the principal amount thereof, whichever is lower. Any such Bonds so delivered to the Trustee shall be accompanied by an Officers' Certificate stating (i) that such Bonds have been duly issued and outstanding and have been reacquired by the Company, (ii) the cost (exclusive of interest) at which they were reacquired, (iii) that none of such Bonds has theretofore been

Bonded, and (iv) that such Bonds are delivered to the Trustee in lieu of the deposit of cash in the Sinking Fund.

SECTION 9. All Bonds purchased or redeemed by the Company or by the Trustee, or delivered by the Company to the Trustee, under any provisions of this Article VIII, shall be cancelled and shall not be made the basis for the authentication and delivery of any Bonds, the release of any property, or the withdrawal, payment or application of any cash under any provision of the Mortgage.

SECTION 10. The Company represents that, pursuant to the order of the Court directing consummation of the Plan, it has segregated from its general funds the sum of $423,986 as a fund for the settlement of land-grant rate adjustments, the liability for which the Company has assumed in the consummation of the Plan, and the Company covenants that, (a) if at any future time the Board of Directors shall determine, as evidenced by a Certified Resolution delivered to the Trustee, that the balance remaining in said fund at the time of such determination is no longer needed for the original purpose of the fund, or (b) if any balance remains in said fund on January 1, 1959, whichever contingency is first satisfied, the Company within 30 days thereafter will deposit the balance of such fund in the Sinking Fund for application to the retirement of Outstanding Bonds of Series A pursuant to Section 2 of this Article VIII, unless the Company is then required to deposit such balance in the sinking fund established by the First Mortgage for the retirement of First Mortgage Bonds of Series A. Until such deposit the Company covenants that said fund will be held in a separate bank account or invested in direct or guaranteed obligations of the United States of America and that, on or before April 1, 1955, and on or before each April 1 thereafter, it will file with the Trustee a report showing, as of the next preceding

March 1, the total payments made from the fund during the twelve months immediately prior thereto, the balance then in said fund, and the amount or amounts then held in a separate bank account or invested as aforesaid.

SECTION 11. The Company covenants that all sums deposited in the Sinking Fund pursuant to the provisions of Section 2 of Article VI and Section 3 of Article VII will be applied to the retirement of Outstanding Bonds of Series A or, in the event Bonds of any other series are issued, Outstanding Bonds of such series as the Board of Directors shall determine.

ARTICLE IX

GENERAL COVENANTS

The Company covenants as follows:

SECTION 1. The Company will duly and punctually pay or cause to be paid the principal of, 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 Company will maintain in the City of Chicago, State of Illinois, an office or agency where payment of the principal of, premium if any, and interest on Bonds may be made, where notices, presentations and demands to or upon the Company in respect of Bonds or coupons or in respect of the Mortgage may be given or made and where Bonds may be registered, transferred and exchanged. The 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. The 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 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 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, premium if any, or interest on any of the Bonds (whether such sums have

been paid to it by or on behalf of the Company) 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 Company to make any payment of the principal of, 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 Company shall act as its own paying agent in respect of the Bonds of any series, it will, on or before each due date of the principal of, premium if any, or interest on such Bonds, 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, premium and interest so becoming due and will notify the Trustee of any failure to take such action.

The 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 XVIII.

SECTION 3. The 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 Trustees of the property hereby mortgaged, conveyed or assigned, or intended so to be, or which the Company may hereafter become bound to convey or assign to the Trustees.

The Company will deliver to the Trustee on or before April 1 in each year, beginning with the year 1955, an Officers' Certificate setting forth in reasonable detail a description of any substantial items of additional real and personal property, estate, rights and franchises acquired within the previous calendar year and an Opinion of Counsel stating either (a) that no supplemental indenture is necessary to subject to the lien of the Mortgage the items of property set forth in such Officers' Certificate which are intended by the granting clauses or other provisions of the Mortgage to be subjected to the lien hereof, or (b) that a supplemental indenture is necessary for the purpose and that the supplemental indenture delivered to the Trustee with such Officers' Certificate and Opinion of Counsel is sufficient for that purpose and has been recorded and filed in the proper jurisdictions.

SECTION 4. The 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 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 Company, from time to time as they shall become due, will make, or cause to be made, 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 such further acts as may be necessary to assure to the Company the use

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

Nothing contained in this Section 5 or in any other provision of the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the 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 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 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 Company will forthwith, upon the discharge and cancellation of such mortgage or other instrument (subject to the obligation of the 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 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 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 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 Trustees 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 Company without expense to the Trustees or the Bondholders; provided, however, that the Company shall not be required to pay any such taxes, assessments or governmental charges (i) so long as in good faith the validity or 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 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, the interest of the 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 Company to make any such payments or to observe any such obligations so long as the 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 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, and the right, charge, lien or title of Equipment Obligations, Permitted Encumbrances and Prior Liens, and that it will not create, or suffer to be created or to arise, or allow to exist 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 six 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 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 or 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 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 subject to the lien of the Mortgage 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 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 Company will forthwith upon acquisition deposit and pledge with the Trustee, as further security for the Bonds, all Securities hereafter acquired by it except

Special Securities and except 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 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 Company of such Securities with the corporate 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 corporate trustee of the First Mortgage certifying to such pledge and deposit, filed with the Trustee, shall constitute a compliance by the Company with the provisions of this Section 12.

SECTION 13. The 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 Company with the applicable provisions of the Mortgage.

SECTION 14. The Company will not increase or permit to be increased 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 corporate trustee of the First Mortgage or with the Trustee to be held subject to the provisions of Article X.

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

SECTION 16. The 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 re-filed 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 1955, 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 re-filed, 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 Company will cause all of the property at any time subject to the lien of the Mortgage, 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 Company. On or before April 1, 1955, and on or before April 1 in each year thereafter, and at any other time upon the request of the Trustee, the Company will furnish to the Trustee an Officers' Certificate stating in general the character and extent of the insurance then

maintained by the 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 $75,000 in respect of any one loss, such proceeds shall, subject to the requirements of the First Mortgage or of any Prior Lien, Permitted Encumbrance or Equipment Obligation on such property, be deposited by the Company with the Trustee, accompanied by an Officers' Certificate, dated not more than 30 days prior to the delivery thereof to the Trustee and stating the circumstances of such deposit and the source of such proceeds, and shall be set apart and held in trust by the Trustee and applied, pursuant to the written request of the Company (if an Event of Default shall not have occurred and be continuing), to the repair, restoration or replacement of the property damaged or destroyed. The written request of the Company, signed as in the case of an Officers' Certificate, shall set forth the nature of such repairs, restorations or replacements and the cost thereof, and shall be accompanied by an Opinion of Counsel that the same are or will become subject to the lien of the Mortgage as hereinafter in this Section 17 provided. Such request and Opinion of Counsel shall constitute a sufficient warrant and direction to the Trustee for the expenditure of said proceeds in accordance with such request.

Any proceeds from insurance deposited with the Trustee, pursuant to this Section 17, which have not been applied to the repair, restoration or replacement of the property damaged or destroyed within two years after such payment, shall thereafter 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 the proceeds from any insurance on the mortgaged property shall be $75,000 or less in respect of any one loss, such

proceeds shall be applied by the 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 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 of any Prior Lien, Permitted Encumbrance 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 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 Company may have with respect to the mortgaged property.

SECTION 19. The Company will not pledge or hypothecate any Bonds to secure any indebtedness created, assumed or guaranteed, directly or indirectly, by the Company if in consequence thereof the principal amount of all Bonds pledged or hypothecated by the Company would exceed 10% of the aggregate principal amount of all Outstanding Bonds.

The Company will not pledge or hypothecate any Bonds or First Mortgage Bonds to secure any indebtedness if in consequence thereof the aggregate principal amount of all Bonds and First Mortgage Bonds pledged or hypothecated by it to secure such indebtedness would exceed 150% of the principal amount of such indebtedness.

SECTION 20. The 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 Company to its shareholders, beginning with the annual report for the year 1954.

SECTION 21. The Company covenants that all funds made available to it after March 1, 1954, from all or any of the following sources, unless deposited in the Road Replacement Fund or in the Equipment Replacement Fund or with the Trustee or with the corporate trustee of the First Mortgage or with the trustee or mortgagee under a Prior Lien, Equipment Obligation or Permitted Encumbrance, shall be applied only to Expenditures for Additions and Betterments not theretofore Bonded: (i) proceeds of insurance on the mortgaged property not used for restoration or repairs, and (ii) proceeds from sales of mortgaged property sold in accordance with the provisions of Article XI.

SECTION 22. If any Expenditures for Additions and Betterments located on any leasehold shall have been Bonded, upon the termination of such leasehold there shall be deposited with the Trustee, accompanied by an Officers' Certificate dated not more than 30 days prior to the delivery thereof to the Trustee and stating the circumstances of such deposit and the source thereof, all amounts paid to the 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 23. If the Company shall procure the authentication and delivery of any Bonds for the purpose of acquiring Railroad Subsidiary Bonds or Railroad Subsidiary Stocks, pursuant to the provisions of Section 7 of Article III, it will not thereafter cause or permit the issuance of any additional

principal amount of such Railroad Subsidiary Bonds or any additional shares of such Railroad Subsidiary Stocks unless all of such additional Railroad Subsidiary Bonds or at least 90% of each class of such additional Railroad Subsidiary Stocks, as the case may be, are upon issuance deposited and pledged with the Trustee.

SECTION 24. Except as provided in Section 11 of Article XI, as and when there shall be delivered to the trustees of 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 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 25. So long as interest on the Bonds of Series A remains Contingent Interest the Company will, on or before April 1 of each year, beginning with the year 1955, 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 on the next succeeding interest payment date, once in a Daily Newspaper in the City of Chicago, State of Illinois, and once in a Daily Newspaper in the Borough of Manhattan, City and State of New York. A copy of such notice shall be mailed by or on behalf of the 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.

SECTION 26. The Company will not procure the authentication and delivery of any Bonds under Article III in any case in which the delivery to the Trustee of an Interest Coverage Certificate is required, unless the consolidated income available for fixed charges of the Company and its Wholly Owned Railroad Subsidiaries, for a period of 12 consecutive cal-

endar months within the 18 calendar months next preceding the date of the Application for the authentication and delivery of such Bonds, shall have been at least one and one-half times the aggregate of (i) the annual interest charges on all Outstanding Bonds (computed at the rates specified therein, without regard to Available Net Income), and (ii) the annual interest charges (computed in the same manner) on the Bonds to be authenticated and delivered on the basis of such Application, and (iii) all other fixed charges of the Company and its Wholly Owned Railroad Subsidiaries in such period. The consolidated income available for fixed charges and all fixed charges of the Company and its Wholly Owned Railroad Subsidiaries for such period shall be determined in accordance with the Uniform System of Accounts applicable to such period.

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 Company so requests, be registered in the name of the Trustee or its nominee or 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, and 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 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 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; the Trustee, upon the written request of the Company, shall deliver to the 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 Company, shall pay over to the Company all sums which may be received by the Trustee representing interest and earned cash dividends; and the Trustee, upon written notice from the Company that any installment 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; and

(b) The Trustee (except with consent of the 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 Company shall not be entitled to collect and the Trustee shall not pay over to the Company, and if collected by the 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 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 Securities, other than on account of accrued interest or dividends payable to the Company under the provisions of the Mortgage; (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 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 Company shall not sell, assign or transfer any such coupon or right to interest or dividends;

(4) The 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 Company or one or more Bondholders.

Section 3. Unless and until an Event of Default shall have occurred and be continuing, the 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 Company give suitable waivers of notice and consents and deliver to the 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 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 Company delivered to the Trustee, accompanied by a Certified Resolution authorizing the same, 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 interest 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 reorganisation 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 and cash paid 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 Company delivered to the Trustee, accompanied by a Certified Resolution authorizing the same, and without such request if an Event of Default shall have occurred and be continuing, the Trustee, as the holder of such Debt Security, may in its discretion exercise all rights of the holder thereof and all rights under the mortgage or other instrument securing the same, or pursuant to which it was issued, and cause such proceedings as may be approved by its counsel to be instituted and prosecuted in a court of competent jurisdiction to enforce the payment of the principal and interest on such Debt Security and the performance of the covenants, terms or conditions therein and in such mortgage or other instrument contained and the foreclosure or other enforcement of such mortgage or other instrument, or otherwise.

SECTION 5. Unless an Event of Default shall have occurred and be continuing, the following transactions may be carried out and consummated:

(a) The renewal or extension of any Debt Security

deposited and pledged hereunder at the same or a lower or higher rate of interest;

(b) The renewal or extension of any mortgage or other lien or instrument securing any Debt Securities deposited and pledged hereunder; and

(c) The issue in substitution for any Securities of a Railroad Subsidiary deposited and pledged hereunder of other Securities issued by the same Railroad Subsidiary which, except in the case of common Stock, shall be of the same or a greater aggregate principal amount or liquidation value, shall be secured by the same or an equivalent or prior lien or entitle the holder to an equivalent or superior liquidation and dividend preference, and shall bear the same or a higher or lower rate of interest or preferred dividend;

subject, however, to the following terms and conditions:

(1) All Securities so renewed or extended (if replaced by new Securities) and all Securities for which new Securities are substituted shall be delivered by the Trustee to the corporation issuing the same solely for retirement.

(2) All Securities so issued in renewal, extension or substitution shall forthwith upon the issue thereof be deposited and pledged hereunder to the same extent and in the same manner as the Securities renewed or extended or for which they are substituted.

(3) No such substitution shall be made if it will so reduce the percentage of the number of shares of voting stock of any Railroad Subsidiary or Wholly Owned Railroad Subsidiary owned by the Company that such Subsidiary would no longer be qualified as such.

(4) No such substitution shall be made if the substituted Securities are of an issue junior to the Securities to be retired.

(5) In each such case the Trustee shall be furnished with the following:

(A) An Officers' Certificate stating in substance as follows: (i) the Securities (briefly described) to be renewed, extended or retired and the terms of such renewal, extension or retirement; (ii) the Securities (briefly described), if any, to be issued in substitution; (iii) that in their opinion the renewal, extension or substitution will be to the benefit and advantage of the Company and will not be detrimental to the interest or security of the Bondholders; (iv) whether the Securities to be renewed or extended or for which new Securities are to be substituted are Securities of a Railroad Subsidiary or Wholly Owned Railroad Subsidiary; (v) that if such new Securities are to be substituted for Securities of a Railroad Subsidiary or Wholly Owned Railroad Subsidiary such substitution will not so reduce the number of shares of voting stock of such Railroad Subsidiary or Wholly Owned Railroad Subsidiary then owned by the Company that such Subsidiary would no longer be qualified as such; and (vi) that no Event of Default has occurred and is continuing; and

(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 Company, be validly issued and outstanding and what they purport to be and validly owned by the Company; that the Securities, if any, to be issued in substitution will not be junior to the Securities to be retired; 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 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 Company, the Securities of such corporation that are deposited and pledged under the Mortgage shall be surrendered to the consolidated corporation or to the Company, as the case may be, but only if, as evidenced by an Opinion of Counsel furnished to the Trustee, (i) 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 (ii) 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. The Company covenants that it will not use any property acquired from any corporation (if its Securities were theretofore Bonded) as a basis for the authentication and delivery of any Bonds, the release of any property, or the withdrawal, payment or application of any cash held by the Trustee, under any provision of the Mortgage.

SECTION 8. In case at any time any corporation, the Securities of which are deposited and pledged hereunder, shall be liquidated or dissolved, the Trustee shall surrender such Securities to or upon the order of the Company upon receipt by the Trustee of evidence satisfactory to it that the distributive portion of the property of such corporation applicable to such Securities has been acquired by the Company and subjected to the direct lien of the Mortgage.

In case at any time all or any of the property of any corporation, the Securities of which shall be deposited and pledged hereunder, shall be sold at any judicial sale, or sold in foreclosure or other proceedings for the enforcement of any Debt Security deposited and pledged hereunder or any mortgage securing such Debt Security, then and in any such case, if the property sold can be acquired by crediting on the Securities so deposited and pledged hereunder any sum accruing or to be received thereon out of the proceeds of such sale, and by paying not more than 10% of the price of such property in cash (or more than 10% if the 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 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 Company or of purchasing trustees, as the Trustee may determine, and the Trustee shall use, or permit the 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 to be

vested either in the Company and subjected to the direct lien of the Mortgage, or in some other corporation organized or to be organized with power to acquire and operate such property, in which event all securities of such other corporation acquired directly or indirectly through such use of the pledged Securities shall be deposited and pledged hereunder in the place and stead of the latter, and shall be held by the Trustee as part of the mortgaged property.

The Company covenants not to use any of such property as a basis for the authentication and delivery of any Bonds, or the release of any property, or the withdrawal, payment or application of any cash held by the Trustee, under any provision of the Mortgage.

SECTION 9. The Company covenants that, except as permitted by clause (b) of Section 3 of this Article X, no Wholly Owned Railroad Subsidiary will increase the amount of its outstanding shares of Stock of any class unless after such increase at least 90% of the total outstanding shares of each class shall be deposited and pledged with the Trustee hereunder. In the event that the outstanding amount of any class of Stock of any Wholly Owned Railroad Subsidiary shall be reduced, the Trustee, upon the written request of the Company, shall surrender for cancellation the certificates evidencing such part of the shares of such class of Stock so pledged hereunder as shall be proportionate to the amount of such reduction, provided that the shares of such Wholly Owned Railroad Subsidiary remaining on deposit and pledge with the Trustee will comprise at least 90% of the total shares of each class outstanding after such reduction.

SECTION 10. The Company covenants and agrees that no Railroad Subsidiary will create or increase the amount of its indebtedness secured by lien equal or prior in rank to the lien of any Railroad Subsidiary Bonds of such Railroad Sub-

sidiary deposited and pledged under the Mortgage, unless the Debt Securities for the indebtedness so created or the increase thereof are also deposited and pledged with the Trustee.

SECTION 11. The Company covenants that no Wholly Owned 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 Wholly Owned 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 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 Wholly Owned 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 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 Subsidiary; and

(3) that the property to be sold or exchanged is no longer necessary or advantageous in the business of such Subsidiary, and either (i) that the substantial integrity and efficiency of the lines of railroad, bridges and terminals of such 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; and

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

Sales, exchanges and other dispositions of its property may be made by any Wholly Owned 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 Subsidiary in that year has exceeded or will exceed $25,000.

The Company covenants and agrees that within 15 days after the sale or disposition of any property by a Wholly Owned Railroad Subsidiary as to which the instruments provided by this Section 11 shall be required, the Company will deposit or cause to be deposited with the Trustee an amount equal to the amount of any cash received by such Subsidiary for the property so sold, unless such Subsidiary has deposited such amount with the corporate trustee of the First Mortgage, or with the trustee or mortgagee of a mortgage securing Railroad Subsidiary Bonds of such Subsidiary in accordance with the requirements of such mortgage, as to which such deposit the Trustee shall be furnished with a statement of the trustee or mortgagee of such mortgage certifying thereto.

SECTION 12. The Company may, unless an Event of Default shall have occurred and be continuing, sell the Securities of any corporation which are deposited and pledged under the Mortgage, except Prior Lien Bonds, but only upon and subject to the following conditions:

(a) All Stocks of a Wholly Owned Railroad Subsidiary pledged hereunder shall be sold simultaneously.

(b) The Trustee shall be furnished with an Officers' Certificate dated not more than 30 days prior to the delivery thereof and setting forth:

(1) A description of the Securities to be disposed of by the Company, and, in the case of Stocks of a Wholly Owned Railroad Subsidiary, a statement that such Stocks include all Stocks of such Subsidiary pledged hereunder;

(2) A brief statement of the price or consideration to be received by the Company (which consideration may be cash, or cash and purchase money obligations secured by a pledge of the Securities to be sold) and a statement that the amount of such consideration is not less than the fair value to the Company of the Securities to be sold and represents an adequate consideration therefor; that none of such purchase money obligations matures more than 10 years from the date of issue; and that the aggregate principal amount thereof does not exceed 60% of the total amount of such consideration;

(3) If the Securities to be disposed of are Securities of a Railroad Subsidiary, a statement that such sale is subject to the provisions of Part B of Section 1 of Article XI, accompanied by showings in compliance therewith, or a statement that the provisions of said Part B are not applicable to such sale; and

(4) That no Event of Default has occurred and is continuing.

(c) The consideration stated in the Officers' Certificate provided for in subsection (b) of this Section 12 to be received by the Company shall be deposited and pledged with the Trustee.

(d) The Trustee shall be furnished with an Opinion of Counsel stating that (i) such sale is in accordance with the provisions of the Mortgage, (ii) the Trustee is authorized under the terms of the Mortgage to comply with

the request of the Company in consummation of the sale, (iii) any purchase money obligations mentioned in the Officers' Certificate provided for in subsection (b) of this Section 12 are valid obligations, secured by a valid and enforceable pledge of the Securities to be sold, free and clear of prior liens, (iv) such pledge contains appropriate provision for the security and protection of the Bonds, and (v) all necessary consent or approval of all governmental authorities for the sale and acquisition of such Securities has been obtained or that no such consent or approval is necessary; and said opinion shall be accompanied by a certified copy of any such consent or approval specified in said opinion to be necessary.

(e) The Trustee shall be furnished with a Certified Resolution authorizing the sale of the Securities mentioned in the Officers' Certificate provided for in subsection (b) of this Section 12, and requesting the release thereof from the lien of the Mortgage.

Upon receipt by the Trustee of the instruments mentioned in subsections (b), (d) and (e) of this Section 12, and the consideration to be received by the Company as therein stated, the Trustee shall release from the lien of the Mortgage, and deliver to or upon the written order of the Company, all Securities so to be sold at the time held by the Trustee.

SECTION 13. In case an Event of Default shall have occurred and be continuing, the Company shall no longer be entitled to receive the payments and exercise the rights theretofore permitted it pursuant to the provisions of this Article X, but nevertheless may do any of the things authorized to be done by it in Sections 2, 3, 5, 7, 8 and 12 of this Article X upon compliance by it with the respective provisions of said sections, if the Trustee, in the exercise of its discretion, in writing expressly authorizes or assents to such action. The Trustee shall so authorize or assent to such action if requested

by the holders of a majority in principal amount of the Outstanding Bonds.

SECTION 14. All moneys received by the Trustee in respect of any Securities deposited and pledged hereunder, unless the Company shall be entitled to receive the same under the provisions of Section 2 of this Article X, shall be held, paid out or applied by it as in the case of money deposited upon the release of mortgaged property, in the manner provided in Section 7 of Article XI.

SECTION 15. The Company covenants and agrees that forthwith on demand of the Trustee it will pay, or will provide for in a manner satisfactory to the Trustee, all expenditures incurred by the Trustee under any of the provisions of this Article X, including all sums required to obtain and perfect the ownership and title to any property which the Trustee shall cause or authorize to be purchased pursuant to any provision of this Article X; and the Trustee in its discretion, without impairment of or prejudice to any of its rights under the Mortgage by reason of any default of the Company, may but shall not be obligated to advance any or all such expenses and such other moneys as may be required, or may procure such advances to be made by others, and for such advances made by the Trustee or by others at its request, with interest thereon at the rate of 4½% per annum, the Trustee shall have a lien upon the mortgaged property in priority to the lien of the Bonds, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

SECTION 16. The Trustee shall release from the lien of the Mortgage any or all Securities pledged and deposited with the corporate trustee of the First Mortgage upon delivery to the

Trustee of a Certified Resolution requesting such release accompanied by a statement in writing of the corporate trustee of the First Mortgage certifying that such Securities have been released from the lien of the First Mortgage in accordance with the applicable terms and provisions thereof as they existed on the date of the execution and delivery of the Mortgage.

ARTICLE XI

Possession, Use and Release of Property

Section 1. While the Company shall remain in possession of the mortgaged property, it shall be entitled to manage, operate, use and enjoy all and singular the property subject to the Mortgage (except any cash or Securities deposited or pledged or required to be deposited or pledged with the Trustee under the terms of the Mortgage or with the corporate trustee of the First Mortgage under the terms thereof) and to receive, take and use the rents, incomes and profits thereof subject to the terms of the Mortgage. The subsequent provisions of this Section 1 are for the purpose of permitting the advantageous use of the property subject to the Mortgage in the operation and management of the business so as most judiciously to maintain the value of such property of the Company and the value of the security for the Bonds.

Part A. While remaining in possession of the mortgaged property, the Company shall be entitled in the usual and ordinary conduct of its business:

(a) to alter, repair, dismantle when no longer useful, replace, change and add to its buildings, roadways, trackage, Equipment, materials, supplies and any other physical property;

(b) to make any change in the location of its lines, tracks, station houses, buildings or other structures situated upon or comprising any part of the property subject to the Mortgage to other premises, if said lines, tracks, station houses, buildings, structures and the premises whereon they are relocated shall be or concurrently become subject to the lien of the Mortgage to the same extent and with the same priority of lien as before such relocation; and

(c) to modify the rights under, or to abandon or terminate, any trackage, terminal, operating or other con-

tract, agreement or lease, easement, franchise, license, authority or permit under which the Company may now or hereafter conduct its railroad operations; provided, in the case of any modification, that the same does not substantially impair the rights of the Company in its railroad operations or in the judgment of the Company impair the security or interests of the Bondholders, and in the case of any abandonment or termination, that such rights are no longer required for the railroad operations of the Company, and that rights of operation, substantially equivalent as to scope and term, are otherwise owned or are concurrently to be acquired and subjected to the lien of the Mortgage to the same extent and with the same priority of lien as existed prior to the modification, abandonment or termination.

Part B. To increase operating efficiency and effect economies by elimination of unnecessary trackage or unnecessary duplication of trackage within its own transportation system which is subject to the lien of the Mortgage, and by facilitating the coordination of operations of such transportation system with operations of the transportation systems of other railroads the Company, while remaining in possession of the mortgaged property, may, under the conditions and upon compliance with the provisions of Sections 2 and 3 of this Article XI to the extent applicable:

(a) Sell, exchange for other property, abandon, lease or otherwise dispose of any part, substantially less than all, of its lines of railroad (including any leasehold, easement, trackage right or other interest therein) which are subject to the lien of the Mortgage, but only if, at or prior to such sale, exchange, abandonment, lease or other disposition,

(1) there shall be filed with the Trustee a Certified Resolution determining and expressing the judgment of the Board of Directors that

(i) such sale, exchange, abandonment, lease or other disposition will increase operating

efficiency and effect economies by elimination of unnecessary trackage or unnecessary duplication of trackage within the Company's own transportation system then subject to the lien of the Mortgage, or by facilitating the coordination of operations of such transportation system with operations of the transportation systems of other railroads, and will not substantially impair the ability of the Company to handle the traffic of its transportation system, and

(ii) that the property so to be sold, exchanged, abandoned, leased or otherwise disposed of is no longer deemed necessary or expedient in the operation of its transportation system and that the security or interests of the Bondholders will not be impaired thereby; and

(2) there shall also be filed with the Trustee, as to any part of such lines of railroad (including any leasehold, trackage right or other interest therein) desired to be sold, exchanged, abandoned, leased or otherwise disposed of, an Officers' Certificate stating that the Company is in possession of the mortgaged property and the facts relied upon to show that

(i) such part of said lines of railroad is a branch or spur line, or is otherwise so separable from any main line serving principal points, that such sale, exchange, abandonment, lease or other disposition will not break the continuity of such main line between the principal points served thereby, or

(ii) after said sale, exchange, abandonment, lease or other disposition there will remain at least one other route subject to the lien of the Mortgage between the principal points served by the part of such line to be

sold, exchanged, abandoned, leased or otherwise disposed of, over which the traffic of its transportation system between such principal points may be handled with substantially equal facility, or

(iii) the Company has acquired, or upon such sale, exchange, abandonment, lease or other disposition will acquire, rights over lines of another railroad company through joint ownership, lease or trackage agreement whereby facilities will be available for general continuity of operation of its transportation system which are substantially equivalent to the facilities therefor of the lines of railroad to be sold, exchanged, abandoned, leased or otherwise disposed of, and that any such lease or trackage agreement, as evidenced by an Opinion of Counsel furnished to the Trustee, will extend at least beyond the latest date of maturity of any of the Bonds then outstanding and will not be subject to termination prior to its expiration date on account of any lien on the property covered thereby; and

(3) there shall be pledged with the Trustee or otherwise subjected to the lien of the Mortgage, subject only to the First Mortgage and Permitted Encumbrances, in such manner as shall be deemed sufficient in an Opinion of Counsel furnished to the Trustee, any and all rights of joint ownership, leases, and trackage agreements acquired by the Company and referred to in such Officers' Certificate pursuant to the preceding clause (2)(iii).

Any lease of property of the Company made pursuant to this subdivision (a) shall be made expressly subject to immediate termination by the Trustees at any time upon the occurrence of an Event of Default and at any time during the continuance thereof, and also by the purchaser

of the property so leased upon any sale thereof, whether such sale be made under the power of sale hereby conferred or under judicial proceedings.

Notwithstanding the foregoing provisions of this Part B, any line or portion of a line of railroad (including any leasehold, easement, trackage right or other interest therein) subject to the lien of the Mortgage may be sold, exchanged, abandoned, leased or otherwise disposed of upon compliance solely with the provisions of clause (1) of this subdivision (a), if such sale, exchange, abandonment, lease or other disposition is with the approval or direction of the holders of a majority of all Outstanding Bonds, such approval or direction being made and evidenced pursuant to the provisions of Article XIII and filed with the Trustee.

(b) Grant an undivided interest in any part of any line of railroad, or in any bridge or terminal, which is subject to the lien of the Mortgage, or grant an easement over, or enter into a trackage agreement providing for the use by another railroad of, any such line of railroad, or bridge or terminal, with or without use of appurtenant shop or other operating and service facilities; and any such easement or trackage right may, but need not, extend for a longer period than the latest maturity of any of the Bonds then outstanding, and may, but need not, be subject to termination by the Trustees upon the occurrence or during the continuance of any Event of Default, or by the purchaser of any property to which the same relates upon any sale thereof by virtue of the power of sale hereby conferred or under judicial proceedings; but in the case of each such grant of an undivided interest or in case any such easement or trackage right shall extend for a longer period, as aforesaid, or is not subject to termination, as aforesaid, then at or prior thereto

(1) there shall be furnished to the Trustee an Opinion of Counsel that there has been adequately preserved to the Company the equal or prior right to the use of any such line of railroad, bridge, or terminal in which an undivided interest has been

granted or as to which an easement or trackage right has been so granted, and to appurtenant facilities, if any, as to which a right of use has been so granted, and

(2) there shall be filed with the Trustee a Certified Resolution determining and expressing the judgment of the Board of Directors, in the case of any such grant of an undivided interest, that the same is advantageous to the economical and efficient operation of the business of the Company, or, in the case of any such easement or trackage right agreement, that the terms thereof are reasonable and advantageous to the economical and efficient operation of the business of the Company and, in either case, that such transaction will not substantially impair the ability of the Company to handle the traffic of its transportation system subject only to the liens of the Mortgage, the First Mortgage and Permitted Encumbrances at or between the principal points served thereby, or impair the security or interests of the Bondholders.

In case an easement over, or a trackage agreement providing for the use by another railroad of, any part of any line of railroad or in any bridge or terminal shall be granted by the Company for a longer period than the latest maturity of any of the Bonds then outstanding or not be subject to termination by the Trustees upon the occurrence or during the continuance of any Event of Default or by the purchaser of any property to which the same relates upon any sale thereof by virtue of the power hereby conferred or under judicial proceedings, the Trustees shall, at the request of the Company and upon receiving the Opinion of Counsel and Certified Resolution with respect thereto as provided in this subdivision (b), execute and deliver a certificate or consent to the granting of such easement or trackage agreement.

Any principal point which is the terminus of any line of railroad of the Company subject to the lien of the Mortgage shall cease to be a principal point if, for any

period of five successive years after the date of the Mortgage, traffic over the line, or a portion thereof serving such point designated as provided in the following sentence, has been such that the operation by the Company of such line or such designated portion, as the case may be, has been without profit during the whole of such period. Upon filing with the Trustee an Officers' Certificate designating any such principal point and the line serving such point, or a specified portion thereof, and showing facts with respect to traffic and operation of such line or such specified portion thereof, as the case may be, fulfilling to the satisfaction of the Trustee the requirements of this paragraph, together with a Certified Resolution expressing the judgment of the Board of Directors that the principal point described in said Certificate is in fact no longer a principal point in the operation of such lines of railroad, then said principal point shall no longer be deemed or treated as a principal point on such line for any purpose under the provisions of this Part B.

The provisions and limitations of this Part B shall govern any sale by the Company, pursuant to the provisions of Article X, of the Securities of any Wholly Owned Railroad Subsidiary owning a connecting line of railroad or bridge which forms a part of the transportation system of the Company.

PART C. In case any line of railroad (including any leasehold, easement, trackage right or other interest therein) subject to the lien of the Mortgage is desired to be abandoned, prior to any such abandonment there shall be furnished to the Trustee, in addition to all other requirements of this Section 1, an Opinion of Counsel stating that any requisite approval of the Interstate Commerce Commission or other governmental authority having jurisdiction in the premises has been obtained for such abandonment, and said Opinion of Counsel shall be accompanied by a certified copy of the order, if any, expressed to be so required.

SECTION 2. Except as hereinafter specifically provided in this Section 2, the Company while remaining in possession of the mortgaged property may, without obtaining a release from, action by or giving notice to the Trustees and without other action or proceeding on the part of the Company hereunder:

(a) In the ordinary conduct of its business, sell, exchange or otherwise dispose of, free from the lien of the Mortgage, any office equipment, machinery, tools, furniture, materials and supplies and other chattels (except Equipment) which may have become obsolete, worn out, unserviceable or no longer required in the conduct of its business; provided the Company shall, within a reasonable time, replace the same with other property which shall become subject to the lien of the Mortgage and be of a value to the 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 not replace, 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 Company, if the consideration received on any such sale or other disposition does not exceed $10,000; provided that if in any calendar year the Company shall receive any cash or other consideration (other than property, which may but need not have a similar substitutional use, and which shall become subject to the lien of the Mortgage) on any such sale or other disposition, it shall, on or before the next succeeding April 1, deposit with the Trustee, or with the corporate trustee of the First Mortgage, or with the trustee or mortgagee of any Prior Lien or Permitted Encumbrance as permitted by the provisions of Section 4 of this Article XI, unless deposited in the Road Replacement Fund or

the Equipment Replacement Fund, an amount in cash equal to the cash so received and the fair value to the Company, in the opinion of the Engineer, of such other consideration; and

(c) Make any lease of any of the 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 the 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, 1955, and on or before April 1 of each succeeding year, the 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 subsection (b) of this Section 2, the cash or other consideration received by the 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 in the Road Replacement Fund or in the Equipment Replacement Fund or with the corporate trustee of the First Mortgage or with the trustee or mortgagee of any Prior Lien or Permitted Encumbrance as permitted by the provisions of Section 4 of this Article XI. For the purposes of such report, the period between the date of the execution and delivery of the Mortgage and the close of the year 1954 shall be treated as a calendar year.

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 subsection (b) of this Section 2 represented the fair value to the Company of the property sold or otherwise disposed of and that in no case was the consideration received in any one sale or other disposition in excess of $10,000 and stating the fair value to the 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 Trustees 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 Company upon the Trustee's 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 Company of the property to be released and the fair value to the Company of all consideration other than cash to be received by the Company therefor, and stating that the consideration, including cash, received or to be received by the Company for such property represented the fair value of such property to the Company and does not exceed $10,000.

SECTION 3. PART A. From time to time unless and until an Event of Default shall have occurred and be continuing, the 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 provi-

sions, if any, of Part B of Section 1 of this Article XI are complied with; and the Trustees 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 corporate trustee of the First Mortgage or with the trustee or mortgagee of any Prior Lien or Permitted Encumbrance as permitted by the provisions of Section 4 of this Article XI, which shall have been or is to be concurrently received by the 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 corporate trustee of the First Mortgage or with the trustee or mortgagee of any Prior Lien or Permitted Encumbrance as permitted by the provisions of Section 4 of this Article I, which shall have been received by the 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 ten 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 with the corporate trustee of the First Mortgage or with the trustee or mortgagee of any Prior Lien or Permitted

Encumbrance, 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; and

(c) The Expenditures for Additions and Betterments not theretofore Bonded 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 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 liens in the nature of 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 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 as stated in the Engineer's Certificate required by 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 pur-

chase 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) a statement of the Expenditures for Additions and Betterments which have been or are to be concurrently acquired as consideration or part consideration for the property to be released, and a description in reasonable detail of such Additions and Betterments, specifying such thereof as may be located on leaseholds;

(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 said Part B is not applicable to the transaction; and

(7) a statement as to whether the property, the release of which is applied for, is subject to any Prior Lien or Permitted Encumbrance 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 corporate trustee of the First Mortgage or with the trustee or mortgagee of any Prior Lien or Permitted Encumbrance 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 corporate trustee of the First Mortgage, or with the trustee or mortgagee of any Prior Lien or Permitted Encumbrance 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 Company of the property a release of which is requested; and

(h) An Opinion of Counsel to the effect that:

(1) any purchase money obligations pledged with the Trustee, or with the corporate trustee of the First

Mortgage, or with the trustee or mortgagee of any Prior Lien or Permitted Encumbrance 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 (e) 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 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 Permitted Encumbrances, if any, and if any such property is located on any leasehold, as shown by the said Officers' Certificate, that such leasehold is subject to the lien of the Mortgage, or will become subject to such lien 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 term beyond the latest maturity date of any Bonds then outstanding, or that, under the terms of such leasehold, the Company has the right to be reimbursed in respect of the Expenditures for such Additions and Betterments or the right

to remove the same upon the termination of such leasehold and that all of the Company's interest in such leasehold (except the last day of the term thereof), including any such right of reimbursement, has been pledged with the Trustee or with the corporate trustee of the First Mortgage; provided that such Opinion of Counsel may recite that it is based upon certificates or opinions of officers or engineers of the Company as to any matters of fact not of public record.

SECTION 4. If, under the provisions of the First Mortgage or of any Prior Lien or Permitted Encumbrance on any part of property to be released from the Mortgage, there is required to be made with or to the trustee or mortgagee of such lien a deposit of cash or pledge of purchase money obligations in order to obtain a release therefrom of such part of the property subject to the Mortgage, the Company shall not be required to deposit or pledge with the Trustee such cash or purchase money obligations to the extent that the Company shall deposit such cash and pledge such purchase money obligations with the trustee or mortgagee of such lien.

SECTION 5. Should any part of the property subject to the lien of the Mortgage be taken by the exercise of the power of eminent domain or should any governmental body at any time exercise any right which it may have to require the sale to it or to a purchaser designated by it of any part of the property subject to the lien of the Mortgage, the Trustees, upon request of the Company, shall release the property so taken or sold upon the Trustee's being furnished with an Opinion of Counsel to the effect that such part of the property subject to the lien of the Mortgage has been lawfully taken or sold as aforesaid. The aforesaid Opinion of Counsel shall state the amount of proceeds received or to be received for the property so taken or sold. Subject to the provisions of Section 4 of this

Article XI, the proceeds of all property so taken or sold shall be deposited with the Trustee.

SECTION 6. In order to confirm, secure or clear (of record or otherwise) the prior right, charge, lien or title with respect to Equipment securing any Equipment Obligation hereafter created under reservation of right set forth in connection with the granting clauses of the Mortgage, the Trustees shall, upon compliance with the subsequent provisions of this Section 6, either confirm as to such Equipment the subordination of the lien of the Mortgage to such prior right, charge, lien or title, or release such Equipment from the lien of the Mortgage.

Prior to any such confirmation of subordination or release there shall be delivered to the Trustee a Certified Resolution requesting such action by the Trustees and an Officers' Certificate which shall describe the Equipment as to which a confirmation of subordination or a release is requested, shall describe the Equipment Obligation to be secured by a prior right, charge, lien or title thereon, shall state that such Equipment was acquired or constructed for the use of the Company within two years preceding the date of such Certificate, and shall state that none of said Equipment has theretofore been acquired or constructed by expenditures from the Equipment Replacement Fund.

There shall also be furnished to the Trustee an Opinion of Counsel and the instrument or instruments to be executed and delivered by the Trustee in order to effect the requested confirmation of subordination or release. Such Opinion of Counsel shall approve the form of the instrument or instruments furnished therewith and shall express the opinion that, after the execution and delivery by the Trustees of such confirmation of subordination or release, the lien of the Mortgage will continue to attach to all right, title or interest of the Company then or thereafter existing with respect to the

Equipment described in the Certificate, subject only to the prior right, charge, lien or title of the Equipment Obligations therein described and to the First Mortgage; but such expression of opinion may be predicated upon the execution and delivery of other instruments in addition to those specified above, or the taking of other action, in which case the Company shall cause such other instruments to be executed and delivered or such other action to be taken.

SECTION 7. Unless an Event of Default shall have occurred and be continuing, all moneys held by the Trustee under this Article XI, at the option of the Company:

(a) May be withdrawn by the Company upon its written Application, accompanied by a Certified Resolution authorizing such Application, in an amount equal to the Expenditures for Additions and Betterments acquired or constructed after the date of the deposit of the moneys desired to be withdrawn, provided such Expenditures have not been Bonded or made from the Road Replacement Fund or pursuant to the provisions of Section 21 of Article IX; but only upon delivery to the Trustee of an Officers' Certificate, dated not more than 30 days prior to the delivery thereof, containing a description in reasonable detail of the property constituting the Additions and Betterments represented by such Expenditures and a statement of the amount of such Expenditures, that no part of such Expenditures has theretofore been Bonded or made from the Road Replacement Fund or pursuant to the provisions of Section 21 of Article IX; and that no Event of Default has occurred and is continuing; and there shall be delivered to the Trustee, accompanying said Application, deeds and instruments of transfer and an Opinion of Counsel of the character required in clauses (f) and (h)(2) of Part B of Section 3 of this Article XI.

(b) May be withdrawn by the Company upon its written Application, accompanied by a Certified Resolution authorizing such Application, in an amount equal to

the principal amount of Bonds to the authentication and delivery of which the Company would then be entitled on account of the Net Expenditures for Additions and Betterments under the provisions of Section 3 of Article III; but upon any such Application the Company shall comply with all applicable provisions of Section 3 of Article III relating to the authentication and delivery of Bonds and the provisions of subsections (d) (4) and (e) of Section 9 of Article III. Any withdrawal of cash under this paragraph shall be in lieu of the right of the Company to the authentication and delivery of Bonds on account of such Net Expenditures for Additions and Betterments.

(c) May be withdrawn by the Company upon its written Application in an amount not exceeding the principal amount or the cost (exclusive of interest) to the Company, whichever is less, of any Bonds (not theretofore Bonded, or acquired, retired, cancelled or paid through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage) theretofore authenticated and delivered under the Mortgage, which shall have been cancelled or surrendered to the Trustee for cancellation, but only upon delivery to the Trustee of

(1) an Officers' Certificate describing the Bonds the cancellation or surrender for cancellation of which forms the basis for the proposed withdrawal of cash, stating the cost thereof (exclusive of interest) to the Company, and stating that said Bonds have theretofore been duly issued and outstanding and reacquired by the Company, that none of said Bonds has theretofore been Bonded, or acquired, retired, cancelled or paid through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the First Mortgage, and that no Event of Default has occurred and is continuing; and

(2) the particular Bonds together with all appropriate coupons, if any, appertaining thereto.

(d) May be applied, upon the written request of the Company, signed by its President or a Vice President, accompanied by a Certified Resolution authorizing such request, to the payment at maturity or to the redemption of Bonds then outstanding of any series determined by said Resolution. Any such request of the Company for the application of moneys pursuant to this subsection (d) shall also be accompanied by an Officers' Certificate stating that no Event of Default has occurred and is continuing.

The Company covenants that whenever any redemption of Bonds shall be applied for under the provisions of subsection (d) of this Section 7, it will take all action necessary, or authorize the Trustee to take all action necessary, to redeem such Bonds at the earliest applicable redemption date, and will deposit with the Trustee on or before the date fixed for redemption additional moneys sufficient to pay the premium, if any, and all accrued and unpaid interest on the Bonds so to be redeemed to the date so fixed for redemption and all publishing costs and other expenses to be incurred by the Trustee in the redemption of such Bonds.

If and when the Company shall so request by Certified Resolution filed with the Trustee, provided no Event of Default shall have occurred and then be continuing, any moneys at the time held under this Article XI by the Trustee shall be invested by it in such direct obligations of the United States of America maturing within two years as shall be specified in such Resolution. Such obligations shall be held by the Trustee in lieu of the moneys invested therein subject to its absolute right to liquidate such investment in such manner and at such time or times as, in the exercise of its discretion, it deems to be advisable. The Company covenants that upon demand by the Trustee it will replace all moneys lost through any investment made and liquidated as by this Section 7 contemplated, and will pay or reimburse the

Trustee for all accrued interest, commissions and expense paid or incurred in connection with the acquisition and liquidation of such investment. The Trustee shall have the right and duty to receive all amounts paid on account of any investment made by it as hereby contemplated, including all interest payments. Any profit resulting from, or interest or income produced by, such investment shall, when received by the Trustee, be paid by it to the Company.

SECTION 8. The Trustees shall not be required under any of the provisions of this Article XI to release any part of the property subject to the lien of the Mortgage from the lien hereof at any time when an Event of Default shall have occurred and be continuing; but, notwithstanding any such Event of Default, the Trustees may do so upon compliance by the Company with the provisions of Section 3 of this Article XI except clause (c) (5) of Part B of said Section 3, if the Trustees in their discretion shall deem that such release will not adversely affect the interests of the Bondholders, or if the holders of a majority in principal amount of the Outstanding Bonds shall request the Trustees so to do.

SECTION 9. In no event shall any purchaser or purchasers of any part of the mortgaged property sold or disposed of under any provisions of this Article XI be required to ascertain the authority of the Trustees to execute any release, to see to the application of the purchase money or to inquire as to any facts required by the provisions hereof for the exercise of such authority.

SECTION 10. Notwithstanding any of the provisions of the Mortgage, until the First Mortgage shall be satisfied or released, no release of property from the lien of the Mortgage shall be effective unless such property shall have been, or shall at the same time be, released from the lien of the First Mortgage.

SECTION 11. Whenever there shall be delivered to the Trustee a copy of an instrument of release certified by the corporate trustee of the First Mortgage to be a true copy of an instrument of release executed and delivered by it and an Opinion of Counsel stating that the property described in said instrument of release was, at the time of such release, subject to the lien of the First Mortgage and that said instrument of release has been executed and delivered in conformity with the provisions of the First Mortgage, the Trustee shall, on the written request of the Company, thereupon release from the Mortgage the property described in said instrument of release without compliance with the requirements of Section 2 or Section 3 of this Article XI.

ARTICLE XII

CONSOLIDATION, MERGER, CONVEYANCE AND LEASE

SECTION 1. Nothing in the Mortgage or in any Bond shall prevent the consolidation or merger of the Company with or into any other corporation lawfully entitled to acquire and operate the same, or successive consolidations or mergers to which the Company or its successor or successors shall be a party or parties, or shall prevent any conveyance or lease, subject to the continuing lien of the Mortgage, of all or substantially all of the mortgaged property to any such other corporation; provided, however, that:

(a) Every such consolidation, merger, conveyance or lease shall be on such terms as shall fully preserve the lien and security of the Mortgage and the rights and powers of the Trustees and of the Bondholders hereunder;

(b) Any such lease shall be made expressly subject to immediate termination by the Trustees at any time upon the occurrence of an Event of Default and during the continuance thereof, and also by the purchaser of the property so leased upon any sale thereof whether such sale be made under the power of sale hereby conferred or under judicial proceedings;

(c) Upon any such consolidation, merger, conveyance or lease, the successor corporation or the lessee corporation, as the case may be, shall expressly assume the due and punctual payment of the principal of and interest on all of the Bonds according to their tenor and purport, and the due and punctual performance of all of the terms, covenants and conditions of the Mortgage required to be kept, preserved and performed by the Company; and

(d) In the event of any such consolidation, merger or conveyance, the successor corporation, subject to the exceptions provided in Section 2 of this Article XII, shall

expressly grant and convey to the Trustees, as further security for all Bonds issued hereunder, and shall subject to the lien of the Mortgage, all of its property and franchises then owned and which it may thereafter acquire of the character and kind which, under the terms of the Mortgage, are required to be subjected to the lien thereof, all as fully as though such consolidation, merger or sale had not taken place and such property and franchises had been acquired by the Company.

Compliance with the foregoing requirements of this Section 1 shall be evidenced by a supplemental indenture.

For the purposes of this Article XII, the term "successor corporation" shall mean any corporation resulting from any such consolidation or merger or any corporation to which such conveyance shall be made, and the term "lessee corporation" shall mean any corporation to which any such lease shall be made.

The conditions contained in this Section 1 shall not be construed as requiring that in the event of any such consolidation, merger, conveyance or lease a separate income account shall thereafter be maintained in respect of the operation of the properties subject to the lien of the Mortgage, but in lieu thereof provisions may be made which shall be equitable and practical with respect to the apportionment of the revenues and expenses of any such successor or lessee corporation to establish a basis for the determination and application of Available Net Income as required under Article V or for the purpose of determining and applying funds to the payment of interest on any Contingent Interest bonds of the Company or for the purpose of determining the amount of payments required to be made into or out of the Road Replacement Fund, Equipment Replacement Fund and Sinking Fund or for any other purpose fulfilling the provisions and conditions of the Mortgage; provided that any such pro-

visions shall be approved by the Interstate Commerce Commission or other governmental body having jurisdiction of the consolidation, merger, conveyance or lease, and, unless such Commission or other governmental body shall find that no material alteration of the rights of the Bondholders is thereby effected and shall so determine, they shall also be consented to or approved, in the manner provided in Article XIII, by the holders of not less than 66⅔% in aggregate principal amount of all of the then Publicly Held Bonds.

SECTION 2. In the event that under the provisions of Section 1 of this Article XII there shall be a consolidation or merger of the Company with or into, or a conveyance by the Company of all or substantially all of the mortgaged property to, a successor corporation, then the successor corporation shall if it shall have been a Wholly Owned Railroad Subsidiary immediately prior thereto, and may but need not if it shall have been a Class I Carrier (not a Wholly Owned Railroad Subsidiary) immediately prior thereto, make an express grant to the Trustees of its property and franchises as required by subsection (d) of Section 1 of this Article XII, and in the absence of such express grant by any such successor corporation (except a Wholly Owned Railroad Subsidiary), the Mortgage shall not by reason of such consolidation, merger or conveyance constitute and become a lien upon, and the term "mortgaged property" as herein used shall not include or comprise:

(i) Any property or franchise which, prior to such consolidation, merger or conveyance, was owned by any corporation with or into which the Company or any successor corporation may be consolidated or merged or to which the Company or any successor corporation may make any such conveyance, or any property or franchises which theretofore may have been acquired by the Company or any successor corporation and which

prior to such consolidation, merger or conveyance were not subject to the lien of the Mortgage; or

(ii) Any property or franchise which may be purchased, constructed or otherwise acquired by any successor corporation after the date of any such consolidation, merger or conveyance, excepting only the property, rights and franchises referred to in subsections (a) and (b) of this Section 2, which, as and when purchased, constructed, or otherwise acquired by such successor corporation, shall be and become subject to the lien of the Mortgage.

Any supplemental indenture provided for in Section 1 of this Article XII which, by reason of the provisions of this Section 2, is not required to contain an express grant by the successor corporation of all of its property and franchises pursuant to subsection (d) of said Section 1, shall contain:

(a) A grant by such successor corporation confirming the lien of the Mortgage upon the mortgaged property and subjecting to the lien and operation hereof, as fully as though such consolidation, merger or conveyance had not taken place and the same had been acquired or made by the Company:

(1) all property, rights and franchises thereafter constructed or acquired which shall be appurtenant or incident to any property that is subject to the lien of the Mortgage at the time of such consolidation, merger or conveyance;

(2) all property, rights and franchises thereafter constructed or acquired in whole or in part by the issuance of Bonds, First Mortgage Bonds or Prior Lien Bonds;

(3) all property, rights and franchises thereafter constructed or acquired with cash then or at any time thereafter held by the Trustee or by the corporate trustee under the First Mortgage or any mortgage securing Prior Lien Bonds or in exchange for property released from the lien thereof, or the acquisition

or construction of which has been or shall be made the basis for the withdrawal of cash or the issuance of Bonds or First Mortgage Bonds;

(4) all repairs, renewals, replacements, substitutions and alterations of, to, upon or for such property, rights and franchises;

(5) all property, rights and franchises thereafter acquired pursuant to any covenant herein contained which may be purchased, constructed or otherwise acquired by such successor corporation from and after the date of such consolidation, merger or conveyance, as the case may be; and

(6) all other property of every kind and description thereafter constructed or acquired by such successor corporation which is appurtenant to or used in connection with any property acquired by the issuance of Bonds, First Mortgage Bonds or Prior Lien Bonds or acquired with cash then or at any time thereafter held by the Trustee or by the corporate trustee of the First Mortgage or by the trustee of any mortgage securing Prior Lien Bonds or acquired in exchange for property released from the lien of the Mortgage or any Prior Lien;

(b) A covenant on the part of such successor corporation that all property and franchises thereafter acquired by it and necessary to the full and complete performance of any covenant herein contained relating to the deposit of securities, to the maintenance and upkeep of the mortgaged property, to the supply of adequate and efficient equipment to the lines of railroad included therein, to the making of all needful and proper repairs, renewals, replacements, substitutions and alterations and to the preservation and keeping in full effect of all rights, franchises and privileges subject to the lien hereof, or of any other covenant herein, shall be conclusively deemed and taken to be acquired by it in performance of such covenant and to have become subject to the lien of the Mortgage; and

(c) A covenant by such successor corporation to keep the mortgaged property, so far as practicable, readily identifiable, and a stipulation that the Trustees, by accepting or joining in such supplemental indenture, shall not be deemed impliedly to have waived any rights they would otherwise have had.

SECTION 3. Nothing contained in the Mortgage or in any Bond shall prevent the Company from merging into itself or acquiring by conveyance all or any part of the property of any other corporation, and the properties so acquired by the Company shall become subject to the lien of the Mortgage to the extent provided in the granting clauses of the Mortgage, subject only to the First Mortgage and to such encumbrances and purchase money liens as shall exist or be created at the time of such merger or acquisition; provided, however, that in case the Company shall acquire by any such merger or conveyance all or substantially all of the properties of any other corporation which shall be a Class I Carrier, the properties so acquired by the Company shall not become subject to the lien of the Mortgage unless such other corporation shall have been a Wholly Owned Railroad Subsidiary immediately preceding such merger or conveyance, or unless such properties were (a) acquired with cash held by the Trustee under any provision of the Mortgage or by the corporate trustee of the First Mortgage under any provision thereof or by the trustee under any mortgage securing Prior Lien Bonds, (b) acquired in exchange for property released from the lien of the Mortgage, (c) made the basis for the authentication and delivery of Bonds or First Mortgage Bonds or for the withdrawal of cash held by the Trustee under any provision of the Mortgage or by the corporate trustee of the First Mortgage under any provision thereof, (d) acquired pursuant to any covenant contained in the Mortgage, (e) acquired in whole or in part by the issuance of Bonds or First

Mortgage Bonds or Prior Lien Bonds, or (f) acquired by expenditures from the Road Replacement Fund provided for by Article VI.

SECTION 4. In case the Company shall be consolidated with or merged into or shall make a conveyance to any other corporation as permitted and upon the terms provided in Section 1 of this Article XII, the successor corporation, upon executing and delivering to the Trustees, and causing to be recorded, the supplemental indenture provided for in Section 1 of this Article XII, shall succeed to and be substituted for the Company with the same force and effect as if it had been named in and had executed the Mortgage as the party of the first part hereto, and shall have and possess and may exercise, subject to the terms and conditions of the Mortgage, each and every power, authority and right herein reserved to or conferred upon the Company; and thereupon such successor corporation may cause to be signed and may issue, either in its own name or in the name of the party of the first part, and under the corporate seal of either the party of the first part or the successor corporation, any and all Bonds which shall not have been signed theretofore by the party of the first part and delivered to the Trustee; and the Trustee, upon the order of such successor corporation, and subject to all the terms, conditions and limitations prescribed in the Mortgage, shall authenticate any and all Bonds which previously shall have been signed by the party of the first part and delivered to the Trustee for authentication, and any Bonds which such successor corporation shall thereafter cause to be signed and delivered to the Trustee for such purposes, and deliver the same to such successor corporation or upon its order.

SECTION 5. All Bonds issued by any successor corporation shall have the same legal rank and security in all respects as the Bonds theretofore issued by the Company in accordance

with the terms of the Mortgage. In case of any such consolidation, merger or conveyance such changes in phraseology and form (but not in substance) may be made in the Bonds and coupons thereafter to be issued as may be appropriate to reflect any such consolidation, merger or conveyance.

SECTION 6. For every purpose of the Mortgage, any act or proceeding by any provision of the Mortgage authorized, required or permitted to be done or performed by the stockholders or by any board or officer of the Company shall and may be done and performed, with like force and effect, by the stockholders or by the like board or officer of any successor corporation, subject, however, to the provisions of Section 4 of this Article XII.

SECTION 7. The Company covenants and agrees that no consolidation or merger and no conveyance or lease of the mortgaged property as a whole or substantially as a whole, to which the Company or any successor corporation shall be a party, shall be made or effected unless the terms, covenants and conditions contained in this Article XII shall have been complied with and observed by the Company or the successor corporation, as the case may be.

ARTICLE XIII

CONCERNING THE BONDHOLDERS

SECTION 1. Whenever any action is taken by the Bondholders in the exercise of any or all of the following powers:

(a) To remove the Trustees, or either of them, and appoint a successor trustee or trustees pursuant to the provisions of Article XV;

(b) To give any notice to the Company or to the Trustees, or to give any directions to the Trustees, or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Bondholders pursuant to any of the provisions of Article XVI;

(c) To consent to an extension to any fixed or determinable date of the time or times of payment of the principal of, or the time or times of payment of any Fixed Interest or any unpaid accumulations of Contingent Interest on, all of the Bonds of any or all series which at the time shall be outstanding, subject, however, to the provisions of Section 3 of Article XIX;

(d) To consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 2 of Article XIX; or

(e) To take any other action or give any other consent authorized to be taken or given by or on behalf of the holders of any specified percentage or portion of the aggregate principal amount of the Bonds under any other provision of the Mortgage or under applicable law or, if no percentage is specified, by the holders of not less than a majority in principal amount of all Outstanding Bonds;

the fact that at the time of taking any such action the holders of a specified percentage in aggregate principal amount of Bonds have joined therein may be evidenced by the record of

the holders of Bonds voting in favor thereof in person or by proxy appointed in writing at any meeting of Bondholders duly called and held in accordance with the provisions of Article XIV hereof or by an instrument or any number of instruments of similar tenor executed by such holders in person or by agent or proxy appointed in writing or by a combination of such instrument or instruments and any such record of such a meeting of Bondholders.

SECTION 2. Proof of the execution of any instrument by the holder of any Bond or his agent or proxy, and proof of the holding by any person of any Bond, shall be sufficient if made in the following manner:

(a) The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds in the jurisdiction in which he purports to act that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer;

(b) The fact of the holding by any person of coupon Bonds transferable by delivery, and the amounts and distinctive numbers of such Bonds and the date of his holding the same, may be proved by the production of the Bonds or by a certificate executed by any trust company, bank or banker satisfactory to the Trustee wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory. Each such certificate shall be dated and shall state that on the date thereof a Bond bearing a specified serial number was deposited with or exhibited to such trust company, bank or banker by the person named in such certificate who claimed to be the owner of such Bond. Any such certificate may be issued in respect of one or more Bonds specified therein. The holding by the person named in any such certificate of any Bond specified therein shall be presumed to continue after the

date thereof set forth in such certificate until and unless (i) there shall be produced another certificate issued in respect of the same Bond showing the holding thereof by another person at a later date, or (ii) the Bond specified in such certificate (or coupon Bond or Bonds in exchange for which such Bond shall have been surrendered) shall be produced by another person, or (iii) the Bond specified in such certificate shall then be registered as to principal in the name of another person or shall have been surrendered in exchange for a registered Bond without coupons issued in the name of another person;

(c) The ownership of coupon Bonds registered as to principal or of registered Bonds without coupons shall be proved by the registers of such Bonds, or by a certificate of the registrar thereof; and

(d) The facts as to the amounts and distinctive numbers of Bonds that are not Publicly Held Bonds at any particular date may be proved by an Officers' Certificate delivered to the Trustee.

The Trustee may require such additional proof of any matter referred to in this Section 2 as it shall deem necessary.

The record of any meeting of Bondholders shall be proved in the manner provided in Section 6 of Article XIV.

SECTION 3. The Company, the Trustee, any paying agent and any bond registrar may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal, and the bearer of any coupon for interest (whether fixed or contingent) on any Bond whether such Bond shall be registered as to principal or not, as the absolute owner of such Bond or coupon, as the case may be (whether or not such Bond or coupon shall have become due and payable), for the purpose of receiving payment thereof and for all other purposes; and neither the Company nor the Trustee nor any paying agent nor any bond registrar shall be bound by any notice to the contrary.

The Company, the Trustee, any paying agent and any bond registrar may deem and treat the person in whose name any registered Bond without coupons shall be registered at any given time upon the books of the Company as the absolute owner of such Bond at that time (whether or not the same shall have become due and payable) for the purpose of receiving any payment then being made of or on account of the principal, premium if any, or interest on such Bond and for all other purposes; and may deem and treat the person in whose name any coupon Bond shall be registered as to principal at any given time as the absolute owner thereof at that time (whether or not the same shall have become due and payable) for the purpose of receiving payment of or on account of the principal of, or 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 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. 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 XIII, 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 bind-

ing 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 Company, the Trustees and the holders of all Bonds.

ARTICLE XIV

BONDHOLDERS' MEETINGS

SECTION 1. The Trustee may at any time call a meeting of Bondholders to take any action specified in Section 1 of Article XIII, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of Bondholders, setting forth the time and place of such meeting and the action proposed to be taken at such meeting, shall be published at least once each week for four successive weeks in a Daily Newspaper in the City of Minneapolis, State of Minnesota, and in a Daily Newspaper in the Borough of Manhattan, City and State of New York, the first publication in each such newspaper to be not less than 30 days nor more than 60 days prior to the date fixed for the meeting. A copy of such notice shall be mailed at least 30 days prior to the date fixed for the meeting to the registered holders of registered Bonds without coupons and of coupon Bonds registered as to principal at their last addresses as they shall appear upon the bond registry books, but neither failure to give such notice by mail nor any defect therein shall affect the validity of such meeting.

SECTION 2. In case at any time the Company pursuant to a resolution of its Board of Directors, or the holders of at least 10% in aggregate principal amount of the Outstanding Bonds, shall have requested the Trustee to call a meeting of Bondholders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the publication of the notice of such meeting within 20 days after receipt of such request, then the Company or the holders of Outstanding Bonds in the amount above specified, as the case may be, may determine the time and place for such meeting and may call such meeting to take any action authorized in Section 1 of Article XIII,

by publishing and mailing notice thereof as provided in Section 1 of this Article XIV.

SECTION 3. At any meeting of Bondholders and at any meeting of the holders of Publicly Held Bonds, no person shall be entitled to vote unless he is (a) a holder of coupon Bonds transferable by delivery, or (b) a registered holder of Bonds (whether the same be fully registered or registered only as to principal), or (c) a person appointed by an instrument in writing as proxy for a holder of coupon Bonds transferable by delivery or for a registered holder of Bonds (whether the same be fully registered or registered only as to principal). The only persons who shall be entitled to speak at any meeting of Bondholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustees and their counsel and any representatives of the Company and its counsel.

SECTION 4. Notwithstanding any other provisions of the Mortgage, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Bondholders, in regard to proof of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem advisable. Except as otherwise permitted or required by any such regulations, the appointment of any proxy shall be proved in the manner specified in Section 2 of Article XIII.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Bondholders as provided in Section 2 of this Article XIV, in which case the Company or the Bondholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman.

A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the holders of a majority in principal amount of Bonds the holders of which shall be present or represented and entitled to vote at the meeting.

At any meeting each Bondholder or proxy shall be entitled to one vote for each and every unit of the lowest principal amount of any of the Bonds then outstanding, in respect of which he is entitled to vote at the meeting; provided, however, that no vote shall be cast or counted at any meeting in respect of any Bond challenged as not outstanding and ruled by the chairman of the meeting to be not an Outstanding Bond. The chairman of the meeting shall have no right to vote other than by virtue of Outstanding Bonds held by him or instruments in writing as aforesaid duly designating him as the person to vote on behalf of other Bondholders.

SECTION 5. Any meeting of the Bondholders may be adjourned from time to time as and when, and to such time and place, as may be approved by a majority of the votes which the holders of Bonds at the time present or represented may be entitled to cast, irrespective of the aggregate principal amount of Bonds held by such holders; and the meeting may be held as so adjourned without further notice.

SECTION 6. The vote upon any proposal submitted at a meeting of Bondholders shall be by written ballots on which shall be subscribed the signatures of the holders of Bonds or their representatives by proxy and the serial number or numbers of the Bonds held or represented by them. The chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any proposal and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the pro-

ceedings of each meeting of Bondholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes cast on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was published as provided in Section 1 of this Article XIV. The record shall show the serial numbers of the Bonds voted for or against any proposal submitted at the meeting. The record shall be signed and verified by the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

SECTION 7. Nothing in this Article XIV contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Bondholders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustees or to the Bondholders under any of the provisions of the Mortgage or of the Bonds.

ARTICLE XV

CONCERNING THE TRUSTEES

SECTION 1. The Trustees accept the trusts hereby created upon the terms and conditions in this Article XV specified, to all of which the Company and the holders of the Bonds and coupons at any time outstanding, by their acceptance thereof, agree.

Whenever and so long as an Event of Default has occurred and is continuing, the Trustees shall exercise such of the powers vested in them by the Mortgage, or take such other action with respect to such default, as in their judgment is necessary or desirable for the protection of the interests of the holders of Bonds issued hereunder.

No provision of the Mortgage shall be construed to relieve the Trustees from liability for their own negligent action, their own negligent failure to act, or their own willful misconduct, provided, however, that:

(a) Prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, the duties and obligations of the Trustees shall be determined solely by the express provisions of the Mortgage, and the Trustees shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Mortgage.

(b) No implied covenants or obligations shall be read into the Mortgage against the Trustees.

(c) In the absence of bad faith on the part of the Trustees, the Trustees may rely, and shall be protected in acting, upon any certificates, statements, reports or opinions furnished to the Trustee; but in the case of any such certificates, statements, reports or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be

under a duty to examine the same to determine whether or not they conform to the requirements of the Mortgage.

(d) The Trustees shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, if such officer shall have been selected and continued in office in the exercise of due care, unless it shall be proved that the Trustees were negligent in ascertaining the pertinent facts.

(e) The Trustees shall not be liable with respect to any action taken or omitted to be taken by them in good faith in accordance with the direction of the holders of not less than a majority in principal amount (or such other percentage of the principal amount specifically prescribed by the Mortgage for a particular action) of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustees, or exercising any trust or power conferred upon the Trustees under the Mortgage.

(f) In the case of any action to be taken or suffered by the Trustees, wherein the Mortgage specifically authorizes such action notwithstanding the continuance of an Event of Default, the Trustees may rely on certificates and opinions furnished to the Trustee, but shall be under the same duty to examine the same to determine whether or not they conform to the requirements of the Mortgage as though an Event of Default had not occurred and been continuing.

(g) Any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Company by the President or a Vice President and the Secretary or an Assistant Secretary, unless other evidence in respect thereof be herein specifically prescribed.

(h) The Trustees may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them or either of them hereunder in good faith and in accordance with the opinion of such counsel.

(i) The Trustees shall be under no obligation to exercise any of the trusts or powers hereof at the request, order or direction of any of the Bondholders, pursuant to the provisions of the Mortgage, unless such Bondholders shall have offered to the Trustees, reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(j) The Trustees shall be under no duty or responsibility with respect to any property or cash pledged and deposited with, or delivered or paid to, the corporate trustee of the First Mortgage pursuant to any provisions of the Mortgage; and during such period of time as the Mortgage shall contemplate that the corporate trustee of the First Mortgage shall hold, apply or otherwise deal with any such cash or property, or exercise authority or discretion with respect thereto, pursuant to the First Mortgage, the Trustee shall have no responsibility for any act or thing done or omitted, or any authority or discretion exercised, with respect to any such property or cash by the corporate trustee of the First Mortgage; and the Trustee shall be entitled to give full credit to, and rely on, a statement of the corporate trustee of the First Mortgage certifying to any of the foregoing matters.

The Trustees shall not be personally liable in case of entry by them upon the mortgaged property for debts contracted or liability or damages incurred in the management or operation of said property.

The Trustees shall not be liable for any action taken by them in good faith and believed by them, in the exercise of due care, to be authorized or within the discretion or power conferred upon them by the Mortgage.

SECTION 2. None of the provisions contained in the Mortgage shall require the Trustees to expend or risk their own funds or otherwise incur personal financial liability in the performance of any of their duties or in the exercise of any of

their rights or powers; but the Trustee, in its sole discretion and in order to preserve the mortgaged property, may advance moneys for the purpose of paying taxes, rentals or otherwise, and for such advances, together with interest thereon at the rate of 4½% per annum, the Trustee shall have a lien on the mortgaged property prior to any claim of the Bondholders, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

SECTION 3. Should any taxes or other governmental charges be imposed upon the Trustees or either of them in their capacity as Trustees hereunder, which they may be required to pay under any present or future law of the United States of America or of any other authority therein having jurisdiction, the Trustees shall be reimbursed and indemnified therefor by the Company, and any liability incurred or amounts paid by the Trustees in respect of any such taxes or other governmental charges, until paid, shall constitute a lien upon the mortgaged property prior to any claim of the holders of Bonds, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

SECTION 4. Except as herein otherwise provided, any notice or demand which by any provision of the Mortgage is required or permitted to be given or served by the Trustee or any other person on the Company, shall be deemed to have been sufficiently given and served for all purposes by being deposited, postage prepaid, in a United States Post Office letter box or mail chute, addressed (until another address is filed by the Company with the Trustee and thereafter if addressed to such new address) as follows: Wisconsin Central Railroad Company, Minneapolis, Minnesota. Any notice, request or demand by any Bondholder to or upon the Trustees, or either of them, shall be deemed to have been sufficiently given or made, for all purposes, if given or made at the principal office of the Trustee.

SECTION 5. The Trustees shall not be bound to recognize any person as the holder of a Bond outstanding hereunder unless and until the Bond is submitted to the Trustee for inspection if required, and the title thereto established to the satisfaction of the Trustee.

Except as provided in Section 7 of Article XI, the Trustee shall be under no duty to invest any moneys paid to or deposited with it or to its credit pursuant to any of the provisions of the Mortgage, and shall not be liable for interest on any moneys during the period such moneys remain on deposit with it, except such interest as the Trustee may agree with the Company to pay.

Any action at any time taken by the Trustees, or either of them, pursuant to or with respect to the Mortgage at the request or with the consent or approval (express or implied) of any person who at the time is the holder of any Bond secured hereby, shall be conclusive and binding upon all future holders of such Bond.

All rights of action under the Mortgage may be enforced by the Trustees without the possession of any of the Bonds or the production thereof on the trial or other proceedings relative thereto.

SECTION 6. The recitals contained herein and in the Bonds (except as contained in the Trustee's certificate of authentication endorsed on the Bonds), shall be taken as the statements of the Company, and the Trustees assume no responsibility for the correctness of the same. The Trustees make no representations as to the value of the mortgaged property, or as to the title of the Company thereto, or as to the validity or sufficiency of the Mortgage or of the Bonds or coupons. The Trustees shall not be accountable for the use or application by the Company of any of the Bonds or of the proceeds of such Bonds.

SECTION 7. Either of the Trustees or any paying agent or bond registrar, in his or its individual or any other capacity, may become the owner or pledgee of Bonds or coupons with the same rights as if he or it were not such Trustee, paying agent or bond registrar.

SECTION 8. Subject to the provisions of Section 4 of Article XVIII, all cash received by the Trustee hereunder, until used or applied as herein provided, and all cash received by the Trustee as paying agent in respect of the Bonds of any series, shall be held in trust for the purposes for which it was received, but need not be segregated from other funds except to the extent required by law. So long as no Event of Default shall have occurred and be continuing, any interest allowed on any such cash shall be paid from time to time to or upon the written order of the Company, signed by its President or any Vice President.

SECTION 9. The Company covenants and agrees to pay to the Trustees from time to time, and the Trustees 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 Company will pay or reimburse the Trustees upon their request for all reasonable expenses, disbursements and advances incurred or made by them in accordance with any of the provisions of the Mortgage (including the reasonable compensation and the expenses and disbursements of their counsel and of all persons not regularly in their employ) except any such expense, disbursement and advance as may arise from negligence or bad faith of the Trustees. The Company also covenants to indemnify the Trustees for, and to hold them harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustees, 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 themselves against any claim of liability in the premises. The liability of the Company with respect to the foregoing covenants in this Section 9 shall survive the satisfaction and discharge of the Mortgage. The obligations of the Company under this Section 9 to compensate and indemnify the Trustees and to pay or reimburse them 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 Trustees shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustees, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such Certificate shall be full warrant to the Trustees for any action taken, suffered or omitted by them under the provisions of the Mortgage upon the faith thereof.

SECTION 11. Any company into which The Northern Trust Company or any successor to it in the trusts created by the Mortgage may be merged, or with which it or any such successor may be consolidated, or any company resulting from any merger, conversion, or consolidation to which The Northern Trust Company or any such successor shall be a party, provided such company shall be a trust company or a banking corporation in good standing organized under the laws of the United States or of any State, and shall have an

office in the City of Chicago, State of Illinois, or in the Borough of Manhattan, City and State of New York, and shall have a capital and surplus aggregating at least $5,000,000, shall be a successor trustee under the Mortgage without the execution or filing of any paper or the performance of any further act on the part of the parties hereto. In case any of the Bonds shall have been authenticated but not delivered, any such successor trustee may adopt the certificate of authentication of The Northern Trust Company, or of any successor to it, as Trustee hereunder, and deliver the same so authenticated; and in case any of the Bonds shall not have been authenticated, any such successor trustee may authenticate such Bonds either in the name of any predecessor trustee or in its own name as such successor trustee, and in all such cases such certificate shall have the same full force which it is anywhere in the Bonds or the Mortgage provided that the certificate of the Trustee shall have; provided, however, that the right to authenticate Bonds in the name of The Northern Trust Company shall extend only to its successor by merger, conversion or consolidation.

SECTION 12. Either of the Trustees or any successor trustee may at any time resign and be discharged from the trusts hereby created by giving to the Company written notice of such resignation and specifying a date upon which such resignation shall take effect. Notice of such resignation shall be published once each week for two successive weeks in a Daily Newspaper in the City of Minneapolis, State of Minnesota, and in a Daily Newspaper in the Borough of Manhattan, City and State of New York, the first publication in each such newspaper to be not less than 60 days and not more than 90 days before the date specified in said notice for the resignation to take effect. Such resignation shall take effect on the date specified in said notice or on the date of

the appointment of a successor trustee as hereinafter provided, whichever shall be earlier.

Either of the Trustees or any successor trustee may be removed with or without cause at any time by the holders of a majority in principal amount of the Outstanding Bonds by the delivery to such Trustee or successor trustee, as the case may be, of an instrument or concurrent instruments signed by such holders or their attorneys-in-fact duly authorized. Any trustee who shall resign or be so removed shall be entitled to reasonable compensation then accrued and unpaid and to reimbursement for proper expenses theretofore incurred and not previously reimbursed.

The Corporate Trustee shall have the power at any time, by instrument in writing duly executed by its President or Vice President under its corporate seal, to remove the Individual Trustee from his position as one of the Trustees hereunder.

SECTION 13. In case at any time either of the Trustees or any successor trustee shall resign or shall be removed or shall become incapable of acting or shall be adjudged bankrupt or insolvent, or if a receiver of the Corporate Trustee or any successor, or of its property, shall be appointed, or if any public officer in the exercise of his official powers shall take charge or control of the Corporate Trustee or any successor, or its property or affairs, or if a vacancy shall arise in the trusteeship under the Mortgage from any cause, a successor trustee or successor trustees may be appointed by the holders of a majority in principal amount of the Outstanding Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such holders or their attorneys-in-fact duly authorized and delivered to such new trustee hereunder, notification being given to the Company and the prede-

cessor trustee; provided, however, that (i) until a new corporate trustee shall be appointed by the holders of Outstanding Bonds as aforesaid and shall accept such appointment, the Company, by an instrument duly executed and acknowledged by its proper officers, by authority of its Board of Directors, shall appoint a successor corporate trustee to fill the vacancy until the appointment of a new corporate trustee by such holders as herein authorized, and (ii) until a new Individual Trustee shall be appointed by the holders of Outstanding Bonds as aforesaid and shall accept such appointment, the Corporate Trustee, by an instrument duly executed and acknowledged by its President or Vice President under its corporate seal, shall appoint a new Individual Trustee to fill the vacancy until the appointment of a new Individual Trustee by such holders as herein authorized. The Company shall publish notice of any such appointment made by it or by the Corporate Trustee or by the holders of Outstanding Bonds as aforesaid once each week for two successive weeks in a Daily Newspaper in the City of Minneapolis, State of Minnesota, and in a Daily Newspaper in the Borough of Manhattan, City and State of New York, the first publication in each such Daily Newspaper to be within 10 days after such appointment has been made. Any new trustee appointed by the Company or by the Corporate Trustee shall, immediately and without further act, be superseded by a trustee appointed by the holders of Outstanding Bonds in the manner above provided if the appointment by such holders be made within one year after the first publication of the notice of the appointment of the new trustee by the Company or by the Corporate Trustee.

Every successor Corporate Trustee appointed under any of the provisions of this Section 13 shall be a trust company or a banking corporation in good standing organized under the laws of the United States or of any State, having an office in the City of Chicago, State of Illinois, or in the

Borough of Manhattan, City and State of New York, and having a capital and surplus aggregating at least $5,000,000.

If in a proper case no appointment of a successor trustee shall be made by the holders of Outstanding Bonds pursuant to the foregoing provisions of this Section 13 within six months after the happening of any of the events set forth in the first paragraph of this Section 13, the holder of any Bond outstanding hereunder or any retiring trustee hereunder may apply to any court of competent jurisdiction to appoint a successor trustee. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint a successor trustee. Any trustee appointed by the Company or by the Corporate Trustee shall, immediately and without further act, be superseded by a trustee appointed by any such court in the manner above provided, if such appointment by such court be made within 18 months after the first publication of the notice of the appointment of the new trustee by the Company or by the Corporate Trustee. If application shall be made to any such court within such 18 months' period in this paragraph provided, the holders of Outstanding Bonds shall have no power to appoint a successor trustee as in this Section 13 provided unless such application shall be dismissed within one year after the first publication of the notice of the appointment of a new trustee by the Company or by the Corporate Trustee.

Any successor trustee appointed hereunder shall execute, acknowledge and deliver to the predecessor trustee hereunder and to the Company an instrument in writing accepting such appointment hereunder, and thereupon said successor trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named as trustee herein;

but the retiring trustee, nevertheless, on the written request of the Company or of the successor trustee, and upon payment of its unpaid compensation and expenses, if any, shall execute, acknowledge and deliver such instruments of conveyance and further assurances and do such other things as reasonably may be required for more fully and certainly vesting and confirming in said successor trustee all the right, title and interest of the retiring trustee in and to the mortgaged property and said rights, powers, trusts, duties and obligations; and the retiring trustee shall also, upon like request and upon payment of its unpaid compensation and expenses as aforesaid, pay over, assign and deliver to the successor trustee any money and other property subject to the lien of the Mortgage then held by it, and deliver any and all records, or copies thereof, in respect of the trusts hereunder which it may have, and upon request of any such successor trustee the Company shall execute, acknowledge and deliver any and all deeds, conveyances or other instruments in writing for more fully and certainly vesting in and confirming to such successor trustee said estates, properties, rights, powers, duties and obligations, provided, however, that such successor trustee shall not authenticate Bonds in the name of such predecessor trustee.

SECTION 14. No right, title or interest in or to any part of the mortgaged property shall vest in the Individual Trustee by virtue of the Mortgage, except that all right, title and interest of the Trustees in and to that part of the mortgaged property located in the State of Minnesota shall, to the extent required by the laws of Minnesota, vest in Thomas H. Jolls and his successor or successors as Individual Trustee. The Individual Trustee has been joined as Trustee solely to comply with existing statutory requirements respecting trustees under deeds of trust in said State, and

shall, as such Trustee, have all such powers, but only such powers, as may be necessary to comply with such requirements, and in all action hereunder shall comply with such requests as may be made from time to time in writing by the Corporate Trustee. Any such request in writing by the Corporate Trustee to the Individual Trustee shall be sufficient warrant for the Individual Trustee to take any action so requested and full protection for any action taken in accordance with such request.

Except as provided in the preceding paragraph of this Section 14, the Corporate Trustee shall solely and exclusively have and exercise all the powers, and be charged with the performance of all duties, herein declared to be had and exercised or performed on the part of the Trustees. The Individual Trustee may delegate to the Corporate Trustee the exercise of any power, discretionary or otherwise, conferred by any of the provisions of the Mortgage, except in so far as the Corporate Trustee may not lawfully have and exercise any particular power under the laws of Minnesota. In case the Individual Trustee shall die, become incapable of acting, resign or be removed, all of the estates, properties, rights, powers, trusts, duties and obligations of the Individual Trustee hereunder shall, so far as permitted by law, vest in and be exercised by the Corporate Trustee unless and until there shall be appointed a successor to the Individual Trustee.

SECTION 15. If at any time or times it shall be necessary or prudent in order to conform to any legal requirement, or the Trustee shall be advised by counsel satisfactory to it that it is so necessary or prudent in the interest of the Bondholders, or if the holders of a majority in principal amount of the Outstanding Bonds shall in writing so request the Trustee or the Company, the Trustees and the Company shall execute and deliver all instruments and agreements necessary or proper

to appoint another bank or trust company or one or more persons, approved by the Trustee and the Company, either to act hereunder as co-trustee or co-trustees with respect to all or any of the property subject to the lien of the Mortgage, jointly with the Trustees, or to act hereunder as separate trustee or trustees with respect to any such property, with such power and authority and for such term as may be necessary or prudent for such purpose and as shall be specified in the instrument of appointment. In the event the Company shall not have joined in the execution of such instruments and agreements within 30 days after the receipt of a written request so to do from the Trustee or from the holders of a majority in principal amount of the Outstanding Bonds, or in case an Event of Default shall have occurred and be continuing, the Trustees may act under the foregoing provision of this Section 15 without the concurrence of the Company; and the Company hereby fully empowers the Trustees so to act and appoints the Trustees its agents and attorneys to act for it under the foregoing provision of this Section 15 in either of such contingencies.

SECTION 16. The Trustee is hereby appointed (and the successive holders of the Bonds, by taking and holding the same, shall conclusively be deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the Bonds, with authority to make or file, irrespective of whether the Bonds or any of them are in default as to payment of principal or interest, in the respective names of the holders of the Bonds and coupons or in behalf of all holders of the Bonds and coupons as a class, any proof of debt, amendment to any proof of debt, petition or other document, and to execute any and all other papers and documents and do and perform any and all other acts and things for and in behalf of the respective holders of the Bonds and coupons, or in behalf of all holders of the Bonds and coupons

as a class, as may be necessary or advisable in the opinion of the Trustee in order to have the claims of the holders of the Bonds and coupons against the Company, or any successor, or any other person or corporation allowed and paid in any equity receivership, insolvency, liquidation, bankruptcy, reorganization or other proceedings which shall involve the Company or the mortgaged property or any part thereof, and to receive payment of or on account of any such claim or claims; and any receiver, assignee or trustee in any such proceedings is hereby authorized by each of the Bondholders to make such payments to the Trustee. The appointment made and authority granted by this Section 15 may be revoked by any holder of Bonds or coupons with respect to Bonds or coupons held by him at any time after institution of any such proceeding, by delivering notice of such revocation to the Trustee and filing a copy thereof in such proceeding. Nothing herein contained shall give the Trustee authority to assent to or reject on behalf of any holder of Bonds and coupons any plan of reorganization, plan of adjustment, or similar plan, proposed or approved in any such proceeding.

ARTICLE XVI

REMEDIES OF TRUSTEES AND BONDHOLDERS

SECTION 1. Except as provided in Section 3 of Article XIX, the Company will not, directly or indirectly, extend or assent to the extension of the time for the payment of any coupon or claim for interest on any of the Bonds, and it will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or refunding said coupons or claims for interest or in any other manner; and if the time for payment of any such coupon or claim for interest shall be so extended with the consent of the Company, such coupon or claim for interest shall not be entitled, in case of default hereunder, to the benefit of the security of the Mortgage, except subject to the prior payment in full of the principal of all Outstanding Bonds and all coupons and claims for interest thereon the payment of which shall not have been so extended; provided, that the foregoing provisions of this Section 1 shall not be applicable to any coupon or claim for interest the time for the payment of which shall have been extended, if such extension was made pursuant to a plan proposed by the Company to all holders of any one or more series of Bonds. If, at or after the maturity of Bonds, any coupons or claims for interest in respect of such Bonds shall be owned by the Company, or shall be purchased by it or on its behalf, then such matured coupons or claims for interest shall not be entitled to the benefit or security of the Mortgage, and the Company covenants that all such matured coupons and claims for interest shall be cancelled promptly upon such maturity if then owned by the Company or upon their purchase if purchased by or on behalf of the Company at or after such maturity.

SECTION 2. If one or more of the following events, herein called Events of Default, shall occur, that is to say:

(a) Default shall be made in the payment of any installment of Fixed Interest on any of the Outstanding Bonds when and as such interest shall become due and such default shall continue for 90 days; or

(b) Default shall be made in the payment of any installment of Contingent Interest on any of the Outstanding Bonds when and as such interest shall become due and payable as therein and in the Mortgage expressed and such default shall continue for 30 days; or

(c) Default shall be made in the payment of the principal of any of the Outstanding Bonds, or the premium thereon payable on redemption thereof, when the same shall become due and payable either by the terms thereof or otherwise as herein provided; or

(d) Default shall be made in the payment of any installment of any sinking fund with respect to any Outstanding Bonds when and as the same shall become due and payable as therein and in the Mortgage expressed, and such default shall continue for 90 days; or

(e) Default shall be made in the observance or performance of any other of the covenants, conditions or agreements on the part of the Company, its successors or assigns, contained in the Bonds or in the Mortgage, and such default shall continue for 90 days (or in case of any default under a supplemental indenture for such other time, if any, as may be specified therein) after written notice specifying such default and requiring the same to be remedied shall have been given to the Company by the Trustee, which notice may be given by the Trustee in its discretion, and shall be given on the written request of the holders of 25% in principal amount of the then Outstanding Bonds; or

(f) A decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Company under the Bankruptcy Act or any other state or federal law, and such decree or order shall have continued

undischarged and unstayed for 60 days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of the Company or of its property, or any substantial portion of its property, or for the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for 60 days; or

(g) The Company shall institute proceedings to be adjudged a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or readjustment under the Bankruptcy Act or any other state or federal law, or otherwise invoke any law for the aid of debtors except as permitted by the provisions of Section 20b of the Interstate Commerce Act, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of it or of its property or any substantial portion of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by the Company in furtherance of any of the aforesaid purposes; or

(h) An Event of Default as defined in the First Mortgage shall occur and be continuing;

then, and in each and every such case, the Trustees personally or by their agents or attorneys, to the extent permitted by law, may, but shall not be obligated to, enter into and upon all or any part of the mortgaged property, and each and every part thereof, and may exclude the Company, its agents and servants wholly therefrom; and having and holding the same may use, operate, manage and control the mortgaged property or any part thereof, and conduct the business of the Company, either personally or by the Company's superintendents, managers, agents, servants, attorneys, receivers or

trustees, in such manner as the Trustees may deem to be to the best advantage of the Bondholders. Upon every such entry the Trustees, at the expense of the mortgaged property, from time to time, either by purchase, repair or construction, may maintain and restore the rolling stock, tools and machinery and other property, buildings, bridges and structures erected upon or provided for use in connection with the railways and other premises whereof they shall become possessed as aforesaid, and may insure or keep insured such of the same as are usually insured by railway companies and in the same manner and to the same extent; and likewise from time to time, at the expense of the mortgaged property, may make all necessary or proper repairs, renewals and replacements and useful alterations, additions, betterments and improvements to and on the mortgaged property, and purchase or otherwise secure the use of additional rolling stock, tools, machinery and other property for use thereon, as to them may seem judicious. The Trustees shall further have the right to manage the mortgaged property and to carry on the business and exercise all rights and powers of the Company with respect thereto, either in the name of the Company or otherwise, as the Trustees shall deem best; and shall be entitled to collect and receive all rates, fares, tolls, earnings, incomes, rents, issues, revenues and profits of the same and every part thereof, including the income from stock, bonds or other obligations subject to the Mortgage. After deducting the expenses of operating said railways and other premises, and of conducting the business thereof, and of all repairs, maintenance, renewals, replacements, alterations, additions, betterments and improvements, and all payments which may be made for insurance and for the payment of all taxes, assessments and other proper charges having liens on the mortgaged property, or any part thereof, prior to the lien of the Mortgage, as well as just and reasonable compensation

for their own services and for the services of all attorneys, counsel, agents, clerks, servants and other employees by them properly engaged and employed, the Trustees shall apply the balance of the moneys derived from the operation and management of the mortgaged property and business as follows:

(i) If the principal of none of the Outstanding Bonds shall have become due and be unpaid, to the payment of the interest on the Outstanding Bonds, in the order of the maturity of the installments of such interest, such payments to be made proportionately to the persons entitled thereto without discrimination or preference.

(ii) If the principal of all or any part of the Bonds shall have become due, by declaration or otherwise, and shall be unpaid, *first* to the payment of interest accrued on the Outstanding Bonds prior to the date upon which the principal of said Bonds became due and payable, in the order of the maturity of the installments of such interest, *second* to the payment of interest on the overdue principal of said Bonds at the highest rate of interest borne by any of the Outstanding Bonds, and *third* (subject to the provisions of Section 4 of this Article XVI) to the payment of the principal of all of said Bonds, whether due or not; in every instance such payments to be made proportionately to the persons entitled thereto without discrimination or preference.

These provisions, however, are not intended to and shall not be deemed in any wise to modify the provisions of Section 1 of this Article XVI but are subject thereto.

Section 3. If the Trustees, under the powers in the Mortgage granted, or a receiver or any trustee appointed under the provisions of the Bankruptcy Act, or any other state or federal law, shall have entered into possession of the mortgaged property, or a part thereof, or one or more Events of Default shall have occurred and be continuing, the Trustee (to the extent permitted by law) shall be entitled to exercise,

while such default shall continue, all right and power to vote and consent with respect to all shares of stock, bonds and other obligations subject to the lien of the Mortgage, and, for the benefit of the Bondholders, shall be entitled to collect and receive all dividends on all shares of stock and all sums payable for principal, interest or otherwise upon any bonds or other obligations that shall then be subject to the Mortgage and shall apply, as hereinbefore in Section 2 of this Article XVI provided, any moneys so received; and, as the holder of any such shares of stock, bonds or other obligations, shall be entitled to perform any and all acts, or to make and execute any and all transfers, requests, requisitions or other instruments, for the purpose of carrying out the provisions of this Section 3.

Section 4. In case one or more Events of Default shall have occurred and be continuing, then, in each and every such case, unless the principal of all the Outstanding Bonds already shall have become due and payable, the Trustee may, and upon the written request of the holders of 25% in principal amount of the Outstanding Bonds shall, by notice in writing mailed to the Company, declare the principal of all Bonds to be forthwith due and payable, and upon any such declaration the same shall become and be forthwith due and payable, together with all accumulations of unpaid interest, if any, notwithstanding the date of maturity thereof, as stated in such Bonds or in the coupons, if any, pertaining thereto, or in the Mortgage. This provision, however, is subject to the condition that, if at any time after the principal of the Bonds shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided or any sale of the mortgaged property or any part thereof shall have been made, all unpaid interest upon all Outstanding Bonds, and the principal (and pre-

mium, if any) of any Outstanding Bonds which shall have become due otherwise than by acceleration under this Section 4, and the reasonable charges and expenses of the Trustees, their agents and attorneys, shall either be paid by the Company or be collected out of the income of the mortgaged property, or be provided for by the deposit with the Trustee of a sum sufficient to pay the same, and all other defaults made good to the satisfaction of the Trustee, then and in every such case the holders of two-thirds in principal amount of the Outstanding Bonds, by written notice to the Company and to the Trustees, may waive such default or defaults and its or their consequences and annul such declaration of the maturity of the Bonds, but no such waiver or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

In case the Trustees shall have proceeded to enforce any right under the Mortgage, by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned because of such waiver or annulment, or for any other reason, or shall have been determined adversely to the Trustees, then and in every such case the Company and the Trustees shall be restored to their former position and rights hereunder in respect of the mortgaged property, and all rights, remedies and powers of the Company and of the Trustees shall continue thereafter as though no such proceedings had been taken.

SECTION 5. In case one or more Events of Default shall have occurred and be continuing, the Trustees, with or without entry, personally or by attorney, in their discretion:

(a) If and to the extent permitted by law, may but shall not be obligated to sell, subject to any prior liens thereon, to the highest bidder, all and singular the mortgaged property, and all right, title and interest, claim and demand therein, free from any right of redemption

thereof, in one parcel and as an entirety, except as in Section 6 of this Article XVI provided; which sale or sales shall be made at public auction at such place in the City of Minneapolis, State of Minnesota, or at such other place or places, and at such time and upon such terms, as the Trustees may fix and briefly specify in the notice of sale to be given as hereinafter in Section 7 of this Article XVI provided; or

(b) May proceed to protect and to enforce their rights and the rights of holders of the Outstanding Bonds by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the foreclosure of the Mortgage, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustees, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or duties and the rights of holders of the Outstanding Bonds.

Upon the written request of the holders of not less than 25% in principal amount of the then Outstanding Bonds, in case any Event of Default shall have occurred and be continuing as aforesaid, it shall be the duty of the Trustees, upon being indemnified as hereinbefore provided, to exercise such one or more of the remedies available for the protection and enforcement of their rights and the rights of the Bondholders (including the exercise of the powers of entry or sale herein conferred, or the taking of appropriate judicial proceedings by action, suit or otherwise) as the Trustees, being advised by counsel, shall deem most expedient in the interest of the Bondholders.

SECTION 6. In the event of any sale, whether made under the power of sale herein granted or conferred, or under or by virtue of judicial proceedings, or of some judgment or decree of foreclosure and sale, the whole of the mortgaged property

shall be sold in one parcel and as an entirety, unless such sale as an entirety is impracticable in the opinion of the Trustees by reason of some statute or other circumstance, or unless the holders of a majority in principal amount of the Outstanding Bonds shall in writing request the Trustees to cause said premises to be sold in parcels, in which case the sale shall be made in such parcels and in such order as may be specified in such request.

The Company, for itself and all persons and corporations hereafter claiming through or under it, or who may at any time hereafter become holders of liens junior to the lien of the Mortgage, hereby expressly waives and releases all right to have the mortgaged property marshaled upon any foreclosure or other enforcement hereof, and the Trustees or any court in which the foreclosure of the Mortgage or the administration of the trusts hereby created is sought shall have the right as aforesaid to sell the entire property of every description comprised in the mortgaged property, as a whole in a single lot or parcel.

SECTION 7. Notice of any sale pursuant to any provision of the Mortgage shall state the time and place of said sale, and shall contain a brief general description of the property to be sold, and shall be sufficiently given if published once in each week for four successive weeks prior to such sale in a Daily Newspaper in the City of Minneapolis, State of Minnesota, and in a Daily Newspaper in the Borough of Manhattan, City and State of New York, and in such other manner as may be required by law.

SECTION 8. The Trustees may adjourn from time to time any sale to be made by them under the provisions of the Mortgage, by announcement at the time and place appointed for such sale, or for such adjourned sale or sales, and without further notice or publication (unless otherwise required by

law) such sale may be made at any time or place to which the same shall be so adjourned.

SECTION 9. Upon the completion of any sale or sales under the Mortgage, the Trustees or the court officer conducting the sale shall execute and deliver to the accepted purchaser or purchasers a good and sufficient bill or bills of sale and deed or deeds of conveyance of the property and franchises sold. The Trustees and their successors are hereby irrevocably appointed the true and lawful attorneys of the Company, in its name and stead to make all necessary deeds, bills of sale and conveyances of the property and franchises and all necessary transfers of shares of stock or bonds or other obligations thus sold; and may substitute one or more persons with like power, the Company hereby ratifying and confirming all that their said attorney or attorneys, or such substitute or substitutes, shall lawfully do by virtue hereof. Nevertheless, the Company, if so requested by the Trustees, shall ratify such sale by executing and delivering such deeds of conveyance, bills of sale or other instruments of assignment and transfer, as in the judgment of the Trustees may be advisable.

Any such sale or sales made under or by virtue of the Mortgage, whether under the power of sale hereby granted and conferred, or under or by virtue of any judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company, of, in and to the premises and property sold, and shall be a perpetual bar, both at law and in equity, against the Company, its successors and assigns, and against any and all persons claiming the premises and property sold, or any part thereof, from, through or under the Company, its successors or assigns.

The personal property and chattels conveyed, or intended to be conveyed, by or pursuant to the Mortgage, other than

stocks and bonds and other obligations or securities or claims, shall be real property for all the purposes of the Mortgage, and shall be held and taken to be fixtures and appurtenances of the Company's lines of railroad and a part thereof, and are to be used and sold therewith and not separate therefrom, except as herein otherwise provided.

The receipt of the Trustees for the purchase money paid at any such sale, or the receipt of any other person authorized to receive the same, shall be a sufficient discharge therefor to any purchaser of the property, or any part thereof, sold as aforesaid, and no such purchaser, or his representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money or any part thereof upon or for any trust or purpose of the Mortgage, or, in any manner whatsoever, be answerable for any loss, misapplication or nonapplication of any such purchase money, or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

SECTION 10. In case of a sale of the mortgaged property substantially as a whole under any of the foregoing provisions of this Article XVI, whether made under the power of sale hereby granted or pursuant to judicial proceedings, the principal of all Bonds then outstanding, if not previously due, immediately thereupon shall become due and payable, notwithstanding the date of maturity thereof as stated in such Bonds or in the Mortgage.

SECTION 11. The purchase money, proceeds and avails of any such sale, whether made under the power of sale hereby granted or pursuant to judicial proceedings, together with any other sums which then may be held by or for the Trustees under any of the provisions of the Mortgage as part of the mortgaged property or of the proceeds thereof, except sums

held in trust for the benefit of the holders of particular Bonds or coupons, shall be applied as follows:

First. To the payment of the costs and expenses of such sale, the reasonable compensation to the Trustees, their agents, attorneys and counsel, all expenses, liabilities and advances made or incurred by the Trustees, except such as may have arisen by their negligence or bad faith, and the payment of all taxes, assessments or other charges having liens on the mortgaged property prior to the lien of the Mortgage, except taxes, assessments and other charges having prior liens, if any, subject to which the property shall have been sold.

Second. To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal and interest, with interest on the overdue principal at the highest rate of interest borne by any of the Outstanding Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Outstanding Bonds, then to the payment of such principal and interest proportionately, according to the aggregate of such principal and accrued and unpaid interest, without preference or priority of any Outstanding Bond over any other Outstanding Bond of the same or of another series or of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, subject, however, to the provisions of Section 1 of this Article XVI.

Third. To the payment of the surplus, if any, to the Company, its successors or assigns, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

SECTION 12. In case of any sale under the foregoing provisions of this Article XVI, whether made under the power of sale hereby granted or pursuant to judicial proceedings, any purchaser, for the purpose of making settlement or payment for the property purchased, shall be entitled to use and apply

any Bonds and any matured and unpaid coupons and interest obligations hereby secured, subject to the provisions of Section 1 of this Article XVI, by presenting such Bonds and coupons in order that there may be credited as paid thereon the sums payable out of the net proceeds of such sale 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 Company covenants that (a) if default shall be made in the payment of any installment of Fixed Interest on any of the Outstanding Bonds when and as such interest shall become due and payable as therein and in the Mortgage expressed, and such default shall continue for 90 days, or in the payment of any installment of Contingent Interest on any of the Outstanding Bonds when and as such interest shall become due and payable as therein and in the Mortgage expressed, and such default shall continue for 30 days, 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 Trustees, the Company will pay to the Trustees 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 Company shall fail to pay the same forthwith upon such demand, the Trustees in their own names and as Trustees of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

The Trustees 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 proceedings for the enforcement of the lien of the Mortgage, and the right of the Trustees to such judgment or final decree shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of the Mortgage or the foreclosure of the lien hereof; and in case of a sale of the mortgaged property or any part thereof, the Trustees, in their own name and as trustees of an express trust, shall be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon any and all of the Bonds and coupons, for the benefit of the holders thereof and shall be entitled to institute and prosecute any action and enforce any judgment or final decree as aforesaid for any portion of the said debt remaining unpaid, with interest. No judgment or decree obtained by the Trustees, and no levy of any execution upon the mortgaged property, or upon any other property, shall in any manner, or to any extent, affect the lien of the Mortgage upon the mortgaged property, or any part thereof, or any lien, rights, powers or remedies of the Trustees hereunder, or any lien, rights, powers or remedies of the Bondholders, but such lien, rights, powers and remedies shall continue unimpaired as before, except as otherwise provided by law.

Any moneys collected by the Trustees under this Section 13 shall be applied by the Trustee,

First, to the payment of the costs and expenses of the proceedings resulting in the collection of such moneys, and of the compensation of and the expenses, liabilities and advances made or incurred by the Trustees hereunder, except such as may have arisen by their negligence or bad faith; and

Second, to the payment of the amounts then due and unpaid upon the Outstanding Bonds and coupons in respect of which such moneys shall have been collected, without any preference or priority of any kind, but subject to the provisions of Section 1 of this Article XVI, proportionately according to the amounts due and payable upon such Outstanding Bonds and coupons, respectively, at the date fixed by the Trustee for distribution of such moneys, upon presentation of the several Outstanding Bonds and coupons and their surrender if fully paid, or for proper stamping if only partially paid.

SECTION 14. Except as permitted by Section 20b of the Interstate Commerce Act, the Company will not at any time insist upon or plead, or claim to take advantage of any statute or rule of law, now or hereafter in force, wherever enacted or established, in aid of debtors or permitting or providing for (a) the staying of actions in respect of mortgages or mortgage indebtedness, or for extending the time for payment of such indebtedness, (b) the valuation or appraisement of the property held under any mortgage or pledge to secure indebtedness prior to any sale or sales thereof pursuant to the terms of such mortgage or pledge or to the decree, judgment or order of any court, or (c) the redemption of any property so sold; and the Company hereby expressly waives all benefit and advantage of any such statute or rule of law, and covenants that it will not hinder, delay or impede the execution of any power herein granted or delegated to the Trustees or either of them, but that it will suffer and permit the execution of every

such power as though no such statute or rule of law had been enacted or established.

SECTION 15. In case (1) an Event of Default shall occur and at any time during the continuance of such Event of Default there shall be any unsatisfied final judgment against the Company, or a receiver or trustee of the Company or of its property or any part thereof shall be appointed in any judicial proceeding instituted by any party other than the Trustee, or a judgment or order shall be entered for the sequestration of its property of any part thereof, or (2) the Company shall make default in the payment of interest specified in clauses (a) or (b) of Section 2 of this Article XVI, and shall by resolution of its Board of Directors admit to the Trustees its inability to make good such default, then the Trustees, in either such case, shall thereupon be entitled, in the discretion of the Trustees, forthwith to exercise the right of entry herein conferred and also any and all other rights and powers herein conferred and provided to be exercised by the Trustees upon the occurrence and continuance of an Event of Default as hereinbefore provided; and the Trustees shall thereupon be entitled as a matter of right (i) to the appointment of a receiver of the mortgaged property and of the earnings, rents, issues, profits, tolls, revenues and income thereof, with such powers as the court making such appointment shall confer, and (ii) to the entry of an order directing that the rents, issues, profits, tolls, revenues and other income of the premises and property comprised in the mortgaged property be segregated, sequestered and impounded for the benefit of the Trustees and the Bondholders from and after the date of the institution of any judicial proceedings of the nature referred to in this Section 15 or in clauses (f) and (g) of Section 2 of this Article XVI. Notwithstanding the appointment of any such receiver, the Trustee, as pledgee, shall be entitled to retain possession and control of, and to collect all interest and

dividends or earnings on, any shares of stock, cash, bonds and other obligations pledged with it as security hereunder.

The Company hereby irrevocably consents to the appointment of such receiver and to the entry of such order.

SECTION 16. Upon application of the Trustees to any court of competent jurisdiction, and with the consent of the Company if none of the Events of Default shall have occurred and be continuing, and without such consent if one or more of the Events of Default shall have occurred and be continuing, a receiver may be appointed to take possession of, and to operate, maintain and manage the mortgaged property or any part thereof, and any other property of the Company used for, in or about, or the use or possession whereof shall be essential to, the operation of the mortgaged railroads or any thereof, and the Company shall transfer and deliver to such receiver all such property, wheresoever the same may be situated; and in every case when a receiver of the whole or of any part of said property shall be appointed under this Section 16, or otherwise, the net income and profits of the mortgaged property shall be paid over to, and shall be received by, the Trustees for the benefit of the holders of the Outstanding Bonds and coupons to be applied as provided in Section 2 of this Article XVI; provided, however, that, notwithstanding the appointment of any such receiver, the Trustee shall be entitled to retain control of, and to collect all interest and dividends or earnings on, any shares of stock, cash, bonds and other obligations pledged with it as security hereunder.

SECTION 17. No holder of any Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the foreclosure of the Mortgage, or for the execution of any trust hereunder, including the appointment of a receiver, or for any other remedy hereunder, unless (a) such

holder previously shall have delivered to the Trustees written notice that one or more Events of Default, which default or defaults shall be specified in such notice, has occurred and is continuing, and (b) the holders of not less than 25% in principal amount of the then Outstanding Bonds shall have requested the Trustees in writing and shall have afforded to them reasonable opportunity either to proceed to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in their own names, and (c) one or more holders of Bonds shall have offered to the Trustees adequate security and indemnity, satisfactory to them, against the costs, expenses and liabilities to be incurred therein or thereby, nor unless the Trustees shall have refused or neglected to act on such notification, request and offer of indemnity for at least 30 days; and such notification, request and offer of indemnity are hereby declared, in every such case, at the option of the Trustees, to be conditions precedent to the exercise of the powers and trusts of the Mortgage and to any action or cause of action for foreclosure, including the appointment of a receiver or trustee, or for any other remedy hereunder; it being understood and intended that no holder of any Bond or coupon shall have any right in any manner whatsoever by his action to affect, disturb or prejudice the lien of the Mortgage or to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had or maintained in the manner herein provided, and for the equal benefit of all holders of the Outstanding Bonds and coupons.

Nothing contained in this Section 17 or elsewhere in the Mortgage or in the Bonds or in the coupons shall affect or impair the obligation of the Company to pay the principal of, premium if any, and interest on the Bonds to the respective holders of the Bonds and to the respective holders of the coupons, as provided in such Bonds, nor affect or impair the

right of action at law, which is also absolute and unconditional, of such holders to collect such payment.

SECTION 18. Except as herein expressly provided to the contrary, no remedy herein conferred upon or reserved to the Trustees or the Bondholders is intended to be exclusive of any other remedy or remedies, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity.

SECTION 19. No delay of the Trustees or of any Bondholder in exercising any right or power accruing upon any default continuing as aforesaid and no omission to exercise any such right or power shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article XVI to the Trustees, or to any Bondholder, may be exercised from time to time, and as often as may be deemed expedient, by the Trustees or by such Bondholder, respectively.

SECTION 20. The Trustees shall have power, but shall be under no duty, to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, or the observance of, any legislative or governmental enactment, rule or order that they may be advised and believe is unconstitutional, or otherwise invalid, if the enforcement of, or compliance with, or observance of, such enactment, rule or order would, in the judgment of the Trustees, impair the security hereunder or be prejudicial to the Trustees or to the Bondholders.

SECTION 21. The holders of a majority in aggregate principal amount of the Outstanding Bonds shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustees, or the exercise or non-exercise of any trust or power conferred on the Trustees. Except as provided in Section 4 of this Article XVI, the holders of a majority in aggregate principal amount of the Outstanding Bonds may on behalf of the holders of all the Bonds waive any past default hereunder and its consequences other than an Event of Default specified in clauses (a), (b), (c) or (d) of Section 2 of this Article XVI. In the case of any such waiver, the Company, the Trustees and the Bondholders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 22. All parties to the Mortgage agree, and each holder of any Bond by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Mortgage, or in any suit against the Trustees for any action taken or omitted by them as Trustees, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 22 shall not apply to any suit instituted by the Trustees or either of them, to any suit instituted by any Bondholder or group of Bondholders holding more than 10% in aggregate principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the due date expressed in such Bond.

SECTION 23. To the extent that any provision of this Article XVI may be invalid or unenforceable under any applicable law with respect to any of the mortgaged property, such provision shall be deemed inoperative and inapplicable.

ARTICLE XVII

IMMUNITY OF INCORPORATORS, STOCKHOLDERS, DIRECTORS AND OFFICERS

The Mortgage and the Bonds and coupons are solely corporate obligations. No recourse shall be had for the payment of the principal of, premium if any, or interest on any Bond, or for any claim based thereon or on any coupon appurtenant thereto, or because of the creation of the indebtedness represented thereby, or otherwise in respect thereof, or based on or in respect of the Mortgage, against any past, present or future incorporator, stockholder, officer or director of the Company, as such, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability, except for fraud or wilful misconduct, by the acceptance of such Bond and as part of the consideration for the issuance thereof, being expressly waived and released.

ARTICLE XVIII

DEFEASANCE

SECTION 1. If (a) the 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 one year or are to be redeemed within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the 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 Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then the Mortgage shall cease to be of further effect. In such event the Trustees, on demand of the Company and at its cost and expense, shall execute and deliver to the Company such instrument or instruments as may be appropriate to acknowledge satisfaction of the Mortgage, and as will enable the Company to have the Mortgage discharged of record, and shall release and assign, or cause to be released and assigned, to the Company all of their interest in the mortgaged property, and shall deliver to the 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 XVIII.

The Company, notwithstanding the satisfaction of the Mort-

gage as above provided, will indemnify the Trustees and hold them harmless against any and all expense or liability, incurred without negligence or bad faith, ascertained or incurred by the Trustees 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 XVIII shall be held in trust and applied by it, subject to the provisions of Section 4 of this Article XVIII, 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 provisions 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 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 6 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 Company on demand; and the holder of any Bond or coupon entitled to receive such payment shall thereafter look only to the Company for the payment thereof; provided, however, that (a) before any such repayment may be made, the Trustee, at the expense of the 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 City of Minneapolis, State of Minnesota, and in a Daily Newspaper in the Borough of Manhattan, City and State of

New York, 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 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 XIX

SUPPLEMENTAL INDENTURES

SECTION 1. The Company, when authorized by a resolution of its Board of Directors, and the Trustees may at any time and from time to 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 Trustees 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 Company, acquired through consolidation, merger, purchase or otherwise;

(b) To evidence the succession of another corporation to the Company, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the 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 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 Trustees 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 Trustees are hereby authorized to join with the 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 Trustees shall not be obligated to enter into any such supplemental indenture which, in their opinion, affects the Trustees' 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 Company and the Trustees without the consent of the holders of any of the then Outstanding Bonds, notwithstanding any of the provisions of Section 2 of this Article XIX.

SECTION 2. With the consent (evidenced as provided in Section 1 of Article XIII) of the holders of not less than 66⅔% in aggregate principal amount of the then Publicly Held Bonds to be directly affected thereby, the Company, when authorized by a resolution of its Board of Directors, and the Trustees, at any time and from time to time, by entering into an indenture or indentures supplemental hereto, may

modify (with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises) the sinking fund provisions of the Mortgage, or may modify or alter in any manner any of the other 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 Company, except as provided in Section 3 of this Article XIX; provided, however, that no such modification or alteration shall, without the consent of the holders of all Bonds affected thereby:

(i) alter or impair the obligation of the Company to pay the principal amount or the interest specified in any Bonds at the places and in the manner specified therein or in any interest coupon appertaining thereto; or

(ii) permit the creation by the Company of any mortgage or other lien in the nature of a mortgage 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; or

(iv) alter or impair the obligation of the Company with respect to the determination and application of Available Net Income applicable to the payment of interest specified in any Bonds, except as provided in Section 1 of Article XII;

and provided, further, that no such modification or alteration shall affect the rights, duties or immunities of the Trustees without the written consent of the Trustees.

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 XIII) of the holders of not less than 75% in aggregate principal amount of all of the then Publicly Held Bonds, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, the Company, when authorized by a resolution of its Board of Directors, and the Trustees at any time and from time to time by entering into an indenture or indentures supplemental hereto, may postpone the time or times of payment of the principal of any or all series of Bonds then outstanding, whether before or after the maturity thereof, to any fixed or determinable date, not exceeding 20 years beyond the original date of maturity of the principal amount thereof, or the time or times of payment of any interest on the Bonds of any or all series then outstanding, whether before or after such interest is due, to any fixed or determinable date not later than five years after such interest first becomes payable and not beyond the original or any duly postponed date of maturity of the principal of such Bonds.

SECTION 4. Upon the request of the Company, accompanied by a Certified Resolution authorizing the execution of any supplemental indenture pursuant to Sections 2 or 3 of this Article XIX, and upon the filing with the Trustee of evidence of the consent of Bondholders as aforesaid, the Trustees shall join with the Company in the execution of such supplemental indenture.

SECTION 5. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XIX, 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 Company, the Trustees and the holders of Bonds of all series outstanding thereunder shall thereafter be determined, exercised and enforced here-

under subject in all respects 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 XIX may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the 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 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 the same series and of an aggregate principal amount equal to the aggregate principal amount of those so surrendered.

ARTICLE XX

MISCELLANEOUS

SECTION 1. The same officer or officers of the 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: (i) a statement that the person making such certificate or giving such opinion has read such covenant or condition; (ii) 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 (iii) 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 exclusive

benefit of the parties hereto and the holders from time to time of the Bonds and coupons issued hereunder.

SECTION 4. 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 5. The Mortgage shall be effective by order of the Court in the reorganization proceedings hereinbefore mentioned as of 12:01 A. M., Central Standard Time, on March 1, 1954, although executed and delivered on the date of the acknowledgment hereof by the Trustee.

IN WITNESS WHEREOF, WISCONSIN CENTRAL RAILROAD COMPANY, the party of the first part, has caused the Mortgage to be signed and acknowledged by its President or Vice President, and its corporate seal to be affixed hereto, and the same to be attested by its Secretary or Assistant Secretary; THE NORTHERN TRUST COMPANY, one of the parties 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 hereto and attested by one of its Assistant Secretaries; and THOMAS H. JOLLS, one of the parties of the second part, to evidence his acceptance of the trust hereby created, has hereto set his hand and seal.

Executed and delivered in the City of Chicago, State of Illinois, as of the first day of January, 1954.

WISCONSIN CENTRAL RAILROAD COMPANY

By E. F. Zelle
President

Attest:

R. R. Galligan
Secretary

In the presence of

Dorothy E. Grosser

Mary Lou Stengel

THE NORTHERN TRUST COMPANY

By S A Weaver
Vice President

Attest:

Hugh B. McCulloch
Assistant Secretary

In the presence of

Dorothy E. Grosser

Mary Lou Stengel

Thomas H. Jolls (L. S.)

In the presence of

Dorothy E. Grosser

Mary Lou Stengel

STATE OF ILLINOIS
COUNTY OF COOK } ss.

On this 3rd day of March, 1954, before me, Betty J. Donnelly a Notary Public in and for the County and State aforesaid, personally appeared E. F. ZELLE and R. R. GALLIGAN, to me personally known and to me known to be the ..... President and ..... Secretary, respectively, of Wisconsin Central Railroad Company, a corporation of the State of Minnesota, and the persons who executed the foregoing instrument, who, being by me duly sworn, did say: that they are the ..... President and ..... Secretary, respectively, of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; and that they executed the foregoing instrument as such officers, and said instrument was signed, sealed and delivered, on behalf of said corporation by its authority and the authority of its board of directors. And said E. F. ZELLE and R. R. GALLIGAN acknowledged the execution and delivery of the foregoing instrument, by them as such officers, as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in the County and State aforesaid this 3rd day of March, 1954.

Betty J. Donnelly
Notary Public

AUG 1 2 1956

My commission expires: .....

STATE OF ILLINOIS
COUNTY OF COOK } ss.

On this 3rd day of March, 1954, before me, Betty J. Donnelly, a Notary Public in and for the County and State aforesaid, personally appeared S. A. WEAVER and HUGH B. MC CULLOCH, to me personally known to be a Vice President and an Assistant Secretary, respectively, of The Northern Trust Company, an Illinois corporation, and the persons who executed the foregoing instrument, who, being by me duly sworn, did say: that they are a Vice President and an Assistant Secretary, respectively, of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; and that they executed the foregoing instrument as such officers, and said instrument was signed, sealed and delivered, on behalf of said corporation by its authority and the authority of its board of directors. And said S. A. WEAVER and HUGH B. MC CULLOCH acknowledged the execution and delivery of the foregoing instrument, by them as such officers, as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in the County and State aforesaid this 3rd day of March, 1954.

Betty J. Donnelly
Notary Public

AUG 1 2 1956

My commission expires: .....

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

On this 3rd day of March, 1954, before me, Carol Jean Mowers, a Notary Public in and for the County and State aforesaid, personally appeared Thomas H. Jolls, to me personally known and to me known to be the identical individual who executed the foregoing instrument, who, being by me duly sworn, did say that he executed and delivered the foregoing instrument as his 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 in the County and State aforesaid this 3rd day of March, 1954.

Carol Jean Mowers
Notary Public

My commission expires: JUN 29 1955

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

E. F. ZELLE, being first duly sworn, deposes and says that he is ..... President of Wisconsin Central Railroad Company, a corporation organized and existing under the laws of the State of Minnesota, 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 set forth in said mortgage, and that The Northern Trust Company and Thomas H. Jolls, the trustees and mortgagees named in said mortgage, have delivered to said Railroad Company, and said Railroad Company has received, a duplicate copy of said mortgage as executed.

E. F. Zelle

Subscribed and sworn to before me this 3rd day of March, 1954.

Carol Jean Mowers
Notary Public

My commission expires: JUN 29 1955

State of Wisconsin }
DEPARTMENT OF STATE
Received this 10TH day of MAY A. D. 1954 at 10:25 o'clock A.M. and recorded in Vol. 45 of RAILROAD MORTGAGES on page 164-280
Assistant Secretary of State

SATISFACTION

OF

REFUNDING MORTGAGE OF NOVEMBER 1, 1908
AND ALL INDENTURES SUPPLEMENTAL THERETO

BY

GUARANTY TRUST COMPANY OF NEW YORK, TRUSTEE

TO

ILLINOIS CENTRAL RAILROAD COMPANY

DATED, JULY 8th, 1954

GUARANTY TRUST COMPANY OF NEW YORK,
AS TRUSTEE

TO

ILLINOIS CENTRAL RAILROAD COMPANY

Satisfaction of Refunding Mortgage dated November 1, 1908 and all indentures supplemental thereto.

KNOW ALL MEN BY THESE PRESENTS that:

WHEREAS Illinois Central Railroad Company, a corporation of the state of Illinois (hereinafter called the "Company") heretofore made, executed and delivered to the undersigned Guaranty Trust Company of New York, a corporation of the State of New York, as Trustee, its Refunding Mortgage dated November 1, 1908 (hereinafter called the "Mortgage") as security for the payment of an issue of Refunding Mortgage Gold Bonds of the Company, which Mortgage was recorded as a mortgage of real property with the proper recording officers as follows:

State of Illinois

Recording Office (County)	Book	Page
Sangamon	210	429
Shelby	79	156
St. Clair	327	516
Lee	66	31/102
Jo Daviess	42	486
Alexander	58	428
Boone	45	22
Champaign	188	217
Christian	B-1	369/412
Moultrie	67	12

Recording Office (County)	Book	Page
Ogle	63	255
Perry	14	70
Clay	1	425/78
Stephenson	74	28
Kane	502	37
Johnson	32	1/69
Pulaski	40	21
Pope	Y	475/96
Saline	94	83
Clinton	4	49/74
Dewitt	48	1
Ford	50	329/74
Effingham	110	269
Edwards	27	400
Winnebago	171	73
Jasper	31	321/71
Williamson	8	1
Marion	48	191
Marshall	86	577
Massac	X	281
La Salle	455	288
Piatt	96	333
Livingston	91	533
Logan	46	178
Macon	329	277
Randolph	28	159
Richland	28	315
Douglas	65	319
Du Page	5	405
Cook	10721	302
Kankakee	230	166
Fayette	155	393
Union	24	15
Cumberland	27	215
Coles	100	2
Will	441	374

Recording Office (County)	Book	Page
Franklin	6	197
Fulton	4	183
Iroquois	359	1
Jackson	70	78
Mason	48	245
Tazewell	AT	388
McLean	219	74
Woodford	22	336
White	35	510
Washington	109	398
Vermilion	166	260
De Kalb	85	301

State of Indiana

Recording Office (County)	Book	Page
Warren	30	1
Vanderburgh	69	1
Gibson	71	318
Posey	P-2	1

State of Wisconsin

Recording Office	Book	Page
Secretary of State	15	26

Whereas thereafter the Company made, executed and delivered to the undersigned as such Trustee an indenture dated June 12, 1911 supplemental to the Mortgage, which said supplemental indenture was recorded as follows:

State of Illinois

Recording Office (County)	Book	Page
Alexander	64	398
Boone	3	1
Champaign	188	609

Recording Office (County)	Book	Page
Christian	AV	262
Clay	1	575
Clinton	4	182
Coles	100	111
Cook	11645	283
Crawford	71	248
Cumberland	27	570
De Kalb	85	451
Dewitt	48	525
Douglas	70	122
Du Page	68	283
Edwards	29	136
Effingham	112	502
Fayette	196	368
Ford	52	221
Franklin	2	503
Fulton	292	310
Iroquois	369	530
Jackson	70	403
Jasper	31	585
Jo Daviess	45	390
Johnson	32	275
Kane	529	567
Kankakee	230	533
La Salle	473	324
Lee	66	501
Livingston	101	410
Logan	60	328
Macon	346	586
Marion	52	305
Marshall	98	210
Mason	58	149
Massac	2	5
McLean	227	400
Montrie	67	318
Ogle	63	605

Recording Office (County)	Book	Page
Perry	14	223
Piatt	96	484
Pope	22	338
Pulaski	42	7
Randolph	28	388
Richland	C	111
Saline	94	436
Sangamon	223	364
Shelby	79	587
St. Clair	401	41
Stephenson	98	368
Tazewell	AX	288
Union	24	311
Vermilion	182	396
Washington	118	378
White	39	342
Will	359	459
Williamson	9	344
Winnebago	171	243
Woodford	22	582

State of Indiana

Recording Office (County)	Book	Page
Vanderburgh	74	177
Warren	32	1
Sullivan	74	550
Posey	P-2	512
Monroe	A-17	530
Morgan	38	229
Marion	571	383
Johnson	45	93
Greene	22	190
Gibson	77	452
Brown	10	72

State of Wisconsin

Recording Office	Book	Page
Secretary of State	16	32

WHEREAS thereafter the Company made, executed and delivered to the undersigned as such Trustee a further indenture dated November 1, 1922 supplemental to the Mortgage, which said supplemental indenture was recorded as follows:

State of Illinois

Recording Office (County)	Book	Page
Richland	45	175
Dewitt	61	364
Livingston	J	767
Shelby	101	162
Alexander	95	146
Iroquois	448	217
Clay	27	308
Jackson	96	383
Saline	175	567
Moultrie	84	347
Winnebago	265	56
Clinton	26	27
Perry	34	96
White	57	115
De Kalb	95	591
Marshall	116	149
Cumberland	45	18
Lee	86	425
Jo Daviess	59	180
Pope	35	152
Will	568	400
Du Page	107	43

Recording Office (County)	Book	Page
Crawford	85	376
Ford	59	264
Mason	109	151
Boone	56	141
Marion	76	233
Williamson	61	169
Fayette	237	276
Jasper	56	293
Woodford	31	359
Logan	65	51
Randolph	36	292
Coles	131	136
Washington	140	233
Kankakee	322	63
Union	30	494
Champaign	280	76
Franklin	49	8
McLean	290	135
Massac	22	271
Johnson	41	95
Douglas	83	413
Stephenson	104	545
Macon	516	598
Effingham	146	203
La Salle	589	237
Tazewell	B-J	146
Ogle	78	417
Sangamon	301	442
Christian	Z1	161
Fulton	383	10
Edwards	40	291
St. Clair	604	25
Kane	707	537
Pulaski	65	476
Piatt	134	1
Vermilion	259	281
Cook	18435	439

State of Indiana

Recording Office (County)	Book	Page
Brown	15	350
Posey	V-2	559
Sullivan	93	359
Vanderburgh	113	301
Greene	X-2	338
Monroe	A-34	79
Morgan	52	280
Gibson	99	212
Warren	42	122
Marion	858	1
Johnson	61	223

State of Wisconsin

Recording Office	Book	Page
Secretary of State	24	33

WHEREAS thereafter the Company made, executed and delivered to the undersigned as such Trustee a further indenture dated October 6, 1927 supplemental to the Mortgage, which said supplemental indenture was recorded as follows:

State of Illinois

Recording Office (County)	Book	Page
Winnebago	323	15
Sangamon	349	74

WHEREAS thereafter the Company made, executed and delivered to the undersigned as such Trustee a further indenture dated December 14, 1951 supplemental to the Mortgage, which said supplemental indenture was recorded in Cook County, Illinois in Book 47499 at page 490;

NOW, THEREFORE, THIS IS TO CERTIFY:

That the undersigned, as Trustee under the Mortgage and under said supplemental indentures, hereby certifies and acknowledges that

the Mortgage and each of said supplemental indentures, together with all bonds, obligations and indebtedness secured thereby, have been fully paid, satisfied and discharged (or adequate provision made therefor) on the date of this instrument, and does hereby satisfy and discharge the same and hereby consents to the satisfaction and discharge thereof of record, and hereby authorizes, empowers and directs each and every appropriate public officer with which the Mortgage or any such supplemental indenture has been recorded or filed, to do all acts necessary to satisfy and discharge the same and the lien thereof of record; and the undersigned Guaranty Trust Company of New York, as Trustee as aforesaid, in consideration of the sum of $1.00 paid to it, has forever remised, released, quitclaimed, and by these presents does hereby forever remise, release and quitclaim, unto Illinois Central Railroad Company, and to its successors and assigns, all of the land and other property, real, personal and mixed, of every sort and description described or referred to in the Mortgage or in any indenture supplemental thereto.

IN WITNESS WHEREOF Guaranty Trust Company of New York, as Trustee as aforesaid, has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its Vice Presidents and its corporate seal to be attested by an Assistant Secretary, this 8th day of July, 1954.

GUARANTY TRUST COMPANY OF NEW YORK,
as Trustee

By

Vice President

Attest:

Assistant Secretary

In the presence of:

Cleveland

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

THIS IS TO CERTIFY that on the 3rd day of July, 1954, before me, DAVID W. CREE, a Notary Public duly commissioned and qualified to act within and for the County and State aforesaid, personally appeared ARTHUR E. BURKE, a Vice President of Guaranty Trust Company of New York, party to the foregoing instrument, who is personally known to me and known to be the same person whose name is subscribed to and who executed the foregoing instrument as a Vice President of said corporation, and he acknowledged himself to be a Vice President of said corporation and that he as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes and considerations therein contained by signing the name of said corporation by himself as Vice President; and he acknowledged to me that he executed said instrument as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation for the purposes therein set forth; and said ARTHUR E. BURKE being by me duly sworn, did depose and say that he resides at 565 Park Avenue in the City of New York, State of New York, that he is a Vice President of said corporation, that he knows the seal of said corporation, and that the seal affixed to such instrument is such corporate seal, and that it was so affixed and said instrument was signed and sealed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

IN WITNESS WHEREOF I have set my hand and official seal.

DAVID W. CREE
Notary Public, State of New York
No. 60-5854200
Qualified in Westchester County
Certificate filed in New York County
Commission Expires March 30, 1956

State of Wisconsin } ss.
DEPARTMENT OF STATE }

Received this 23rd day of
JULY A. D. 1954 at 10:20
o'clock A.M. and recorded in Vol.
45 of RAILROAD MORTGAGES
on pages 282-287.
Robert C. Zimmerman
Assistant Secretary of State

(549)

ILLINOIS CENTRAL RAILROAD COMPANY

TO

GUARANTY TRUST COMPANY OF NEW YORK,
TRUSTEE

Supplemental Indenture

Dated August 1, 1954

Providing for First Mortgage Twenty-Six Year 3¼% Bonds, Series G

SUPPLEMENTAL INDENTURE, dated August 1, 1954, between ILLINOIS CENTRAL RAILROAD COMPANY, a corporation of the State of Illinois, hereinafter called the Company, party of the first part, and GUARANTY TRUST COMPANY OF NEW YORK, a corporation of the State of New York, hereinafter called the Trustee, party of the second part.

WHEREAS, the Company heretofore executed and delivered to the Trustee an Indenture, dated November 1, 1949 (hereinafter called the Indenture dated November 1, 1949), providing for the issue from time to time of mortgage bonds of the Company known as its Consolidated Mortgage Bonds (hereinafter sometimes called the Bonds); and

WHEREAS, the Company thereafter executed and delivered to the Trustee its supplemental indenture dated June 1, 1952, supplemental to the Indenture dated November 1, 1949, (a) setting forth the terms and provisions of a series of Bonds designated Consolidated Mortgage Thirty Year 4¼% Bonds, Series D (hereinafter called the Bonds of Series D), and (b) providing additional or other restrictions or limitations upon the issue of Bonds and additional covenants and undertakings of the Company; and

WHEREAS, the Company thereafter executed and delivered to the Trustee its supplemental indenture dated August 1, 1952 (hereinafter called the Supplemental Indenture dated August 1, 1952), supplemental to the Indenture dated November 1, 1949, setting forth the terms and provisions of a series of Bonds designated Consolidated Mortgage Thirty Year 3⅞% Bonds, Series E (hereinafter called the Bonds of Series E); and

WHEREAS, the Company thereafter executed and delivered to the Trustee its supplemental indenture dated January 1, 1954 (hereinafter called the Supplemental Indenture dated January 1, 1954), supplemental to the Indenture dated November 1, 1949, setting forth the terms

and provisions of a series of Bonds designated Consolidated Mortgage Thirty Year 3¾% Bonds, Series F (hereinafter called the Bonds of Series F), the Indenture dated November 1, 1949, as amended and supplemented by the above-mentioned supplemental indenture dated June 1, 1952, the Supplemental Indenture dated August 1, 1952, and the Supplemental Indenture dated January 1, 1954, being hereinafter called the Consolidated Mortgage and the terms defined therein being used herein; and

WHEREAS, there have been authenticated and delivered under the Consolidated Mortgage $3,972,000 principal amount of Consolidated Mortgage Thirty Year 3¾% Bonds, Series A (until November 1, 1955, interest rate 4⅜%), due November 1, 1979 (hereinafter called the Bonds of Series A), $5,519,000 principal amount of Consolidated Mortgage Thirty Year 3¾% Bonds, Series B (until November 1, 1955, interest rate 5⅜%), due November 1, 1979 (hereinafter called the Bonds of Series B), $19,366,000 principal amount of Consolidated Mortgage Twenty-Five Year 3¾% Bonds, Series C, due November 1, 1974 (hereinafter called the Bonds of Series C), $25,000,000 principal amount of Bonds of Series D, due June 1, 1982, $62,000,000 principal amount of Bonds of Series E, due August 1, 1982 and $15,000,000 principal amount of Bonds of Series F, due January 1, 1984; and

WHEREAS, it is, among other things, provided in Section 1.02 of the Consolidated Mortgage that "Bonds of any series other than Series A, Series B and Series C issued upon and after the discharge of the Refunding Mortgage and the Joint First Refunding Mortgage may be entitled 'First Mortgage Bonds' and in any reference to this Indenture in any such Bonds this Indenture may be so referred to as to indicate it is a first mortgage", and the trustee of the Joint First Refunding Mortgage executed a release and satisfaction of such mortgage under date of September 25, 1952 and the trustee of the Refunding Mortgage executed a release and satisfaction of such mortgage under date of July 8, 1954; and

WHEREAS, the Company desires to create a new series of Bonds, to be designated First Mortgage Twenty-six Year 3¼% Bonds, Series G (hereinafter sometimes called the Bonds of Series G), and desires by this Supplemental Indenture, as provided in Sections 1.07 and 16.01(g) of the Consolidated Mortgage, to set forth the terms and provisions of the Bonds of Series G; and

WHEREAS, the execution and delivery of this Supplemental Indenture have in all respects been duly authorized and all conditions and requirements necessary to make this Supplemental Indenture a valid and binding agreement and to authorize the Bonds of Series G have been duly performed, done and complied with;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and of the sum of $10 to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, the Company covenants and agrees to and with the Trustee for the equal and proportionate benefit and security of the holders of the Bonds as hereinafter set forth:

ARTICLE I.

Bonds of Series G.

SECTION 1.01. The Bonds of Series G shall be designated First Mortgage Twenty-six Year 3¼% Bonds, Series G, shall be issuable at one time or from time to time, in accordance with the terms of the Consolidated Mortgage, (a) shall be dated (except as otherwise provided in the Consolidated Mortgage in respect of registered bonds) as of August 1, 1954; (b) shall mature on August 1, 1980; (c) shall bear interest at the rate of 3¼% per annum, payable semi-annually on each February 1 and August 1 after the date thereof until the principal amount thereof shall become due and payable, and at the rate of

6% per annum on any overdue principal and, to the extent permitted by law, on any overdue instalments of interest; (d) shall be payable as to principal, premium, if any, and interest at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or, at the option of the bearer or registered holder of any thereof, at the office or agency of the Company in Chicago, Illinois, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; (e) shall be redeemable before maturity as a whole or in part at any time, as provided in Section 1.02 hereof and in Article Seventh of the Consolidated Mortgage; (f) shall be issuable as coupon Bonds with the privilege of registration as to principal in the denomination of $1,000 and as registered Bonds without coupons in denominations of $1,000 and such multiples thereof as may from time to time be approved by the Company (such approval to be conclusively evidenced by the execution thereof), the coupon Bonds and the registered Bonds without coupons and the several denominations of registered Bonds without coupons being interchangeable in like aggregate principal amounts; (g) shall be entitled to the benefits of the Sinking Fund referred to in Section 1.04 hereof; and (h) shall be limited to the aggregate principal amount of not exceeding $25,000,000, exclusive of Bonds authenticated and delivered upon transfer of or in exchange for other Bonds or in lieu of lost, stolen, destroyed or mutilated Bonds.

SECTION 1.02. The Bonds of Series G shall be redeemable before maturity, as a whole or in part by lot, upon notice given as provided in Section 7.04 of the Consolidated Mortgage, at any time at the option of the Company, at a redemption price equal to the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption, plus premiums equal to the following percentages of the principal amount, namely:

IF REDEEMED DURING TWELVE MONTHS' PERIOD BEGINNING AUGUST 1			
1954	2⅞%	1967	1⅜%
1955	2¾%	1968	1¼%
1956	2⅝%	1969	1⅛%
1957	2½%	1970	1 %
1958	2⅜%	1971	⅞%
1959	2¼%	1972	¾%
1960	2⅛%	1973	⅝%
1961	2⅛%	1974	⅝%
1962	2 %	1975	½%
1963	1⅞%	1976	⅜%
1964	1¾%	1977	¼%
1965	1⅝%	1978	⅛%
1966	1½%		

and without premium if redeemed on or after August 1, 1979; or through the operation of the Sinking Fund referred to in Section 1.04 hereof, at a redemption price equal to the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption.

SECTION 1.03. The Bonds of Series G, the coupons to be attached to the coupon Bonds of Series G and the Trustee's certificate of authentication on the Bonds of Series G shall be substantially in the following forms:

[FORM OF COUPON BOND OF SERIES G]

No. $1,000

ILLINOIS CENTRAL RAILROAD COMPANY

First Mortgage Twenty-six Year 3¼% Bond, Series G

Due August 1, 1980

ILLINOIS CENTRAL RAILROAD COMPANY, a corporation of the State of Illinois (hereinafter called the Company), for value received, hereby promises to pay to the bearer, or if this Bond be registered as to

principal, to the registered holder hereof, on the first day of August, 1980 (unless this Bond shall be called for previous redemption and payment thereof duly provided for) one thousand dollars ($1,000), and to pay interest on said principal amount from the date hereof at the rate of three and one-quarter per cent. (3¼%) per annum, semi-annually on the first day of February and on the first day of August in each year until said principal amount shall become due and payable, but only according to the tenor and upon presentation and surrender of the interest coupons appertaining hereto, as they severally mature; and to pay interest at the rate of six per cent. (6%) per annum on any overdue principal and, to the extent permitted by law, on any overdue instalments of interest. Payment of the principal of, and premium, if any, and interest on, this Bond will be made at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or, at the option of the bearer or registered holder hereof, at the office or agency of the Company in Chicago, Illinois, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

This Bond is one of the bonds of the Company (hereinafter sometimes called the Bonds), all issued and to be issued in one or more series under, and equally secured by, an indenture, dated November 1, 1949, executed by the Company to Guaranty Trust Company of New York, as Trustee (hereinafter sometimes called the Trustee), as supplemented by supplemental indentures dated June 1, 1952, August 1, 1952, January 1, 1954 and August 1, 1954, to which indenture and any and all supplements thereto (said indenture, as so supplemented, being hereinafter sometimes called the Consolidated Mortgage) reference is hereby made for a description of the properties and franchises mortgaged and pledged, the nature and extent of the security, the rights of the holders of the Bonds and coupons and the rights, duties and immunities of the Trustee thereunder. This Bond is one of a series of the Bonds known as the First Mortgage Twenty-six Year 3¼% Bonds, Series G (hereinafter sometimes called the Bonds of Series G), which are limited to the aggregate principal amount of not exceeding $25,000,000.

The Bonds are issuable in series and the several series of Bonds may be for varying aggregate principal amounts, and the Bonds of any

one series may differ from the Bonds of any other series as to date, maturity, interest rate, redemption, conversion and sinking fund provisions, if any, and otherwise, all as in the Consolidated Mortgage provided.

If an Event of Default, as defined in the Consolidated Mortgage, shall occur, the principal of the Bonds may be declared, or may become, due and payable in the manner and with the effect provided in the Consolidated Mortgage.

The Consolidated Mortgage permits the amendment thereof and the modification or alteration, in any respect, of the rights and obligations of the Company and the rights of the holders of the Bonds of all or any series and the holders of appurtenant coupons, if any, thereunder and hereunder at any time by the concurrent action of the Company and of the holders of specified percentages of the Bonds then outstanding, affected by such amendment, modification or alteration (including, in the case, among others, of a modification of the terms of payment of the principal of, or premium or interest on, this Bond, the consent of the holder hereof), all as more fully provided in the Consolidated Mortgage.

The Bonds of Series G are entitled to the benefit of the Sinking Fund provided for in the Consolidated Mortgage, to the extent therein provided.

As provided in the Consolidated Mortgage, the Bonds of Series G are redeemable before maturity at the option of the Company at any time as a whole or from time to time in part, or through the operation of the Sinking Fund, upon publication of notice of such redemption once in each calendar week for four successive weeks, the first publication to be not less than 30 days nor more than 60 days prior to the date designated for such redemption, in two newspapers printed in the English language and customarily published on each business day, one of general circulation in the Borough of Manhattan, City and State of New York, and one of general circulation in the City of Chicago, State of Illinois; and if the redemption be at the option of the Company and not through the operation of the Sinking Fund, upon payment of the principal amount thereof and unpaid interest accrued thereon to

the date designated for redemption, plus premiums equal to the following percentages of the principal amount, namely:

If Redeemed During Twelve Months' Period Beginning August 1

1954	2⅞%	1967	1⅜%
1955	2¾%	1968	1¼%
1956	2⅝%	1969	1⅛%
1957	2½%	1970	1 %
1958	2⅜%	1971	⅞%
1959	2¼%	1972	¾%
1960	2⅛%	1973	¾%
1961	2⅛%	1974	⅝%
1962	2 %	1975	½%
1963	1⅞%	1976	⅜%
1964	1¾%	1977	¼%
1965	1⅝%	1978	⅛%
1966	1½%		

and without premium if redeemed on or after August 1, 1979; or if the redemption be through the operation of the Sinking Fund, upon payment of the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption. If this Bond is duly called for redemption and payment duly provided for, this Bond shall cease to bear interest on and after the date designated for such redemption.

No recourse shall be had for the payment or the principal of, or premium, if any, or interest on, this Bond or any part thereof, or for any claim based thereon or otherwise in respect thereof, or based on or in respect of the indebtedness represented thereby or of the Consolidated Mortgage, against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any successor corporation, as such, either directly or through the Company or any successor corporation, whether by any legal or equitable proceeding, under any rule of law, statute or constitution or by the enforcement of any assessment or penalty or otherwise, all such liability of incorporators, subscribers, stockholders, officers

and directors, as such, being expressly waived and released by the holder hereof by the acceptance of this Bond and as part of the consideration for the issue hereof, and being likewise waived and released by the terms of the Consolidated Mortgage.

This Bond shall be transferable by delivery unless registered as to principal in the holder's name at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or at the office or agency of the Company in Chicago, Illinois, such registration being noted hereon. After such registration no further transfer hereof shall be valid unless made at either of said offices or agencies by the registered holder hereof, in person or by attorney duly authorized, and similarly noted hereon; but this Bond may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored. This Bond shall continue to be subject to successive registrations and transfers to bearer at the option of the bearer or registered holder. Such registration, however, shall not affect the transferability by delivery of the coupons, which shall always remain payable to bearer and transferable by delivery. The Company and the Trustee may deem and treat the bearer of this Bond, or, if this Bond is registered as herein authorized, the person in whose name the same is registered, as the absolute owner hereof for all purposes. The Company and the Trustee may deem and treat the bearer of any coupon appurtenant to this Bond (whether or not this Bond is registered as to principal) as the absolute owner of such coupon, for all purposes.

The holder of any coupon Bond or Bonds of this series may, at his option, surrender for cancellation his Bond or Bonds, with all unpaid coupons thereto appertaining, at either of said offices or agencies in exchange for a registered Bond or Bonds without coupons of this series of authorized denominations for the same aggregate principal amount, and any such registered Bond or Bonds without coupons may in turn be re-exchanged for a coupon Bond or Bonds of this series for the same aggregate principal amount with all unpaid coupons thereto appertaining, in each case as provided in the Consolidated Mortgage, and on payment, if the Company shall so require, of the charges therein authorized.

Neither this Bond nor any coupon appertaining hereto shall be entitled to any benefit under the Consolidated Mortgage, or be valid or obligatory for any purpose, until this Bond shall have been authenticated by the certificate hereon of the Trustee.

In Witness Whereof, Illinois Central Railroad Company has caused this Bond to be signed by the manual or facsimile signature of its President or one of its Vice Presidents, and its corporate seal or a facsimile thereof to be hereunto affixed or imprinted or engraved hereon and to be attested by its Secretary or one of its Assistant Secretaries, and coupons for said interest, bearing the engraved facsimile signature of its Treasurer, to be attached hereto, as of August 1, 1954.

Illinois Central Railroad Company

By.....
Vice President.

Attest:

.....
Secretary.

[FORM OF INTEREST COUPON FOR BONDS OF SERIES G]

No. ..... $

On the 1st day of , 19 , unless the Bond hereinafter mentioned shall have been called for previous redemption and payment thereof duly provided for, Illinois Central Railroad Company will pay to the bearer, upon surrender of this coupon, at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or, at the option of the bearer, at the office or agency of the Company in Chicago, Illinois, sixteen and 25/100 dollars in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, being six months' interest then due on its First Mortgage Twenty-six Year 3¼% Bond, Series G, due August 1, 1980, No.

.....
Treasurer.

[FORM OF REGISTERED BOND OF SERIES G]

No. ..... $.....

ILLINOIS CENTRAL RAILROAD COMPANY

First Mortgage Twenty-six Year 3¼% Bond, Series G

Due August 1, 1980

Illinois Central Railroad Company, a corporation of the State of Illinois (hereinafter called the Company), for value received, hereby promises to pay to or registered assigns, on the first day of August, 1980 (unless this Bond shall be called for previous redemption and payment thereof duly provided for) dollars ($), and to pay interest on said principal amount from the date hereof at the rate of three and one-quarter per cent. (3¼%) per annum, semi-annually on the first day of February and on the first day of August in each year until said principal amount shall become due and payable; and to pay interest at the rate of six per cent. (6%) per annum on any overdue principal and, to the extent permitted by law, on any overdue instalments of interest. Payment of the principal of, and premium, if any, and interest on, this Bond will be made at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or, at the option of the registered holder hereof, at the office or agency of the Company in Chicago, Illinois, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

This Bond is one of the bonds of the Company (hereinafter sometimes called the Bonds) all issued and to be issued in one or more series under, and equally secured by, an indenture, dated November 1, 1949, executed by the Company to Guaranty Trust Company of New York, as Trustee (hereinafter sometimes called the Trustee), as supplemented by supplemental indentures dated June 1, 1952, August 1, 1952, January 1, 1954 and August 1, 1954, to which indenture and any and all supplements thereto (said indenture, as so supplemented, being hereinafter sometimes called the Consolidated Mortgage) reference is hereby made for a description of the properties and franchises mortgaged and

pledged, the nature and extent of the security, the rights of the holders of the Bonds and coupons and the rights, duties and immunities of the Trustee thereunder. This Bond is one of a series of the Bonds known as the First Mortgage Twenty-six Year 3¼% Bonds, Series G (hereinafter sometimes called the Bonds of Series G), which are limited to the aggregate principal amount of not exceeding $25,000,000.

The Bonds are issuable in series and the several series of Bonds may be for varying aggregate principal amounts, and the Bonds of any one series may differ from the Bonds of any other series as to date, maturity, interest rate, redemption, conversion and sinking fund provisions, if any, and otherwise, all as in the Consolidated Mortgage provided.

If an Event of Default, as defined in the Consolidated Mortgage, shall occur, the principal of the Bonds may be declared, or may become, due and payable in the manner and with the effect provided in the Consolidated Mortgage.

The Consolidated Mortgage permits the amendment thereof and the modification or alteration, in any respect, of the rights and obligations of the Company and the rights of the holders of the Bonds of all or any series and the holders of appurtenant coupons, if any, thereunder and hereunder at any time by the concurrent action of the Company and of the holders of specified percentages of the Bonds then outstanding, affected by such amendment, modification or alteration (including, in the case, among others, of a modification of the terms of payment of the principal of, or premium or interest on, this Bond, the consent of the registered holder hereof), all as more fully provided in the Consolidated Mortgage.

The Bonds of Series G are entitled to the benefit of the Sinking Fund provided for in the Consolidated Mortgage, to the extent therein provided.

As provided in the Consolidated Mortgage, the Bonds of Series G are redeemable before maturity at the option of the Company at any time as a whole or from time to time in part, or through the operation of the Sinking Fund, upon publication of notice of such redemption once in each calendar week for four successive weeks, the first publication to be not less than 30 days nor more than 60 days prior to the date designated for such redemption, in two newspapers printed in the

English language and customarily published on each business day, one of general circulation in the Borough of Manhattan, City and State of New York, and one of general circulation in the City of Chicago, State of Illinois; and if the redemption be at the option of the Company and not through the operation of the Sinking Fund, upon payment of the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption, plus premiums equal to the following percentages of the principal amount, namely:

If Redeemed During Twelve Months' Period Beginning August 1

1954	2⅞%	1967	1⅜%
1955	2¾%	1968	1¼%
1956	2⅝%	1969	1⅛%
1957	2½%	1970	1 %
1958	2⅜%	1971	⅞%
1959	2¼%	1972	¾%
1960	2⅛%	1973	¾%
1961	2⅛%	1974	⅝%
1962	2 %	1975	½%
1963	1⅞%	1976	⅜%
1964	1¾%	1977	¼%
1965	1⅝%	1978	⅛%
1966	1½%		

and without premium if redeemed on or after August 1, 1979; or if the redemption be through the operation of the Sinking Fund, upon payment of the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption. If this Bond is duly called for redemption and payment duly provided for, this Bond shall cease to bear interest on and after the date designated for such redemption.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on, this Bond or any part thereof, or for any claim based thereon or otherwise in respect thereof, or based on or in respect of the indebtedness represented thereby or of the Consolidated Mortgage, against any incorporator or any past, present or

future subscriber to the capital stock, stockholder, officer or director of the Company or of any successor corporation, as such, either directly or through the Company or any successor corporation, whether by any legal or equitable proceeding, under any rule of law, statute or constitution or by the enforcement of any assessment or penalty or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors, as such, being expressly waived and released by the holder hereof by the acceptance of this Bond and as part of the consideration for the issue hereof, and being likewise waived and released by the terms of the Consolidated Mortgage.

This Bond is transferable by the registered holder hereof, in person or by attorney duly authorized, at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or at the office or agency of the Company in Chicago, Illinois, upon surrender and cancellation of this Bond, and thereupon one or more new registered Bonds without coupons of this series of authorized denominations and for the same aggregate principal amount will be issued to the transferee in exchange therefor, as provided in the Consolidated Mortgage, and on payment, if the Company shall so require, of the charges provided for in the Consolidated Mortgage. The Company and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for all purposes.

This Bond may be exchanged at either of said offices or agencies for one or more registered Bonds without coupons of this series of other authorized denominations and for the same aggregate principal amount, or for one or more coupon Bonds of this series for the same aggregate principal amount, with all unpaid coupons thereto appertaining, and any such coupon Bond or Bonds, with all unpaid coupons thereto appertaining, may in turn be re-exchanged for a registered Bond or Bonds without coupons of this series of authorized denominations and for the same aggregate principal amount, in each case as provided in the Consolidated Mortgage, and on payment, if the Company shall so require, of the charges therein authorized.

This Bond shall not be entitled to any benefit under the Consolidated Mortgage, and shall not be valid or obligatory for any purpose, until it shall have been authenticated by the certificate hereon of the Trustee.

In Witness Whereof, Illinois Central Railroad Company has caused this Bond to be signed by the manual or facsimile signature of its President or one of its Vice Presidents, and its corporate seal or a facsimile thereof to be hereunto affixed or imprinted or engraved hereon and to be attested by its Secretary or one of its Assistant Secretaries, as of

Illinois Central Railroad Company

By_____
Vice President.

Attest:

_____
Secretary.

[Form of Trustee's Certificate of Authentication]

This Bond is one of the Bonds, of the Series designated therein, referred to in the within-mentioned Consolidated Mortgage.

Guaranty Trust Company of New York,
Trustee

By_____
Authorized Officer.

Section 1.04. The Company covenants and agrees that, so long as any of the Bonds of Series G are outstanding, the amount payable into the Sinking Fund established in Section 8.01 of the Consolidated Mortgage (now applicable to Bonds of Series A, Bonds of Series B, Bonds of Series C, Bonds of Series D and Bonds of Series F so long as any of the Bonds of such series are outstanding) shall be increased by an amount equal to 1% of the aggregate principal amount of Bonds of Series G theretofore authenticated and delivered, and that it will pay such augmented amount to the Trustee on or before May 1 in

each calendar year beginning with May 1, 1955, to the extent that the consolidated net income of the Company and its 90% Subsidiaries for the preceding calendar year, determined as provided in Section 8.02 of the Consolidated Mortgage, is sufficient for the purpose and for the purpose of meeting the payment required for the Series E Sinking Fund provided for in Section 1.04 of the Supplemental Indenture dated August 1, 1952. If while any Bonds of Series G are outstanding, there shall be no Bonds of Series A, Bonds of Series B, Bonds of Series C, Bonds of Series D, Bonds of Series E or Bonds of Series F still outstanding, the amount payable into the Sinking Fund shall be, to the extent that the consolidated net income of the Company and its 90% Subsidiaries for the preceding calendar year, determined as above provided, is sufficient for the purpose, a sum equal to 1% of the aggregate principal amount of the Bonds of Series G theretofore authenticated and delivered. The Sinking Fund established in Section 8.01 of the Consolidated Mortgage, as augmented and amended by the foregoing provisions of this Section 1.04, is hereinafter called the Sinking Fund. If at any time the consolidated net income of the Company and its 90% Subsidiaries in any calendar year is insufficient to meet the maximum amounts (including any cumulative payments then due) payable into all sinking funds then existing under the Consolidated Mortgage which by their terms rank *pari passu* as a charge against consolidated net income (including, without limitation, the Sinking Fund and the Series E Sinking Fund), the available consolidated net income shall be distributed among such sinking funds in proportion to the respective aggregate principal amounts then outstanding of the Bonds for which such sinking funds shall, respectively, have been established.

For purposes of this Section 1.04 references to Bonds of Series G authenticated and delivered shall not be deemed to include (a) Bonds of Series G held in the treasury of the Company which have never been issued or pledged and (b) Bonds of Series G authenticated and delivered upon a transfer of which or in exchange or in substitution for or in lieu of which other Bonds of Series G shall have been authenticated and delivered under any of the provisions of the Consolidated Mortgage.

In lieu of any cash payment required by this Section 1.04, the Company may deliver to the Trustee Outstanding Prior Lien Bonds or (after November 1, 1955) Bonds of Series A, Bonds of Series B, Bonds of Series C, Bonds of Series F or Bonds of Series G (hereinafter in this Section 1.04 sometimes called Original Bonds) theretofore issued by the Company and repurchased or may apply any Outstanding Prior Lien Bonds, theretofore pledged under the Consolidated Mortgage pursuant to Section 6.02 thereof and not theretofore made the basis for the authentication and delivery of Bonds. Each such Outstanding Prior Lien Bond or Original Bond shall be credited against the Company's obligations under this Section 1.04 in an amount equal to the lower of (a) the principal amount thereof or (b) the cost thereof to the Company (exclusive of accrued interest), as shown by an Officers' Certificate filed with the Trustee.

The Bonds of Series G shall for all purposes of Article Eighth of the Consolidated Mortgage, as permitted by Section 8.06 thereof, be deemed to be included in the term "Eligible Bonds" as that term is used in said Article Eighth and each cash payment into the Sinking Fund pursuant to this Section 1.04 shall be applied to the retirement of Eligible Bonds as provided in, and subject to the terms, conditions and limitations of, said Article Eighth, including the limitations that (1) Sinking Fund payments made pursuant to this Section 1.04 prior to November 1, 1955, shall be applied only to the retirement of Outstanding Prior Lien Bonds so long as any thereof shall remain outstanding, (2) the principal amount of Bonds of Series G to be redeemed in any one year at the Sinking Fund redemption price shall in no event exceed 2% of the aggregate principal amount of the Bonds of Series G theretofore authenticated and delivered, (3) any Bonds of Series G purchased for the Sinking Fund from the Company shall have theretofore been issued by the Company and repurchased and (4) any Officers' Certificate filed with the Trustee pursuant to the third paragraph of Section 8.04 of the Consolidated Mortgage shall state, in the case of any Bonds of Series G, that such Bonds of Series G were theretofore issued and repurchased by the Company.

ARTICLE II.

Miscellaneous.

SECTION 2.01. The Trustee shall not be responsible for the correctness of the recitals or statements herein contained, which shall be taken as the statements of the Company, and the Trustee makes no representations and shall have no responsibility for, or in respect of, the validity or sufficiency of this Supplemental Indenture or the execution hereof by the Company.

SECTION 2.02. This Supplemental Indenture is executed as and shall constitute an instrument supplemental to the Consolidated Mortgage, and shall be construed in connection with and as a part of the Consolidated Mortgage.

SECTION 2.03. This Supplemental Indenture may be simultaneously executed in several counterparts, and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument. The Company acknowledges receipt of at least one executed counterpart of this Supplemental Indenture.

SECTION 2.04. The beneficiaries under this Supplemental Indenture are the holders and owners from time to time of the Bonds of Series G outstanding under the Consolidated Mortgage, as supplemented by this Supplemental Indenture.

SECTION 2.05. The post-office address and residence of the Trustee at the date hereof is Guaranty Trust Company of New York, 140 Broadway, New York 15, N. Y., being in the City of New York, County of New York and State of New York.

IN WITNESS WHEREOF, Illinois Central Railroad Company, party of the first part hereto, has caused these presents to be signed by its President or one of its Vice Presidents and its corporate seal to be hereto affixed and attested by its Secretary or one of its Assistant

Secretaries, and Guaranty Trust Company of New York, party of the second part hereto, has caused these presents to be signed by its President or one of its Vice Presidents and its corporate seal to be hereto affixed and attested by its Secretary or one of its Assistant Secretaries, as of the day and year first above written.

ILLINOIS CENTRAL RAILROAD COMPANY

By J. H. WRIGHT
Vice President.

Attest:

A. L. CHURCH
Secretary.

In the presence of:

W. B. GUBBINS

G. W. BRAMFELD

GUARANTY TRUST COMPANY OF NEW YORK

By ARTHUR E. BURKE
Vice President.

Attest:

F. J. MCGOLDRICK
Assistant Secretary.

In the presence of:

JOHN F. ROSS

W. E. KESSLER

STATE OF ILLINOIS, }
COUNTY OF COOK, } ss.:

BE IT REMEMBERED, That on this 11th day of August, 1954, before me, OLIVE O'REILLY, a Notary Public duly commissioned, qualified and acting within and for the county and state aforesaid, personally appeared J. H. WRIGHT, a Vice President of Illinois Central Railroad Company, a corporation of the State of Illinois, party of the first part to the foregoing instrument, who is to me personally well known, and personally known to me to be a Vice President of the said corporation and the same person whose name is subscribed to and who executed the foregoing instrument as a Vice President of said corporation, and, being informed of the contents thereof, he duly acknowledged the execution of the same for and on behalf of and as the act and deed of said corporation, and that as such Vice President he executed said instrument and affixed said corporation's corporate seal thereto, and that said corporation executed said instrument through and by him for the considerations and purposes therein expressed in the capacity therein stated and by order of the board of directors of said corporation, and said J. H. WRIGHT, being by me duly sworn, did depose and say that he resides at River Forest in Cook County, Illinois, that he is a Vice President of said corporation, that he knows the seal of said corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and he acknowledged said instrument to be the free and voluntary act and deed of said corporation, by it voluntarily executed; and he on oath acknowledged himself to be a Vice President of the said corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of said corporation by himself as Vice President of said corporation; and said J. H. WRIGHT is to me known to be the identical person who subscribed the name of the said corporation, maker thereof, to the foregoing instrument, as its Vice President, and stated and acknowledged to me that he signed, executed and delivered the same as his free and voluntary act and deed and as the free and voluntary act and deed of said corporation for the consideration, uses and purposes therein mentioned and set forth; and he acknowledged to me that said corporation executed said instrument through and by him for the consideration and purposes therein expressed in the capacity therein stated, and that the foregoing instrument was the act and deed of said corporation, and that he executed the same for the purposes and consideration therein expressed and as the act of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

OLIVE O'REILLY
Notary Public.

My commission expires May 3, 1958.

STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

BE IT REMEMBERED, That on this 17th day of August, 1954, before me, LUCILLE T. SCHLIESS, a Notary Public duly commissioned, qualified and acting within and for the county and state aforesaid, personally appeared ARTHUR E. BURKE, a Vice President of Guaranty Trust Company of New York, a corporation of the State of New York, party of the second part to the foregoing instrument, who is to me personally well known, and personally known to me to be a Vice President of the said corporation and the same person whose name is subscribed to and who executed the foregoing instrument as a Vice President of said corporation, and, being informed of the contents thereof, he duly acknowledged the execution of the same for and on behalf of and as the act and deed of said corporation, and that as such Vice President he executed said instrument and affixed said corporation's corporate seal thereto, and that said corporation executed said instrument through and by him for the considerations and purposes therein expressed in the capacity therein stated and by order of the board of directors of said corporation, and said ARTHUR E. BURKE, being by me duly sworn, did depose and say that he resides at 565 Park Ave., New York, N. Y., that he is a Vice President of said corporation, that he knows the seal of said corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and he acknowledged said instrument to be the free and voluntary act and deed of said corporation, by it voluntarily executed; and he on oath acknowledged himself to be a Vice President of the said corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of said corporation by himself as Vice President of said corporation; and said ARTHUR E. BURKE is to me known to be the identical person who subscribed the name of the said corporation, maker thereof, to the foregoing instrument, as its Vice President, and stated and acknowledged to me that he signed, executed and delivered the same as his free and voluntary act and deed and as the free and voluntary act and deed of said corporation for the consideration, uses and purposes therein mentioned and set forth; and he acknowledged to me that said corporation executed said instrument through and by him for the consideration and purposes therein expressed in the capacity therein stated, and that the foregoing instrument was the act and deed of said corporation, and that he executed the same for the purposes and consideration therein expressed and as the act of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

LUCILLE T. SCHLIESS
Notary Public.

LUCILLE T. SCHLIESS
Notary Public, State of New York
Qualified in New York County
No. 31-8817400
Commission Expires March 30, 1956

State of New York, } ss.:
County of New York, }

Form 1

No. 29994

I, ARCHIBALD R. WATSON, County Clerk and Clerk of the Supreme Court, New York County, a Court of Record having by law a seal, DO HEREBY CERTIFY that

LUCILLE T. SCHIESS

whose name is subscribed to the annexed affidavit, deposition, certificate of acknowledgment or proof, was at the time of taking the same a NOTARY PUBLIC in and for the State of New York, duly commissioned and sworn and qualified to act as such throughout the State of New York; that pursuant to law a commission, or a certificate of his official character, and his autograph signature, have been filed in my office; that as such Notary Public he was duly authorized by the laws of the State of New York to administer oaths and affirmations, to receive and certify the acknowledgment or proof of deeds, mortgages, powers of attorney and other written instruments for lands, tenements and hereditaments to be read in evidence or recorded in this State, to protest notes and to take and certify affidavits and depositions; and that I am well acquainted with the handwriting of such Notary Public, or have compared the signature on the annexed instrument with his autograph signature deposited in my office, and believe that the signature is genuine.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 18 day of AUG 1954

Archibald R. Watson
County Clerk and Clerk of the Supreme Court, New York County

FEE PAID 25
50¢

State of Wisconsin } ss.
DEPARTMENT OF STATE

Received this 8TH day of SEPT. A. D. 1954 at 12:00 o'clock P.M. and recorded in Vol. 45 of RAILROAD MORTGAGES on Page 288-299.

Assistant Secretary of State

ILLINOIS CENTRAL RAILROAD COMPANY

TO

GUARANTY TRUST COMPANY OF NEW YORK,
TRUSTEE

Supplemental Indenture

Dated September 15, 1954

Providing for First Mortgage Thirty-Five Year 3¼% Bonds, Series H

SUPPLEMENTAL INDENTURE, dated September 15, 1954, between ILLINOIS CENTRAL RAILROAD COMPANY, a corporation of the State of Illinois, hereinafter called the Company, party of the first part, and GUARANTY TRUST COMPANY OF NEW YORK, a corporation of the State of New York, hereinafter called the Trustee, party of the second part.

WHEREAS, the Company heretofore executed and delivered to the Trustee an Indenture, dated November 1, 1949 (hereinafter called the Indenture dated November 1, 1949), providing for the issue from time to time of mortgage bonds of the Company known as its Consolidated Mortgage Bonds (hereinafter sometimes called the Bonds); and

WHEREAS, the Company thereafter executed and delivered to the Trustee two supplemental indentures dated, respectively, December 14, 1951 and July 1, 1954, supplemental to the Indenture dated November 1, 1949, for the purpose of conveying, transferring and assigning to the Trustee, in trust, with the same force and effect as though included in said Indenture dated November 1, 1949, and to the extent provided therein, certain properties as set forth in each said supplemental indenture; and

WHEREAS, the Company thereafter executed and delivered to the Trustee its supplemental indenture dated June 1, 1954, supplemental to the Indenture dated November 1, 1949, (a) setting forth the terms and provisions of a series of Bonds designated Consolidated Mortgage Thirty Year 4¼% Bonds, Series D (hereinafter called the Bonds of Series D), and (b) providing additional or other restrictions or limitations upon the issue of Bonds and additional covenants and undertakings of the Company; and

WHEREAS, the Company thereafter executed and delivered to the Trustee its supplemental indenture dated August 1, 1954 (hereinafter called the Supplemental Indenture dated August 1, 1954), supplemental to the Indenture dated November 1, 1949, setting forth the terms and provisions of a series of Bonds designated Consolidated Mortgage

security of the holders of the Bonds as hereinafter set forth:

Thirty Year 3¼% Bonds, Series D (hereinafter called the Bonds of Series D); and

Whereas, the Company thereafter executed and delivered to the Trustee its Supplemental Indenture dated January 1, 1954 (hereinafter called the Supplemental Indenture dated January 1, 1954), supplemental to the Indenture dated November 1, 1949, setting forth the terms and provisions of a series of Bonds designated Consolidated Mortgage Thirty Year 3¾% Bonds, Series F (hereinafter called the Bonds of Series F); and

Whereas, the Company thereafter executed and delivered to the Trustee its Supplemental Indenture dated August 1, 1954 (hereinafter called the Supplemental Indenture dated August 1, 1954), supplemental to the Indenture dated November 1, 1949, setting forth the terms and provisions of a series of Bonds designated First Mortgage Twenty-six Year 3¼% Bonds, Series G (hereinafter called the Bonds of Series G), the Indenture dated November 1, 1949, as amended and supplemented by the above-mentioned supplemental indentures dated December 14, 1951, July 1, 1954, and June 1, 1952, the Supplemental Indenture dated August 1, 1952, the Supplemental Indenture dated January 1, 1954, and the Supplemental Indenture dated August 1, 1954, being hereinafter called the Consolidated Mortgage and the terms defined therein being used herein; and

Whereas, there have been authenticated and delivered under the Consolidated Mortgage $3,973,000 principal amount of Consolidated Mortgage Thirty Year 3¾% Bonds, Series A (until November 1, 1956, interest rate 4¾%), due November 1, 1979 (hereinafter called the Bonds of Series A), $5,519,000 principal amount of Consolidated Mortgage Thirty Year 3¾% Bonds, Series B (until November 1, 1958, interest rate 5¾%), due November 1, 1979 (hereinafter called the Bonds of Series B), $19,366,000 principal amount of Consolidated Mortgage Twenty-Five Year 3¾% Bonds, Series C, due November 1, 1974 (hereinafter called the Bonds of Series C), $25,000,000 principal

amount of Bonds of Series D, due June 1, 1962, $12,000,000 principal amount of Bonds of Series E, due August 1, 1962, $15,000,000 principal amount of Bonds of Series F, due January 1, 1964 and $25,000,000 principal amount of Bonds of Series G, due August 1, 1950; and

Whereas it is necessary under the provisions of the Consolidated Mortgage that Bonds of any series other than Series A, Series B and Series C issued upon and after the authentication of this Indenture, First Mortgage Bonds, and not any Bonds to this Indenture as a "first mortgage", and the words of the Bonds of Series Bonds of any series dated on or after December 31, 1958 and prior to the date of this Indenture, Consolidated Mortgage Bonds, and not any Bonds to this Indenture as a first mortgage, and the words of the Bonds of Series B and Series C issued upon and after the authentication of this Indenture, First Mortgage Bonds, and not any Bonds to this Indenture as a "first mortgage", and the words of the Bonds of Series

Whereas, the Company desires and intends to create a new series of Bonds to be designated First Mortgage Thirty Year 3¾% Bonds, Series H (hereinafter sometimes called the Bonds of Series H), and by this Supplemental Indenture, as permitted by Section 16.01(2) of the Consolidated Mortgage, to set forth the terms and provisions of the Bonds of Series H; and

Whereas, the Bonds of Series H and the certificate to be endorsed on the Bonds of Series H and the Company's guaranty endorsed on the Bonds of Series H are to be substantially in the following forms, with such appropriate omissions, insertions and variations as may be required or permitted by this Indenture and may be approved by the Trustee executing the Bonds of Series H, by the execution thereof:

[FORM OF BONDS OF SERIES H]

No. H- $

Consolidated Mortgage Bond, Series H

Thirty Year 3¾% Bond, Series H, due January 1, 1985

The Consolidated Edison Company of New York, Inc., a corporation of the State of New York (hereinafter called the Company), for value received, hereby promises to pay to

or registered assigns, on the first day of January, 1985, at the agency of the Company in the Borough of Manhattan, City and State of New York, or, at the option of the holder hereof, at the office or agency of the Company in Chicago, Illinois, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, the principal sum of

DOLLARS

with interest thereon from the date hereof at the rate of three and three-quarters per centum (3¾%) per annum, payable semi-annually on each March 15 and September 15 after the date hereof until the principal amount hereof shall become due and payable, and at the rate of 6% per annum on any overdue principal and, to the extent permitted by law, on any overdue instalments of interest; (d) shall be payable as to principal, premium, if any, and interest at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or, at the option of the bearer or registered holder of any thereof, at the office or agency of the Company in Chicago, Illinois, in such coin or currency of the United States of America at the time of payment, shall be legal tender for the payment of public and private debts; (e) shall be redeemable before maturity at any time as a whole or from time to time in part, as provided in Section 1.02 hereof and in Article Seventh of the Consolidated Mortgage; (f) shall be issuable as coupon Bonds with the privilege of registration as to principal in the denomination of $1,000 and as registered Bonds without coupons in denominations of $1,000 and such multiples thereof as may from time to time be approved by the Company (such approval to be conclusively evidenced by the execution thereof), the coupon Bonds and the registered Bonds without coupons and the several denominations of registered Bonds without coupons being interchangeable in like aggregate principal amounts; (g) shall be entitled to the benefits of the Sinking Fund referred to in Section 1.04 hereof; and (h) shall be limited to the aggregate principal amount of not exceeding $60,000,000, excluding of Bonds authenticated and delivered upon transfer of or in exchange for other Bonds or in lieu of lost, stolen, destroyed or mutilated Bonds.

ARTICLE I.

Bonds of Series H.

Section 1.01. The Bonds of Series H shall be designated First Mortgage Thirty-Five Year 3¾% Bonds, Series H, shall be issuable at one time or from time to time, in accordance with the terms of the Consolidated Mortgage, (a) shall be dated (except as otherwise provided in the Consolidated Mortgage in respect of registered bonds) as of September 15, 1964; (b) shall mature on September 15, 1999, (c) shall bear interest at the rate of 3¾% per annum, payable semi-annually on each March 15 and September 15 after the date thereof until the principal amount thereof shall become due and payable, and at the rate of 6% per annum on any overdue principal and, to the extent permitted by law, on any overdue instalments of interest; (d) shall be payable as to principal, premium, if any, and interest at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or, at the option of the bearer or registered holder of any thereof, at the office or agency of the Company in Chicago, Illinois, in such coin or currency of the United States of America at the time of payment, shall be legal tender for the payment of public and private debts; (e) shall be redeemable before maturity at any time as a whole or from time to time in part by lot, upon notice given as provided in Section 7.04 of the Consolidated Mortgage, at a redemption price equal to the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption, plus premium equal to the following percentages of the principal amount, namely:

If Redeemed During Twelve Months Period:

Beginning	Ending	Redemption Percentage
1964	1971	103.75%
1972	1973	103.50%
1974	1975	103.25%
1976	1977	103.00%
1978	1979	102.75%
1980	1981	102.50%
1982	1983	102.25%
1984	1985	102.00%
1986	1987	101.75%
1988	1989	101.50%
1990	1991	101.25%
1992	1993	101.00%
1994	1995	100.75%
1996	1997	100.50%
1998	1999	100.25%

and without premium if redeemed on or after September 15, 1999, in each case through the operation of the Sinking Fund referred to in Section 1.04 hereof, at a redemption price equal to the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption.

Section 1.02. The Bonds of Series H, the certificate to be endorsed on the coupon Bonds of Series H and the Company's guaranty endorsed on the Bonds of Series H shall be substantially in the following forms:

[FORM OF COUPON BOND OF SERIES H]

No. $1,000

ILLINOIS CENTRAL RAILROAD COMPANY

First Mortgage Thirty-Five Year 3⅜% Bond, Series H

Due September 15, 1989

ILLINOIS CENTRAL RAILROAD COMPANY, a corporation of the State of Illinois (hereinafter called the Company), for value received, hereby promises to pay to the bearer, or if this Bond be registered as to principal, to the registered holder hereof, on the fifteenth day of September, 1989 (unless this Bond shall be called for previous redemption and payment thereof duly provided for) one thousand dollars ($1,000), and to pay interest on said principal amount from the date hereof at the rate of three and three-eighths per cent. (3⅜%) per annum, semi-annually on the fifteenth day of March and on the fifteenth day of September in each year until said principal amount shall become due and payable, but only according to the tenor and upon presentation and surrender of the interest coupons appertaining hereto, as they severally mature; and to pay interest at the rate of six per cent. (6%) per annum on any overdue principal and, to the extent permitted by law, on any overdue instalments of interest. Payment of the principal of, and premium, if any, and interest on, this Bond will be made at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or, at the option of the bearer or registered holder hereof, at the office or agency of the Company in Chicago, Illinois, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

This Bond is one of the bonds of the Company (hereinafter sometimes called the Bonds), all issued and to be issued in one or more series under, and equally secured by, an indenture, dated November 1, 1949, executed by the Company to Guaranty Trust Company of New York, as Trustee (hereinafter sometimes called the Trustee), as supplemented by supplemental indentures, including supplemental indentures dated June 1, 1952, August 1, 1952, January 1, 1954, August 1, 1954 and September 15, 1954, to which indenture and any and all supplements thereto (said indenture, as so supplemented, being hereinafter sometimes called the Consolidated Mortgage) reference is hereby made

for a description of the properties and franchises mortgaged and pledged, the nature and extent of the security, the rights of the holders of the Bonds and coupons and the rights, duties and immunities of the Trustee thereunder. This Bond is one of a series of the Bonds known as the First Mortgage Thirty-Five Year 3⅜% Bonds, Series H (hereinafter sometimes called the Bonds of Series H), which are limited to the aggregate principal amount of not exceeding $60,000,000.

The Bonds are issuable in series and the several series of Bonds may be for varying aggregate principal amounts, and the Bonds of any one series may differ from the Bonds of any other series as to date, maturity, interest rate, redemption, conversion and sinking fund provisions, if any, and otherwise, all as in the Consolidated Mortgage provided.

If an Event of Default, as defined in the Consolidated Mortgage, shall occur, the principal of the Bonds may be declared, or may become, due and payable in the manner and with the effect provided in the Consolidated Mortgage.

The Consolidated Mortgage permits the amendment thereof and the modification or alteration, in any respect, of the rights and obligations of the Company and the rights of the holders of the Bonds of all or any series and the holders of appurtenant coupons, if any, thereunder and hereunder at any time by the concurrent action of the Company and of the holders of specified percentages of the Bonds then outstanding, affected by such amendment, modification or alteration (including, in the case, among others, of a modification of the terms of payment of the principal of, or premium or interest on, this Bond, the consent of the holder hereof), all as more fully provided in the Consolidated Mortgage.

The Bonds of Series H are entitled to the benefit of the Sinking Fund provided for in the Consolidated Mortgage, to the extent therein provided.

As provided in the Consolidated Mortgage, the Bonds of Series H are redeemable before maturity at the option of the Company at any time as a whole or from time to time in part, or through the operation of the Sinking Fund, upon publication of notice of such redemption once in each calendar week for four successive weeks, the first publication to be not less than 30 days nor more than 60 days prior to the date designated for such redemption, in two newspapers printed in the

English language and customarily published on each business day, one of general circulation in the Borough of Manhattan, City and State of New York, and one of general circulation in the City of Chicago, State of Illinois; and if the redemption be at the option of the Company and not through the operation of the Sinking Fund, upon payment of the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption, plus premiums equal to the following percentages of the principal amount, namely:

IF REDEEMED DURING TWELVE MONTHS' PERIOD BEGINNING SEPTEMBER 15

1954	3⅜%	1971	1⅝%
1955	3¼%	1972	1⅝%
1956	3⅛%	1973	1½%
1957	3⅛%	1974	1⅜%
1958	3 %	1975	1¼%
1959	2⅞%	1976	1¼%
1960	2¾%	1977	1⅛%
1961	2⅝%	1978	1 %
1962	2⅝%	1979	⅞%
1963	2½%	1980	¾%
1964	2⅜%	1981	¾%
1965	2¼%	1982	⅝%
1966	2⅛%	1983	½%
1967	2⅛%	1984	⅜%
1968	2 %	1985	¼%
1969	1⅞%	1986	⅛%
1970	1¾%	1987	⅛%

and without premium if redeemed on or after September 15, 1988; or if the redemption be through the operation of the Sinking Fund, upon payment of the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption. If this Bond is duly called for redemption and payment duly provided for, this Bond shall cease to bear interest on and after the date designated for such redemption.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on, this Bond or any part thereof, or for

any claim based thereon or otherwise in respect thereof, or based on or in respect of the indebtedness represented thereby or of the Consolidated Mortgage, against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any successor corporation, as such, either directly or through the Company or any successor corporation, whether by any legal or equitable proceeding, under any rule of law, statute or constitution or by the enforcement of any assessment or penalty or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors, as such, being expressly waived and released by the holder hereof by the acceptance of this Bond and as part of the consideration for the issue hereof, and being likewise waived and released by the terms of the Consolidated Mortgage.

This Bond shall be transferable by delivery unless registered as to principal in the holder's name at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or at the office or agency of the Company in Chicago, Illinois, such registration being noted hereon. After such registration no further transfer hereof shall be valid unless made at either of said offices or agencies by the registered holder hereof, in person or by attorney duly authorised, and similarly noted hereon; but this Bond may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored. This Bond shall continue to be subject to successive registrations and transfers to bearer at the option of the bearer or registered holder. Such registration, however, shall not affect the transferability by delivery of the coupons, which shall always remain payable to bearer and transferable by delivery. The Company and the Trustee may deem and treat the bearer of this Bond, or, if this Bond is registered as herein authorised, the person in whose name the same is registered, as the absolute owner hereof for all purposes. The Company and the Trustee may deem and treat the bearer of any coupon appurtenant to this Bond (whether or not this Bond is registered as to principal) as the absolute owner of such coupon, for all purposes.

The holder of any coupon Bond or Bonds of this series may, at his option, surrender for cancellation his Bond or Bonds, with all unpaid coupons thereto appertaining, at either of said offices or agencies in exchange for a registered Bond or Bonds without coupons

This Bond is one of the bonds of the Company (hereinafter sometimes called the Bonds) all issued and to be issued in one or more series under, and equally secured by, an indenture, dated November 1, 1949, executed by the Company to Guaranty Trust Company of New York, as Trustee (hereinafter sometimes called the Trustee), as supplemented by supplemental indentures, including supplemental indentures dated June 1, 1962, January 1, 1964, August 1, 1964 and September 15, 1964, to which indenture and any and all supplements thereto (said indenture, as so supplemented, being hereinafter sometimes called the Consolidated Mortgage) reference is hereby made for a description of the properties and franchises mortgaged and pledged, the nature and extent of the security, the rights of the holders of the Bonds and coupons and the rights, duties and immunities of the Trustee thereunder. This Bond is one of a series of the Bonds known as the First Mortgage Thirty-five Year 3¾% Bonds, Series H (hereinafter sometimes called the Bonds of Series H), which are limited to the aggregate principal amount of not exceeding $60,000,000.

The Bonds are issuable in series and the several series of Bonds may be for varying aggregate principal amounts, and the Bonds of any one series may differ from the Bonds of any other series as to date, maturity, interest rate, redemption, conversion and sinking fund provisions, if any, and otherwise, all as in the Consolidated Mortgage provided.

If an Event of Default, as defined in the Consolidated Mortgage, shall occur, the principal of the Bonds may be declared, or may become, due and payable in the manner and with the effect provided in the Consolidated Mortgage.

The Consolidated Mortgage permits the amendment thereof and the modification or alteration, in any respect, of the rights and obligations of the Company and the rights of the holders of the Bonds of all or any series and the holders of appurtenant coupons, if any, thereunder and thereunder at any time by the consent action of the Company and of the holders of specified percentage of the Bonds then outstanding, affected by such amendment, modification or alteration (including, in the case, among others, of a modification of the terms of payment of the principal of, or premium or interest on, the Bonds, the consent of the registered holder hereof), all as more fully provided in the Consolidated Mortgage.

of this series of authorized denominations for the same aggregate principal amount, and any such registered Bond or Bonds without coupons may in turn be re-exchanged for a coupon Bond or Bonds of this series for the same aggregate principal amount with all unpaid coupons thereto appertaining, in each case as provided in the Consolidated Mortgage, and on payment, if the Company shall so require, of the charges therein authorized.

Neither this Bond nor any coupon appertaining hereto shall be entitled to any benefit under the Consolidated Mortgage, or be valid or obligatory for any purpose, until this Bond shall have been authenticated by the certificate hereon of the Trustee.

In Witness Whereof, Illinois Central Railroad Company has caused this Bond to be signed by the manual or facsimile signature of its President or one of its Vice Presidents, and its corporate seal or a facsimile thereof to be hereunto affixed or imprinted or engraved hereon and to be attested by its Secretary or one of its Assistant Secretaries, and coupons for said interest, bearing the engraved facsimile signature of its Treasurer, to be attached hereto, as of September 15, 1964.

ILLINOIS CENTRAL RAILROAD COMPANY

By _____
Vice President.

Attest:

_____
Secretary.

[FORM OF REGISTERED COUPON BOND OR BEARER BOND]

No. _____ $ _____

On the 15th day of _____, 19__, unless the Bond hereinafter mentioned shall have been called for previous redemption and payment thereof duly provided for, Illinois Central Railroad Company will pay to the bearer, upon surrender of this coupon, at the office or agency of the Company in the Borough of Manhattan, City and State of New

York, or, at the option of the bearer, at the office or agency of the Company in Chicago, Illinois, _____ dollars in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, being six months' interest then due on its First Mortgage Thirty-Five Year 3¾% Bond, Series H, due September 15, 1968, No. _____.

Treasurer.

[FORM OF REGISTERED BOND OF SERIES H]

No. _____ $ _____

ILLINOIS CENTRAL RAILROAD COMPANY

First Mortgage Thirty-Five Year 3¾% Bond, Series H

Due September 15, 1968

Illinois Central Railroad Company, a corporation of the State of Illinois (hereinafter called the Company), for value received, hereby promises to pay to _____ or registered assigns, on the fifteenth day of September, 1968 (unless this bond shall be called for previous redemption and payment thereof duly provided for), at the office or agency of the Company in the Borough of Manhattan, City and State of New York, and one of general circulation in the City of Chicago, Illinois, and in the Borough of Manhattan, City and State of New York, and at the option of the holder hereof, upon presentation and surrender hereof, at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or at the option of the holder hereof, at the office or agency of the Company in the City of Chicago, Illinois, the principal amount hereof in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest thereon at the rate of three and three-quarters per cent (3¾%) per annum, semi-annually on the fifteenth day of March and the fifteenth day of September in each year until the principal amount hereof shall become due and payable; and to pay interest at the rate of six per cent (6%) per annum on any overdue principal and, to the extent permitted by law, on any overdue instalments of interest, payable in like coin or currency and at the same places, from the date hereof at the rate and times aforesaid, of the principal amount hereof from time to time remaining unpaid, and to pay interest at the rate of six per cent (6%) per annum, semi-annually on the fifteenth day of March and the fifteenth day of September in each year until the principal amount hereof shall become due and payable; and to pay interest at the rate of six per cent (6%) per annum on any overdue instalment of interest, payable in like coin or currency and at the same places, to the extent permitted by law, on any overdue instalments of interest, from the date hereof at the rate and times aforesaid, of the principal amount hereof from time to time remaining unpaid and of any overdue instalments

and without premium if redeemed on or after September 15, 1988; or if the redemption be through the operation of the Sinking Fund, upon payment of the principal amount thereof and unpaid interest accrued thereon to the date designated for redemption. If this Bond is duly called for redemption and payment duly provided for, this Bond shall cease to bear interest on and after the date designated for such redemption.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on, this Bond or any part hereof, or for any claim based thereon or otherwise in respect thereof, or for or in respect of the indebtedness represented thereby or of the Consolidated Mortgage, against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any successor corporation, as such, either directly or through the Company or any successor corporation, whether by any legal or equitable proceeding, under any rule of law, statute or constitution or by the enforcement of any assessment or penalty or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors, as such, being expressly waived and released by the holder hereof by the acceptance of this Bond and as part of the consideration for the issue hereof, and being likewise waived and released by the terms of the Consolidated Mortgage.

This Bond is transferable by the registered holder hereof, in person or by attorney duly authorized, at the office or agency of the Company in the Borough of Manhattan, City and State of New York, or at the office or agency of the Company in Chicago, Illinois, upon surrender and cancellation of this Bond, and thereupon one or more new registered Bonds without coupons of the series of authorized denominations and for the same aggregate principal amount will be issued to the transferee in exchange therefor, as provided in the Consolidated Mortgage, and on payment, if the Company shall so require, of the charges provided for in the Consolidated Mortgage. The Company and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for all purposes.

This Bond may be extended at either of said offices or agencies for one or more registered Bonds without coupons of like series of other authorized denominations and for the same aggregate principal amount, or for one or more coupon Bonds of like series for the same

aggregate principal amount, with all unpaid coupons thereto appertaining, may in turn be re-extended for a registered Bond or Bonds without coupons of like series of authorized denominations and for the same aggregate principal amount, in each case as provided in the Consolidated Mortgage, and on payment, if the Company shall so require, of the charges therein authorized.

This Bond shall not be entitled to any benefit under the Consolidated Mortgage, and shall not be valid or obligatory for any purpose, until it shall have been authenticated by the certificate hereon of the Trustee.

In Witness Whereof, Illinois Central Railroad Company has caused this Bond to be signed by the manual or facsimile signatures of the President or one of the Vice Presidents, and its corporate seal or a facsimile thereof to be hereunto affixed or impressed hereon, and to be attested by the Secretary or one of its Assistant Secretaries as of

Dated:

Attest:

Illinois Central Railroad Company

By

Vice President.

Secretary.

[Form of Trustee's Certification of Authentication]

This Bond is one of the Bonds, of the Series designated therein, referred to in the within-mentioned Consolidated Mortgage.

Guaranty Trust Company of New York,

Trustee.

By

Authorized Officer.

Mortgage (now applicable to Bonds of Series A, Bonds of Series B, Bonds of Series C, Bonds of Series F and Bonds of Series G so long as any of the Bonds of such series are outstanding) shall be increased by an amount equal to 1% of the aggregate principal amount of Bonds of Series H thereafter authenticated and delivered, and that it will pay such augmented amount to the Trustee on or before May 1 in each calendar year beginning with May 1, 1955, to the extent that the consolidated net income of the Company and its 95% Subsidiaries for the preceding calendar year, determined as provided in Section 8.02 of the Consolidated Mortgage, is sufficient for the purpose. If while any Bonds of Series H are outstanding, there shall be no Bonds of Series A, Bonds of Series B, Bonds of Series C, Bonds of Series F or Bonds of Series G all outstanding, the amount payable into the Sinking Fund shall be to the extent that the consolidated net income of the Company and its 95% Subsidiaries for the preceding calendar year, determined as above provided, is sufficient for the purpose, a sum equal to 1% of the aggregate principal amount of the Bonds of Series H thereafter authenticated and delivered. The Sinking Fund established in Section 8.01 of the Consolidated Mortgage, as augmented and amended by the foregoing provisions of this Section 1.04, is hereinafter called the Sinking Fund. If at any time the consolidated net income of the Company and its 95% Subsidiaries in any calendar year is insufficient to meet the maximum amounts (including any cumulative payments then due) payable into all sinking funds then existing under the Consolidated Mortgage which by their terms rank pari passu as a charge against consolidated net income (including, without limitation, the Sinking Fund), the available consolidated net income shall be distributed among such sinking funds in proportion to the respective aggregate principal amounts then outstanding of the Bonds for which such sinking funds shall, respectively, have been established.

For purposes of this Section 1.04 references to Bonds of Series H authenticated and delivered shall not be deemed to include (a) Bonds of Series B held in the treasury of the Company which were never been issued or pledged and (b) Bonds of Series H authenticated and delivered upon a transfer of which or in exchange or in substitution for or in lieu of which other Bonds of Series H shall have been authenticated and delivered under any of the provisions of the Consolidated Mortgage.

In lieu of any cash payment required by this Section 1.04, the Company may deliver to the Trustee Outstanding Prior Lien Bonds, or (after November 1, 1955) Bonds of Series A, Bonds of Series B, Bonds of Series C, Bonds of Series F, Bonds of Series G or Bonds of Series H (hereinafter in this Section 1.04 sometimes called Original Bonds) theretofore issued by the Company and represented, or may apply any Outstanding Prior Lien Bonds theretofore pledged under the Consolidated Mortgage pursuant to Section 6.03 thereof and not theretofore made the basis for the authentication and delivery of Bonds. Each such Outstanding Prior Lien Bond or Original Bond shall be credited against the Company's obligations under this Section 1.04 in an amount equal to the lower of (a) the principal amount thereof or (b) the cost thereof to the Company (exclusive of accrued interest), as shown by an Officers' Certificate filed with the Trustee. The Bonds of Series H shall for all purposes of Article Eighth of the Consolidated Mortgage, as permitted by Section 8.05 thereof, be deemed to be included in the term "Eligible Bonds" as that term is used in said Article Eighth and each payment into the Sinking Fund pursuant to this Section 1.04 shall be applied to the retirement of Eligible Bonds as provided in, and subject to the terms, conditions and limitations of, said Article Eighth, including the limitations that (1) Sinking Fund payments made pursuant to this Section 1.04 prior to November 1, 1955, shall be applied only to the retirement of Outstanding Prior Lien Bonds so long as any thereof shall remain outstanding, (2) the principal amount of Bonds of Series H to be redeemed in any one year at the Sinking Fund redemption price shall in no event exceed 2% of the aggregate principal amount of the Bonds of Series H theretofore authenticated and delivered, (3) any Bonds of Series H acquired by the Company otherwise than through the Sinking Fund shall be delivered to the Trustee for cancellation and (4) Bonds of Series H held in the treasury of the Company which have never been issued or pledged and (b) Bonds of Series H authenticated and delivered upon a transfer of which or in exchange or in substitution for or in lieu of which other Bonds of Series H shall have been authenticated and delivered under any of the provisions of the Consolidated Mortgage.

of Series H purchased for the Sinking Fund from the Company shall have theretofore been issued by the Company and repurchased and (4) any Officers' Certificate filed with the Trustee pursuant to the third paragraph of Section 8.04 of the Consolidated Mortgage shall state, in the case of any Bonds of Series H, that such Bonds of Series H were theretofore issued and repurchased by the Company.

ARTICLE II.

Miscellaneous.

SECTION 2.01. The Trustee shall not be responsible for the correctness of the recitals or statements herein contained, which shall be taken as the statements of the Company, and the Trustee makes no representations and shall have no responsibility for, or in respect of, the validity or sufficiency of this Supplemental Indenture or the execution hereof by the Company.

SECTION 2.02. This Supplemental Indenture is executed as and shall constitute an instrument supplemental to the Consolidated Mortgage, and shall be construed in connection with and as a part of the Consolidated Mortgage.

SECTION 2.03. This Supplemental Indenture may be simultaneously executed in several counterparts, and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument. The Company acknowledges receipt of at least one executed counterpart of this Supplemental Indenture.

SECTION 2.04. The beneficiaries under this Supplemental Indenture are the holders and owners from time to time of the Bonds of Series H outstanding under the Consolidated Mortgage, as supplemented by this Supplemental Indenture.

SECTION 2.05. The post-office address and residence of the Trustee at the date hereof is Guaranty Trust Company of New York, 140 Broad-

way, New York 15, N. Y., being in The City of New York, County of New York and State of New York.

IN WITNESS WHEREOF, Illinois Central Railroad Company, party of the first part hereto, has caused these presents to be signed by its President or one of its Vice Presidents and its corporate seal to be hereto affixed and attested by its Secretary or one of its Assistant Secretaries, and Guaranty Trust Company of New York, party of the second part hereto, has caused these presents to be signed by its President or one of its Vice Presidents and its corporate seal to be hereto affixed and attested by its Secretary or one of its Assistant Secretaries, as of the day and year first above written.

ILLINOIS CENTRAL RAILROAD COMPANY

(CORPORATE SEAL)

By J. H. WRIGHT
Vice President.

Attest:

A. L. CHURCH
Secretary.

In the presence of:

W. B. GUBBINS

G. W. BRAKEFIELD

GUARANTY TRUST COMPANY OF NEW YORK

(CORPORATE SEAL)

By E. L. COLEGROVE
Vice President.

Attest:

W. W. MERKEL
Assistant Secretary.

In the presence of:

JOHN P. [illegible]

H. H. GOULD

STATE OF ILLINOIS, }
COUNTY OF COOK, } ss.:

BE IT REMEMBERED, That on this 17th day of September, 1954, before me, OLIVE O'REILLY, a Notary Public duly commissioned, qualified and acting within and for the county and state aforesaid, personally appeared J. H. WRIGHT, a Vice President of Illinois Central Railroad Company, a corporation of the State of Illinois, party of the first part to the foregoing instrument, who is to me personally well known, and personally known to me to be a Vice President of the said corporation and the same person whose name is subscribed to and who executed the foregoing instrument as a Vice President of said corporation, and, being informed of the contents thereof, he duly acknowledged the execution of the same for and on behalf of and as the act and deed of said corporation, and that as such Vice President he executed said instrument and affixed said corporation's corporate seal thereto, and that said corporation executed said instrument through and by him for the considerations and purposes therein expressed in the capacity therein stated and by order of the board of directors of said corporation, and said J. H. WRIGHT, being by me duly sworn, did depose and say that he resides at River Forest in Cook County, Illinois, that he is a Vice President of said corporation, that he knows the seal of said corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and he acknowledged said instrument to be the free and voluntary act and deed of said corporation, by it voluntarily executed; and he on oath acknowledged himself to be a Vice President of the said corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of said corporation by himself as Vice President of said corporation; and said J. H. WRIGHT is to me known to be the identical person who subscribed the name of the said corporation, maker thereof, to the foregoing instrument, as its Vice President, and stated and acknowledged to me that he signed, executed and delivered the same as his free and voluntary act and deed and as the free and voluntary act and deed of said corporation for the consideration, uses and purposes therein mentioned and set forth; and he acknowledged to me that said corporation executed said instrument through and by him for the consideration and purposes therein expressed in the capacity therein stated, and that the foregoing instrument was the act and deed of said corporation, and that he executed the same for the purposes and consideration therein expressed and as the act of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

OLIVE O'REILLY
Notary Public.

My commission expires May 3, 1958

(SEAL)

STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

BE IT REMEMBERED, That on this 23rd day of September, 1954, before me, WALTER J. GRIMES, a Notary Public duly commissioned, qualified and acting within and for the county and state aforesaid, personally appeared E. L. COLEGROVE, a Vice President of Guaranty Trust Company of New York, a corporation of the State of New York, party of the second part to the foregoing instrument, who is to me personally well known, and personally known to me to be a Vice President of the said corporation and the same person whose name is subscribed to and who executed the foregoing instrument as a Vice President of said corporation, and, being informed of the contents thereof, he duly acknowledged the execution of the same for and on behalf of and as the act and deed of said corporation, and that as such Vice President he executed said instrument and affixed said corporation's corporate seal thereto, and that said corporation executed said instrument through and by him for the considerations and purposes therein expressed in the capacity therein stated and by order of the board of directors of said corporation, and said E. L. COLEGROVE, being by me duly sworn, did depose and say that he resides at One Brooklands, Bronxville 8, N. Y., that he is a Vice President of said corporation, that he knows the seal of said corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and he acknowledged said instrument to be the free and voluntary act and deed of said corporation, by it voluntarily executed; and he on oath acknowledged himself to be a Vice President of the said corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of said corporation by himself as Vice President of said corporation; and said E. L. COLEGROVE is to me known to be the identical person who subscribed the name of the said corporation, maker thereof, to the foregoing instrument, as its Vice President, and stated and acknowledged to me that he signed, executed and delivered the same as his free and voluntary act and deed and as the free and voluntary act and deed of said corporation for the consideration, uses and purposes therein mentioned and set forth; and he acknowledged to me that said corporation executed said instrument through and by him for the consideration and purposes therein expressed in the capacity therein stated, and that the foregoing instrument was the act and deed of said corporation, and that he executed the same for the purposes and consideration therein expressed and as the act of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

WALTER J. GRIMES
Notary Public.

WALTER J. GRIMES
Notary Public, State of New York
No. 30-6674750
Qualified in Nassau County
Certificate filed in New York County
Term Expires March 30, 1956

(SEAL)

Form 1

State of New York, County of New York, } ss.: No. 36000

I, ARCHIBALD R. WATSON, County Clerk and Clerk of the Supreme Court, New York County, a Court of Record having by law a seal, DO HEREBY CERTIFY that

WALTER J. GRIMES

whose name is subscribed to the annexed affidavit, deposition, certificate of acknowledgment or proof, was at the time of taking the same a NOTARY PUBLIC in and for the State of New York, duly commissioned and sworn and qualified to act as such throughout the State of New York; that pursuant to law a commission, or a certificate of the qualification, and the autograph signature, have been filed in my office; that as such Notary Public, he was duly authorized by the laws of the State of New York to administer oaths and affirmations, to receive and certify the acknowledgment or proof of deeds, mortgages, powers of attorney and other written instruments for lands, tenements and hereditaments, to be read in evidence or recorded in this State, to protest notes and to take and certify affidavits and depositions; and that I am well acquainted with the handwriting of such Notary Public, or have compared the signature on the annexed instrument with his autograph signature deposited in my office, and believe that the signature is genuine.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 23 day of SEP 1954

FEE PAID 25¢

Archibald R. Watson
County Clerk and Clerk of the Supreme Court, New York County

State of Wisconsin } ss.
DEPARTMENT OF STATE

Received this 11 TH day of OCTOBER A. D. 1954 at 11:02 o'clock A.M. and recorded in Vol. 45 of RAILROAD MORTGAGES on page 200-211

Secretary of State

(1096)

CONDITIONAL SALE AGREEMENT

Dated June 25, 1959

BETWEEN

GENERAL RAILWAY SIGNAL COMPANY

AND

WISCONSIN CENTRAL RAILROAD COMPANY

For Purchase, and Installation of
Centralized Traffic Control System
between
North Fond du Lac and Waukesha, Wisconsin

CONDITIONAL SALE AGREEMENT, dated June 25, 1959, by and between GENERAL RAILWAY SIGNAL COMPANY, a New York Corporation (hereinafter sometimes included in the term "Seller or Assignee" and sometimes called General, all as more particularly set forth in Section 21 hereof), party of the first part, and WISCONSIN CENTRAL RAILROAD COMPANY, a corporation existing under the laws of Minnesota (hereinafter sometimes called the Purchaser), party of the second part,

WITNESSETH:

That in consideration of the mutual promises of the parties hereinafter set forth, the parties hereto agree as follows:

1. *Equipment Sold.* General agrees to sell, deliver and install, and the Purchaser agrees to buy, accept and pay for, as hereinafter set forth, the personal property, consisting of railway signaling and communication equipment, described in Schedule A hereunto annexed and made a part of this Agreement as though fully set forth herein, which Schedule A shall be deemed to be included in the term "this Agreement", and such equipment is hereinafter called the Equipment. General will deliver, or cause to be delivered, the Equipment to the Purchaser for the purposes of this Agreement, beginning on or about August 1, 1959, and at the time and place of such delivery the items of Equipment so delivered shall come under, and become subject to all the terms and conditions of, this Agreement.

2. *Installation.* General agrees to furnish all necessary material, supplies and labor for the installation of the Equipment at the locations and in the manner more fully described in said Schedule A. The aforesaid equipment as so installed, together with such material and supplies, is included in the term Equipment and shall be and remain personal property notwithstanding that it shall have been affixed to or placed upon the real estate more particularly described in said Schedule A.

3. *Payment.* The Purchaser shall pay the Purchase Price (as that term is defined in Schedule B referred to below) of the Equipment, which is now estimated to be Three Hundred and Seventy-five Thousand Dollars ($375,000.00), the Purchase Price to be determined, and payment thereof to be made, as set forth in Schedule B hereunto annexed and made a part of this Agreement as though fully set forth herein, which Schedule B shall be deemed to be included in the term "this Agreement". All sums payable hereunder shall be paid in currency of the United States by the Purchaser to General at the office of General, at Rochester, N. Y., or after assignment of such sums, to the assignee thereof at such bank or trust company as such assignee may designate, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts.

4. *Title.* General covenants and warrants that at the time of delivery to the Purchaser of any part of the Equipment manufactured by General or purchased directly by General, it will have legal title to such Equipment and good and lawful right to sell the same and that title to such Equipment at such time will be free and clear of all liens and encumbrances of any nature except only the rights of the Purchaser under this Agreement; and General further covenants and agrees that it will defend the title to such Equipment against the lawful demands of all persons whomsoever based on claims originating prior to the delivery of such Equipment by General to the Purchaser, all subject, however, to the provisions of this Agreement and the rights of the Purchaser hereunder.

It is further understood and agreed that all property in and title to the Equipment, and any replacement thereof, shall remain in, and shall not pass from, the Seller or Assignee until all payments due hereunder and payment of any judgments thereon (but such payments in the aggregate shall not exceed the Purchase Price and any expenses of collection thereof, including such counsel fees as may be recovered under applicable law), together with interest, shall

have been fully made by the Purchaser and until this Agreement has otherwise been fully performed by the Purchaser; and the Purchaser agrees to perform any acts, and execute any instruments, which the Seller or Assignee may reasonably request the Purchaser to do, in order to perfect and assure retention of legal title to the Equipment and any replacement thereof in the Seller or Assignee during the life of this Agreement.

When the Purchaser shall have paid in full the entire Purchase Price hereunder, with interest thereon, and made all other payments herein provided and when this Agreement has otherwise been fully performed by the Purchaser, title to and property in all of the Equipment shall pass to the Purchaser, or its nominee or nominees, as it may direct in writing, without further transfer or act on the part of the Seller or Assignee except that the Seller or Assignee shall, if requested by the Purchaser so to do, execute and deliver to the Purchaser at the Purchaser's expense a bill or bills of sale of all the Equipment, transferring to the Purchaser, or its nominee or nominees, all the right, title and interest of the Seller or Assignee in and to the Equipment, free and clear of all liens and encumbrances in favor of the Seller or Assignee or any one claiming under or against the Seller or Assignee (other than any liens and encumbrances against the Seller or Assignee arising from the Purchaser's use and possession of, or interest in, the Equipment), together with all rights and claims, in respect of the title to the Equipment, of the Seller or Assignee against any predecessor in title of the Seller or Assignee and covenanting that the Seller or Assignee has not done or knowingly suffered to be done anything whereby the right, title and interest of the Seller or Assignee in and to the Equipment have been subjected to any lien or encumbrance, and shall execute for record or filing in public offices such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Purchaser, or its nominee or nominees, to all of the Equipment under the laws of any jurisdiction.

5. *Intention to Assign.* General intends to assign all or a portion of its right, title, and interest in and to the Equipment and all or a portion of its rights under this Agreement with respect to the Purchase Price of the Equipment hereunder.

6. *Inspection.* General shall give the Purchaser full opportunity to inspect the work of installation of the Equipment or any part thereof at all reasonable times during the progress of the work. Upon completion of the installation of any part of the Equipment which the Purchaser may desire to place in service or otherwise to accept, the Purchaser shall make an inspection of such part of the Equipment and shall furnish to General a Certificate of Inspection signed by the Chief Engineer of the Purchaser, certifying that such part of the Equipment has been found to be completed and installed in accordance with the provisions of this Agreement, which Certificate shall be final and conclusive evidence that such part of the Equipment conforms in workmanship, material, construction, installation and in all other respects with the requirements and provisions of this Agreement; and thereafter, but not prior thereto, the Purchaser at its option may place such part of the Equipment in service. Promptly upon completion of installation of all of the Equipment, the Purchaser shall execute and deliver to General a Certificate of Final Inspection covering the installation of all of the Equipment subject to this Agreement, which Certificate shall confirm all earlier Certificates and state that such Certificates, copies of which shall be attached thereto, together constitute final and conclusive evidence that all of the Equipment subject to this Agreement conforms in workmanship, material, construction, installation and in all other respects with the requirements and provisions of this Agreement.

7. *Unavoidable Delays.* General shall not be held responsible or liable for any loss, damage, detention, or delay

caused by fire, strike, accident, civil or military authority, or by insurrection or riot, or by any other cause which is unavoidable or beyond its reasonable control, or in any event for consequential damages. The delivery of a Certificate of Inspection covering any part of the Equipment shall constitute a waiver of all claims for such loss, damage, detention or delay in respect of such part of the Equipment.

8. *Delays.* (a) If shipment of any part of the Equipment is delayed by the Purchaser, directly or indirectly, such part of the Equipment shall be held at the Purchaser's cost and risk during the period of such delay.

(b) If, following delivery of any part of the Equipment, the installation thereof is delayed, directly or indirectly, by the Purchaser, the Purchaser shall assume all liability for any and all loss or damage to such part of the Equipment during the period of such delay not due to the negligence or fault of General or its employees.

9. *Loss of Equipment.* Liability for loss or damage to any part of the Equipment prior to delivery of a Certificate of Inspection in respect of such part of the Equipment shall be determined as follows:

(a) Except as otherwise provided in subparagraph (a) of Section 8 hereof, prior to the delivery of any particular part of the Equipment to the Purchaser, General assumes the entire risk thereof, without claim or recourse therefor under this Agreement in any event upon the Purchaser.

(b) After the delivery of any part of the Equipment to the Purchaser and prior to delivery of a Certificate of Inspection in respect of such part of the Equipment, the Purchaser assumes liability (in addition to the liability assumed by it in subparagraph (b) of Section 8 hereof) for any and all loss or damage to such part of the Equipment not due to the negligence or fault of General or of its employees.

10. *Injuries to General's Employees.* The Purchaser shall provide any officers or employees of General with all neces-

sary transportation on the lines or tracks owned or controlled by the Purchaser while they are engaged on the work of installation of the Equipment pursuant to this Agreement. General assumes, and agrees to indemnify the Purchaser against all liability for loss or damage to property of, injury to or death of, any officers or employees of General suffered while traveling on such free transportation or otherwise engaged on said work of installation, provided, however, that nothing contained herein shall require General to indemnify the Purchaser against any liability for loss or damage to property of, injury to or death of, any officers or employees of the Purchaser suffered during the course of the Purchaser's installing the Equipment as agent of General.

11. *Payment Free of Expense.* All payments by the Purchaser hereunder shall be free of expense to the Seller or Assignee for collection or exchange charges.

In addition to the Purchase Price, the Purchaser shall pay or reimburse General for any or all sales, use, manufacturers' or contractors' taxes or licenses imposed by Federal, State, Municipal or other governmental authority applicable to or measured by the delivery, sale, use, manufacture or installation of the Equipment, or any part thereof.

12. *Taxes.* The Purchaser shall also pay promptly all taxes, assessments and governmental charges which, from time to time after the delivery of the Equipment hereunder, may be imposed upon the Equipment or the possession or the operation thereof, or upon the Seller or Assignee by reason of its ownership thereof, by any governmental authority of the United States, or of any State or political subdivision thereof in which the Equipment may be located or which shall have jurisdiction over the Equipment or any part of it, or shall promptly reimburse the Seller or Assignee in the event of payment of the same by the Seller or Assignee; and the Purchaser agrees at all times to keep the Equipment

free and clear from all tax liens and encumbrances other than the lien of taxes not yet due or payable, provided, however, that the Purchaser shall not be required to pay any tax, assessment, or other governmental charge, under this Section or Section 11 hereof, the validity of which the Purchaser shall contest in good faith and by appropriate proceedings, until such contest shall have been finally decided, unless in the judgment of the Seller or Assignee its rights and interests in the Equipment may be materially endangered by such delay.

13. *Laws and Regulations.* The Purchaser shall comply in all respects with all laws of the United States of America and of the State of Wisconsin covering the use, operation, or maintenance of the Equipment, and with the lawful regulations of the Interstate Commerce Commission and any other legislative, administrative, or judicial body, having power or jurisdiction over the Equipment; and, in the event that said laws or regulations require any alteration of any part of the Equipment or any additional equipment or appliances to be installed thereon, the Purchaser shall comply therewith at its own expense and shall maintain the Equipment in proper condition for operation under such laws and regulations during the continuance of this Agreement; provided, however, that the Purchaser shall not be required to comply with any such laws or regulations, the validity or applicability of which the Purchaser shall contest in good faith and by appropriate proceedings, until such contest shall have been finally decided, unless in the judgment of the Seller or Assignee its rights and interests in the Equipment may be materially endangered by such delay.

14. *Repairs, Replacements and Inspection.* The Purchaser at its own cost shall keep all of the Equipment in good order and proper operating condition and, in case of damage thereto by fire, accident or otherwise, shall promptly repair the Equipment so damaged and restore it to good

operating condition. In any case, where any part of the Equipment shall be damaged beyond repair, lost, destroyed or worn out, the Purchaser as agent of the Seller or Assignee shall promptly replace such part of the Equipment with another part of similar type and of substantially as good material and construction and of a service value equal to the service value of such part of the Equipment replaced. Title to all such new parts shall remain in the Seller or Assignee and shall be immediately subject to all the terms and conditions of this Agreement in all respects as though part of the original Equipment hereunder. Any and all replacements of parts of the Equipment or additional parts of equipment or appliances installed thereon shall constitute accessions to the Equipment hereunder, the title to which shall be immediately vested in the Seller or Assignee and which shall be subject to all the terms and conditions of this Agreement. Nothing in this Section 14, however, shall relieve General of the obligations imposed by Section 15 hereof. The Seller or Assignee shall have the right but shall be under no obligation to inspect the Equipment at any reasonable time or times during the continuance of this Agreement.

15. *Replacement Guarantee.* General will at its expense deliver to the Purchaser at North Fond du Lac, Wisconsin (transportation expense and risk to be borne by the Purchaser), any parts of the Equipment to replace such parts which shall, within a period of one (1) year after delivery of a Certificate of Inspection pursuant to the provisions of Section 6 hereof covering such part of the Equipment in which such parts are incorporated, fail to function properly because of any defect in material or workmanship; provided, however, that it is understood and agreed that General shall not be liable for damages or any claims for expenses from delays or loss of use or for other indirect or consequential damages resulting from such defects.

16. *Insurance.* The Purchaser agrees at its own expense to keep the Equipment insured against loss or damage by

fire up to an amount not less than the balance of the Purchase Price thereof remaining unpaid from time to time. Any monies collected on account of damage by fire under the insurance herein provided for, or any monies collected or received by the Purchaser from any source on account of damage to or destruction of any part of the Equipment by accident or otherwise, shall be immediately remitted to the Seller or Assignee for account of the Purchaser pending repair or replacement, unless such part of the Equipment shall have been completely repaired or replaced at the time of collection thereof. The insurance shall be placed in companies, and the policies shall be in form, satisfactory to the Seller or Assignee.

17. *Risk of Loss.* The Purchaser shall bear the risk of, and shall not be released from its obligations hereunder in the event of, any damage to or destruction or loss of any part of the Equipment from any cause whatsoever after a Certificate of Inspection covering such part of the Equipment has been delivered. The Purchaser further agrees to indemnify and save General (whether before or after any assignment) and any assignee of any or all of its rights hereunder harmless from and against all loss, damages, injuries, claims or demands whatsoever, regardless of the cause thereof, in connection with any accident, or otherwise, arising from or caused by the operation or use of the Equipment while this Agreement is in force. However, it is understood and agreed that the provisions of this Section shall not be applicable to or otherwise affect the obligations of General under Sections 10, 15 and 18 hereof.

18. *Patent Suits.* General agrees to indemnify and save the Purchaser harmless from any and all royalties payable, and any and all liabilities, damages, claims, suits, judgments, costs and expenses that may arise from patent infringement, incident to the sale or use of any article, process, design, element of construction or any other invention incorporated in or used in the construction or installation hereunder of

any part of the Equipment requisitioned by the Purchaser from General; and the Purchaser agrees to indemnify and save General and any assignee harmless from any and all royalties payable, and any and all liabilities, damages, claims, suits, judgments, costs and expenses that may arise from patent infringement, incident to the sale or use of any other article, process, design, element or invention incorporated in or used in the construction or installation hereunder of any part of the Equipment. Each of the parties hereto shall, upon the commencement of any suit against it for any infringement in respect of which the other party is charged with responsibility, promptly furnish such other party with a written notice of the commencement of such suit, whereupon such other party shall assume and direct the defense thereof and may settle the same in its discretion, and shall receive all reasonable assistance requested in the defense or settlement of such suit. Said covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due hereunder, the satisfaction and discharge of this Agreement or the termination of this Agreement in any manner. The Purchaser covenants and agrees that it will not violate or infringe any of the patents applicable to any of the apparatus, materials or systems controlled by General and relating to the Equipment or under which General has the right to manufacture or sell any such apparatus, materials or systems. A list of said patents will be furnished by General on request of the Purchaser.

19. *Assignability by Seller or Assignee.* This Agreement, with all or any of the rights of General under it, including the right to receive payments herein provided to be made by the Purchaser and General's title and ownership in and to the Equipment or any part thereof, may be assigned by General and reassigned by any assignee or successive assignee at any time and from time to time; provided, however, that no such assignment shall subject any assignee to or relieve General or any successor or successors for the time being to its manufacturing properties and business from

any of its obligations with respect to the manufacture, delivery, installation, or replacement of the Equipment so assigned or any of its obligations under Sections 10, 15 and 18 hereof, or relieve the Purchaser of any of its obligations hereunder to General or any successor or successors for the time being to its manufacturing properties and business under Sections 11, 17 and 18 hereof.

20. *Notice of Assignment by Seller or Assignee.* In the event of any such assignment, written notice thereof shall be given to the Purchaser, together with a counterpart or certified copy of such assignment, stating the identity and post-office address of the assignee, and such assignee shall, by virtue of such assignment, acquire the right, title and interest of the Seller or Assignee under this Agreement and in and to the Equipment to the extent of such assignment, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Purchaser of the notice of any such assignment, all payments thereafter to be made by the Purchaser hereunder shall, to the extent so assigned but subject to the provisions of Section 21 hereof, be made to such assignee or upon its written order.

21. *Definitions of terms "Seller or Assignee" and "General".* The term "Seller or Assignee", whenever used in this Agreement, means, before any assignment of any rights of General hereunder, General and only General, and after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also General and/or any assignor as regards any rights hereunder that are retained and excluded from any assignment; and the term "General", whenever used in this Agreement, means, both before and after any such assignment, the party hereto of the first part and any successor or successors for the time being to its manufacturing properties and business.

In the event that by the terms of this Agreement the Purchaser shall be required to take any action directed to,

for the benefit of, or at the request of, the Seller or Assignee or required not to take any action for the benefit of, or at the request of, the Seller or Assignee and the Purchaser shall in good faith be unable to determine whether General and/or any assignee or assignees of General and/or any successive assignee or assignees are entitled thereto or to determine whether such action shall or shall not be taken, any such action taken or omitted to be taken by the Purchaser directed to, or for the benefit of, or at the request of, General shall constitute full and complete compliance with the provisions of this Agreement with respect to any such required action or nonaction.

22. *Set-off, Counterclaim, etc.* In the event that any rights under this Agreement are assigned by General or by any such assignee, as herein provided, the rights of the assignee to the entire unpaid Purchase Price or such part thereof as may be assigned, and interest thereon, as well as any other rights that may be so assigned hereunder, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of General or any successor or successors for the time being to its manufacturing properties and business in respect of the Equipment or the manufacture, delivery, installation or replacement thereof, or in respect of any of its obligations contained in Sections 10, 15 and 18 hereof, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Purchaser by General or any successor or successors for the time being to its manufacturing properties and business. Any and all such obligations, however arising, shall be and remain enforceable by the Purchaser against and only against General or any successor or successors for the time being to its manufacturing properties and business and shall not be enforceable against any party or parties in whom title to the Equipment or any of it, or the rights of General hereunder, shall vest by reason of any sale, assignment, or transfer, or successive sales, assignments, or transfers.

23. *Performance by Seller or Assignee of Purchaser's Obligations.* If the Purchaser shall refuse or fail to perform any agreement herein on its part to be performed, the Seller or Assignee may perform the same and give to the Purchaser notice in writing of the expense incurred in such performance and the Purchaser agrees to repay promptly after such notice all expenses so incurred with interest at the rate of 6% per annum.

24. *Right to Use, Unauthorized Assignment.* As long as the Purchaser shall not be in default under this Agreement, it shall be entitled to the possession and use of the Equipment as provided hereunder. The Purchaser shall not assign or transfer any interest under this Agreement or in and to the Equipment, shall not remove the Equipment or any part thereof from the counties in which this Agreement shall have been filed, registered or recorded and shall not part with possession or control of the Equipment or any part thereof, except as herein authorized, after installation of the same as hereunder provided, without the written consent of the Seller or Assignee first had and obtained. An assignment to a railroad company which shall acquire all or substantially all the lines of railroad of the Purchaser and which, by execution of an appropriate instrument satisfactory to the Seller or Assignee, shall assume and agree to perform each and all the obligations and covenants of the Purchaser hereunder shall not be deemed a breach of this covenant. The appointment of a temporary receiver or receivers in equity or a temporary trustee or trustees in bankruptcy for the Purchaser or for its property shall not be deemed an unauthorized assignment by the Purchaser of its rights and interests hereunder and shall not be deemed a breach of this covenant but the appointment of a permanent receiver or receivers in equity or permanent trustee or trustees under any provisions of the Bankruptcy Act or under any amendment or revision thereof for the Purchaser or for its property shall be deemed an unauthorized assignment and

a breach of this covenant if (1) the Seller or Assignee shall have demanded of the Purchaser in writing that action be taken in respect thereof and (2) within thirty (30) days after such demand neither (a) such permanent receiver or receivers or trustee or trustees shall be discharged, nor (b) such permanent receiver or receivers or trustee or trustees shall adopt and assume and agree to perform each and all of the obligations and covenants of the Purchaser hereunder pursuant to due authority of the court of his or their appointment.

25. *Defaults, Unauthorized Acts, Breaches, Remedies.* A default by the Purchaser shall occur if the Purchaser

(a) shall fail or refuse to pay any sum payable by it as herein provided and such failure or refusal to pay continues for 30 days after said sum becomes due and payable; or

(b) shall make or suffer to be made any unauthorized assignment under Section 24 of this Agreement; or

(c) shall, for 30 days after the Seller or Assignee shall have demanded in writing performance thereof, fail or refuse to comply with any other of the covenants and terms herein on its part to be kept and performed or fail or refuse to make provision satisfactory to the Seller or Assignee for such compliance.

If a default by the Purchaser occurs, the Seller or Assignee may, by written notice to the Purchaser, declare the entire unpaid balance of the Purchase Price of the Equipment immediately due and payable and upon any such declaration the entire unpaid balance of the Purchase Price of the Equipment shall forthwith become due and payable together with interest thereon, at the rate applicable to the Purchase Price of the Equipment, to the date of such declaration, and the aggregate of such balance of Purchase Price and interest shall bear interest from the date of such declaration at the rate of 6% per annum, and the Seller or Assignee shall thereupon be entitled to recover judgment for the entire unpaid balance of the Purchase Price of the Equipment so payable, with interest thereon as aforesaid, and to collect such judgment out of any property of the Purchaser wherever situated. Any and all moneys so collected shall be applied by the Seller or Assignee as hereinafter in this Section provided. The Seller or Assignee may, at its election, waive any such default and its consequences and rescind and annul any such declaration, by written notice to the Purchaser, but no such waiver, rescission and annulment shall extend to or affect any subsequent default or impair any rights or remedies consequent thereon.

If the Purchaser shall make default as hereinabove provided, then, at any time after such notice of declaration of acceleration and during the continuance of such default and upon compliance with any mandatory requirement of law applicable to the action to be taken by the Seller or Assignee, the Seller or Assignee at its option may take or cause to be taken by its agent or agents immediate possession of the Equipment and may sell, at public or private sale, the Equipment or any part thereof free from all claims of the Purchaser at law or in equity, upon such terms and in such manner and at such place or places as the Seller or Assignee may determine, either without or before or after taking possession of the Equipment and without having the Equipment at the place of sale, but all subject to any mandatory requirements of law applicable thereto; provided, however, that the Purchaser may and shall have a reasonable opportunity (i) in the case of any such public sale, to bid at such sale and (ii) in the case of any such proposed private sale, to purchase or provide a purchaser satisfactory to the Seller or Assignee for the Equipment, within ten days after notice by the Seller or Assignee to the Purchaser of such sale, at the same or a better price than that offered by the proposed purchaser at such sale. To the extent not prohibited by any legal requirements then in force and applicable to such sale, the Seller or Assignee may itself bid for and

become the purchaser of the Equipment or any of it offered for sale without accountability to the Purchaser (except to the extent of surplus money received as hereinafter provided in the last sentence of this paragraph) and in payment of such purchase price the Seller or Assignee shall be entitled to the extent aforesaid to have credited on account thereof all sums due to the Seller or Assignee from the Purchaser. The proceeds of any such sale, and of any judgment collected by the Seller or Assignee pursuant to this Section, after deducting all charges and expenses (including such counsel fees as may be recoverable by law) incurred in connection therewith shall be applied to the payment, first, of any expenses incurred in retaking, keeping and storing the Equipment, and second, of the Purchase Price of the Equipment and any interest accrued thereon, and third, of all other sums payable by the Purchaser hereunder. If any surplus of such proceeds remains after the payment of the sums hereinabove mentioned, such surplus shall be paid to the Purchaser; and in case of a deficiency, the Purchaser agrees to pay such deficiency forthwith to the Seller or Assignee.

In case the Seller or Assignee shall rightfully demand possession of the Equipment or sell the Equipment pursuant to this Agreement and shall reasonably designate a point or points upon the lines of railroad of the Purchaser for the delivery of the Equipment to it or to the purchaser of the Equipment, the Purchaser will, at its own expense, forthwith cause the Equipment to be removed and transferred to such point or points and will there deliver the same to the seller or Assignee or to such purchaser, and the Seller or Assignee or such purchaser shall have the right to enter upon the premises of the Purchaser and retake the Equipment and to store the Equipment upon the premises of the Purchaser, without charge, until arrangements for the removal thereof can conveniently be made. The removal and delivery of the Equipment as hereinbefore provided are of the essence of this Agreement between the parties and upon application to any court of equity having jurisdiction in the premises, the Seller

or Assignee shall be entitled to a decree requiring specific performance of such acts. The Purchaser agrees that neither upon the retaking of the Equipment by the Seller or Assignee or the purchaser thereof in the event of a default hereunder by the Purchaser nor as a condition precedent to such retaking shall the Seller or Assignee be required to refund to the Purchaser any portion of the Purchase Price of the Equipment theretofore paid by the Purchaser and the Purchaser expressly waives to the extent permitted by law any right it may have by law or by statute to the return of any part of such Purchase Price upon the retaking of the Equipment by the Seller or Assignee or such purchaser thereof as aforesaid. Subject to any limitations provided by law, the sale or retaking of the Equipment shall not affect any right or cause of action which the Seller or Assignee may have or release the Purchaser from any obligation or liability upon or under this Agreement.

The powers and remedies herein provided in case of default are not exclusive, but are cumulative, and are in addition to any other powers or remedies now or hereafter existing at law or in equity or under any statute.

All rights, remedies and powers provided for in this Section 25 may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Section 25 are intended to be subject to all applicable mandatory provisions of law that may be controlling in the premises and to be limited to the extent necessary so that they will not render this Agreement invalid or unenforceable.

26. *Obligation Survives Laches or Delays.* No delay or omission in the exercise of any power or remedy herein provided or otherwise available to the Seller or Assignee shall impair or affect the right of the Seller or Assignee thereafter to exercise the same. Any extension of time for payment hereunder or other indulgence duly granted to the Purchaser shall not otherwise alter or affect the rights of the Seller or Assignee or the Purchaser's obligations hereunder.

The acceptance by the Seller or Assignee of any security or of any payment of or on account of any installment of the Purchase Price of the Equipment or of interest thereon maturing or accruing after any default or of any payment on account of any past default shall not be deemed a waiver of any right to take advantage of any other past or any future default.

27. *No Parol Agreement.* This Agreement exclusively and completely states the rights of General and the Purchaser with respect to the Equipment, including construction, delivery and installation thereof, and supersedes all other agreements, oral or written, with respect thereto. There are no understandings, agreements, representations or warranties, express or implied, not specified or referred to herein. No modification of any of the terms or conditions of this Agreement shall be valid in any event, and the Seller or Assignee and the purchaser expressly waive the right to rely thereon, unless made in writing duly executed by the Seller or Assignee and the Purchaser.

28. *Applicable Law and Waiver.* The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Wisconsin. Any provision of this Agreement prohibited by, or in conflict with, or which by any applicable law would have the effect of converting this Agreement into an instrument other than an agreement of conditional sale, shall be ineffective, without modifying the remaining provisions of the Agreement. Where, however, the provisions of any laws in conflict with any provisions hereof may be waived, they are hereby waived by the Purchaser to the full extent permitted by law.

29. *Filing.* The Purchaser, at its own expense, shall cause this Agreement and the first assignment thereof to be filed, registered or recorded, and re-filed, re-registered or re-recorded, in the State of Wisconsin and wherever else required for the proper protection of the title of the Seller or Assignee and of its rights hereunder and in and to

the Equipment and any replacement or replacements thereof; and the Purchaser, at the written request of the Seller or Assignee, shall from time to time do and perform any other act and execute, acknowledge, deliver, file, register or record any and all further instruments required by law or reasonably requested by the Seller or Assignee for the purpose of protecting its title and rights or carrying out the intention of this Agreement; and the Purchaser will promptly furnish to the Seller or Assignee certificates or other evidences of all such filing, registration and recording, satisfactory to the Seller or Assignee.

30. *Statement of Compliance.* The Purchaser covenants and agrees to furnish to the Seller or Assignee, whenever reasonably required by the Seller or Assignee and at least once every year during the continuance of this Agreement, a certificate by a Vice-President of the Purchaser (a) stating that the Purchaser has complied with all the provisions of this Agreement required to be complied with by the Purchaser up to the date of such certificate or stating the particulars or respects in which it has not so complied, and (b) stating that all the Equipment covered by Certificates of Inspection theretofore delivered pursuant to Section 6 hereof is in the Purchaser's possession and in service or, if any part thereof has been replaced or is not in service, stating the extent to which replacements or repairs have been or are being made, including a description in reasonable detail of the parts of the Equipment replaced, repaired, undergoing repairs, or withdrawn from use.

31. *Successors and Assigns.* This Agreement shall enure to the benefit of and be binding upon the successors and assigns of the parties hereto, respectively, except to the extent otherwise specified herein.

32. *Addresses of and Notices to the Parties.* The address of General is 801 West Avenue, Rochester 2, New York,

and the mailing address of the Purchaser is 1724 First National-Soo Line Building, Minneapolis 2, Minnesota. Any notice hereunder to General shall be deemed to be properly served if delivered or mailed to General at its address as stated in this Section 32 or at such other address as may have been furnished in writing to the Purchaser by General. Any notice hereunder to the Purchaser shall be deemed to be properly served if delivered or mailed to the Purchaser at its mailing address as stated in this Section 32 or at such other address as may have been furnished in writing to the Seller or Assignee by the Purchaser.. Any notice hereunder to any assignee of General or of the Purchaser shall be deemed to be properly served if delivered or mailed to such assignee at such address as may have been furnished in writing to the Purchaser or to the Seller or Assignee as the case may be, by such assignee.

33. *Approval of Governmental Regulatory Agencies.* It is understood and agreed that the obligations of the parties to this Agreement are specifically subject to and conditioned upon the issuance by all governmental regulatory agencies having and/or claiming jurisdiction therein of a final order or orders approving the installation and use of the Equipment as provided herein, without conditions requiring material changes in the terms of this Agreement. In the event of the failure of any of said regulatory agencies to issue such an order within 120 days from the date of this Agreement, or in the event of its issuing an order with such conditions, then the Purchaser may, at its option, by written notice to the Seller or Assignee, declare this Agreement inoperative in respect of all railway signaling equipment which at the date of such notice shall not have been delivered or manufactured or shall not then be in the process of manufacture pursuant to this Agreement, and this Agreement shall thereafter apply only (1) to such of the Equipment in respect of which this Agreement shall not have been so declared inoperative and (2) to any costs which have been incurred hereunder prior to such date, and the

Purchaser shall deliver to the Seller or Assignee a Certificate of Final Inspection covering all of the Equipment to which this Agreement shall thereafter apply and a Final Certificate of Cost signed by a Vice-President of the Purchaser and certifying the Purchase Price thereof, as promptly as such Purchase Price can reasonably be determined.

34. *Execution.* This Agreement may be simultaneously executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Although this Agreement is dated for convenience June 25, 1959, it was executed by the parties hereto on the respective dates stated in the acknowledgments hereto annexed and delivered and made by all parties hereto on the date stated in the acknowledgement of General.

IN WITNESS WHEREOF, General and the Purchaser have caused this instrument to be executed in their respective names by their respective officers, thereunto duly authorized, and their respective corporate seals to be hereto affixed, duly attested, as of the day and year first above written.

GENERAL RAILWAY SIGNAL COMPANY

By P.W. Smith
President

[CORPORATE SEAL]

By B.P. Wayne
Secretary

ATTEST:

Phillip M. Drake

Helen R. Echter

WISCONSIN CENTRAL RAILROAD COMPANY

By E.F. Zelle
President

[CORPORATE SEAL]

By R.R. Galligan
Secretary

ATTEST:

C.H. Meyrick
C.H. Meyrick

V.M. Martin
V.M. Martin

SCHEDULE A

TO CONDITIONAL SALE AGREEMENT DATED JUNE 25, 1959, BETWEEN GENERAL RAILWAY SIGNAL COMPANY and WISCONSIN CENTRAL RAILROAD COMPANY (hereinafter called the Purchaser).

The equipment covered by the aforesaid Agreement is a Centralized Traffic Control System as the same shall be installed to operate a remote control system of power operated switches and signals on that portion of the line of railroad of Purchaser as is now located and in operation between North Fond du Lac, Fond du Lac County, and Waukesha, Waukesha County, Wisconsin, a distance of 58 miles, more or less, at chaining station locations based on a point located on the center line of Madison Street in Forrest Park, Cook County, State of Illinois, 29 feet east of Bench Mark 47.48 which is at the foot of Telegraph Pole 31-4L, said point being Chaining Station 515 plus 51 in a series of chaining stations commencing at Grand Central Station in the City of Chicago, Cook County, State of Illinois, such Centralized Traffic Control System being more particularly described as follows:

A control machine in the Dispatcher's Office at Stevens Point, Portage County, Wisconsin, together with and as connected by wire and cable with the following described system of signals and switches, all as the same shall be installed at approximately the following chaining stations:

Chaining Station 13153 plus 20 Portage County Wisconsin	One (1) control machine and coding equipment at Dispatcher's Office at Stevens Point
Chaining Station 8313 plus 50 to 8303 plus 20 Fond du Lac County Wisc.	One (1) electric switch lock. One (1) welded steel housing wired with control relays, rectifiers, transformers, terminals, lightning arresters, and necessary sundry apparatus and connected by wire and cable to switch machine, electric locks, signals, case, pole line and track.
Chaining Station 8300 plus 65 Fond du Lac County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry appartus and connected by wire and cable to the electric lock, pole line and track.

Chaining Station 8291 plus 59 Fond du Lac County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 8286 plus 90 to 8286 plus 70 Fond du Lac County Wisc.	Two (2) electric switch locks. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry appartus and connected by wire and cable to the electric locks, pole line and track.
Chaining Station 8272 plus 50 to 8270 plus 90 Fond du Lac County Wisc.	Two (2) electric switch locks. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric locks, pole line and track.
Chaining Station 8258 plus 24 Fond du Lac County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line, track and existing signals.
Chaining Station 8253 plus 04 to 8251 plus 52 Fond du Lac County Wisc.	Two (2) electric switch locks. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric locks, pole line and track.
Chaining Station 8247 plus 90 Fond du Lac County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 8232 plus 87 Fond du Lac County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.

Chaining Station 8224 plus 10 Fond du Lac County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 8215 plus 29 Fond du Lac County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 8196 plus 85 Fond du Lac County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 8155 plus 64 Fond du Lac County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 7933 plus 44 Fond du Lac County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 7783 plus 07 Fond du Lac County Wisc.	A welded steel housing wired with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to switch machine, case, signals, the pole line and track.
Chaining Station 7758 plus 80 Fond du Lac County Wisc.	One (1) electric switch lock. A welded steel case wired with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.

Chaining Station 7726 plus 07 Pond du Lac County Wisc.	A welded steel housing wired with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the signal, case, pole line, track and spring switch.
Chaining Station 7531 plus 38 Dodge County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 7505 plus 06 Dodge County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 7330 plus 52 Dodge County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 7297 plus 19 Dodge County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 7289 plus 34 Dodge County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 7124 plus 36 Washington County Wisc.	A welded steel housing wired with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the spring switch, case, signals, pole line and track.

Chaining Station 7070 plus 26 Washington County Wisc.	One (1) power operated switch machine. A welded steel housing wired with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to switch machine, signals, case, pole line and track.
Chaining Station 6826 plus 72 Washington County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 6627 plus 58 Washington County Wisc.	A welded steel housing wired with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to spring switch, signals, case, pole line and track.
Chaining Station 6493 plus 00 Washington County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 6479 plus 96 to 6465 plus 38 Washington County Wisc.	One (1) welded steel housing wired with associated relays, rectifiers, transformers, lightning arresters and necessary sundry apparatus and connected by wire and cable to switch machine, signals, case, pole line and track.
Chaining Station 6464 plus 62 Washington County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 6230 plus 00 to 6228 plus 00 Washington County Wisc.	One (1) electric lock. One (1) welded steel housing wired with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to electric lock, signals, pole line and track.
Chaining Station 6215 plus 69 to 6213 plus 69 Washington County Wisc.	Two (2) electric switch locks. One (1) welded steel case wired complete with control relays, rectifiers, transformers, lightning arresters and necessary sundry apparatus and connected by wire and cable to electric locks, pole line and track.

Chaining Station 6161 plus 81 Washington County Wisc.	One (1) electric switch lock. A welded steel housing wired with relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to electric lock, signals, pole line and track.
Chaining Station 5918 plus 74 Washington County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 5877 plus 15 Washington County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 5836 plus 00 Waukesha County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 5643 plus 33 to 5641 plus 33 Waukesha County Wisc.	Two (2) electric switch locks. One (1) welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to electric locks, pole line and track.
Chaining Station 5630 plus 14 Waukesha County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 5617 plus 10 Waukesha County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 5581 plus 81 Waukesha County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 5562 plus 70 Waukesha County Wisc.	One (1) electric switch lock. A welded steel case wired complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to the electric lock, pole line and track.
Chaining Station 5469 plus 00 Waukesha County Wisc.	A welded steel case complete with control relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to signals, spring switch, pole line and track.
Chaining Station 5414 plus 76 to 5403 plus 35 Waukesha County Wisc.	One (1) Switch machine. A welded steel housing wired with associated relays, rectifiers, transformers, terminals, lightning arresters and necessary sundry apparatus and connected by wire and cable to switch machine, signals, pole line and track.

Schedule B

TO CONDITIONAL SALE AGREEMENT DATED JUNE 25, 1959, BETWEEN GENERAL RAILWAY SIGNAL COMPANY and WISCONSIN CENTRAL RAILROAD COMPANY (the defined terms therein being used herein).

I. It is estimated that the cost of the installed Centralized Traffic Control System covered by the Agreement (hereinafter called the Equipment) will be approximately $375,000.00. The Purchaser agrees to pay the actual cost (hereinafter called the Purchase Price) of the Equipment, which cost shall comprise the following and only the following:

(a) The cost, determined as provided in this subdivision (a) (and in every case including freight charges to point of delivery to the Purchaser at North Fond du Lac) of all railway signaling equipment included in the Equipment, shall be

(1) in the case of such of the Equipment as is manufactured by General, General's list prices where available, and where not available, prices shown in detailed covering invoices, less customary discounts based on the total quantity of all railway signaling equipment delivered to the Purchaser by General during the same calendar year, and

(2) in the case of such of the Equipment as is not manufactured by General and is purchased by General from third parties, either directly or through the Purchaser as General's agent and for General's account, the net invoice prices paid by General;

(b) Cost of all labor, materials and supplies required for the installation of the Equipment;

(c) The following miscellaneous costs: compensation of engineers and draftsmen, cost of superintendence and

inspection, and cost of (1) work train service and other necessary transportation, (2) labor for handling all equipment, material and supplies required for the Equipment, including wages of necessary storekeepers, (3) camp car cooks and supplies, (4) traveling expenses of all employees engaged in installation of the Equipment (except free transportation furnished by the Purchaser), (5) in addition to direct wages, all taxes based on such wages which it will be necessary to pay incident to the Railroad Retirement Act and the Railroad Unemployment Insurance Act, plus 5% vacation allowance and (6) such other items, to the extent that such items are agreed upon by General and the Purchaser, as are properly chargeable to capital account in respect of the Equipment under the Uniform System of Accounts for Railroad Companies of the Interstate Commerce Commission;

(d) Interest at the rate of 5% per annum on all funds advanced or caused to be advanced by General, as hereinafter set out in Sections III and IV hereof, such interest to accrue in the case of each such advance from the date of such advance and to be paid out of such funds against statements rendered by General from time to time. Interest on such funds shall cease to accrue, as follows: (1) such interest shall cease to accrue on June 30, 1960, on the amount of such funds which shall have been disbursed by the Purchaser prior to said date, as set forth in the Preliminary Certificate of Cost or Final Certificate of Cost referred to below in this Section I, whichever shall have been delivered by said date; and (2) such interest shall cease to accrue on the date of delivery of the Final Certificate of Cost on the amount, if any, of such funds which may be disbursed by the Purchaser after June 30, 1960, as set forth in the Final Certificate of Cost; and

(e) All premiums for insurance covering risks in respect of loss or damage to property or injury to or death of persons in connection with the possession or

installation of any part of the Equipment and prior to the delivery of a Certificate of Inspection in respect thereof.

If a Certificate of Final Inspection shall have been delivered pursuant to Section 6 of the Agreement by June 30, 1960, the Purchaser shall deliver to General on June 30, 1960, a Final Certificate of Cost signed by a Vice President of the Purchaser certifying that the Purchase Price of all of the Equipment is as stated in such Final Certificate of Cost.

If a Certificate of Final Inspection shall not have been delivered pursuant to Section 6 of the Agreement by June 30, 1960.

(A) the Purchaser shall deliver to General on June 30, 1960, a Preliminary Certificate of Cost signed by a Vice President of the Purchaser certifying the Purchase Price of the Equipment incurred to said date.

(B) on the date of delivery of a Certificate of Final Inspection pursuant to Section 6 of the Agreement, the Purchaser shall deliver to General a Final Certificate of Cost signed by a Vice President of the Purchaser certifying that the balance of the Purchase Price of the Equipment not covered by the Preliminary Certificate of Cost is as stated in the Final Certificate of Cost.

II. Payment of the Purchase Price of the Equipment shall be made as follows:

(a) If a Final Certificate of Cost shall have been delivered pursuant to Section I hereof on or before June 30, 1960, the Purchaser shall pay to the Seller or Assignee on June 30, 1960, a sum equal to either (i) the amount by which the Purchase Price exceeds $300,000.00 or (ii) 20% of the Purchase Price, whichever is the greater, and the balance of $300,000.00 or 80% of the Purchase Price, whichever is the lesser, shall be paid by the Purchaser to the Seller or Assignee in equal monthly installments of $5,000.00 each, beginning August

1, 1960, together with interest at the rate of 5% per annum accruing from June 30, 1960, on the amount of such balance remaining unpaid from time to time, the first installment of interest to be paid on August 1, 1960, and subsequent installments to be paid on the first day of each month thereafter until such balance has been fully paid.

(b) In the event that a Final Certificate of Cost shall not have been delivered pursuant to Section 33 of the Agreement or Section I hereof by June 30, 1960:

(1) The Purchaser shall make to the Seller or Assignee on June 30, 1960, an initial payment equal to the greater of (i) 20% of the part of the Purchase Price specified in the Preliminary Certificate of Cost delivered pursuant to subdivision (A) of Section I hereof, or (ii) the amount by which such part of the Purchase Price exceeds $300,000.00; and upon the subsequent delivery of the Final Certificate of Cost pursuant to subdivision (B) of said Section I the Purchaser shall pay to the Seller or Assignee such additional amount, if any, as, when added to said initial payment, shall in the aggregate equal the greater of (i) 20% of the total Purchase Price of the Equipment (as specified in the aforesaid Preliminary Certificate of Cost and Final Certificate of Cost), or (ii) the amount by which such total Purchase Price exceeds $300,000.00.

(2) On August 1, 1960, and on the first day of each month, thereafter, if any balance of Purchase Price of the Equipment (as specified in the aforesaid Preliminary Certificate of Cost and/or Final Certificate of Cost) shall then remain unpaid, the Purchaser shall pay to the Seller or Assignee $5,000.00 of such unpaid balance of Purchase Price (but not in excess of such unpaid balance) together with unpaid interest on such unpaid balance at the rate of 5% per annum accruing from June 30, 1960 on the

part of the Purchase Price covered by the Preliminary Certificate of Cost and from the date of delivery of the Final Certificate of Cost on the part of the Purchase Price covered by the Final Certificate of Cost.

(c) In the event that a Certificate of Final Inspection and a Final Certificate of Cost shall be delivered pursuant to Section 33 of the Agreement, the Purchaser shall pay to the Seller or Assignee the Purchase Price specified in said Final Certificate of Cost in 12 approximately equal monthly installments beginning on the first day of the month next succeeding the date of delivery of said Final Certificate of Cost, together with interest at the rate of 5% per annum accruing from such date on the amount of the balance of such Purchase Price remaining unpaid from time to time.

III. General agrees that it will deliver, or cause to be delivered, all railway signal equipment referred to in subdivision (a) of Section I hereof manufactured or furnished by it to the Purchaser on the Purchaser's tracks at North Fond du lac.

All material and supplies required for the installation of the Equipment will be manufactured or furnished by General or purchased by General through the Purchaser acting for account of General as agent of General. The Purchaser agrees that, acting as agent for General and for General's account, it will purchase from third parties such materials and supplies for use in the Equipment as General may request the Purchaser to purchase.

General will, from time to time, furnish or cause to be furnished the necessary funds to the Purchaser, to be kept in a special checking account separate and apart from all other funds of the Purchaser, with which to make payments for materials and supplies manufactured or furnished by General or purchased by it through the Purchaser as aforesaid. The Purchaser agrees that it will deposit all funds furnished by General pursuant to this Section III and

Section IV hereof and no other funds in such separate checking account and will furnish General with the details of all such purchases and of all payments from such account and will keep the necessary records and accounts to enable it to do so and that upon delivery of the Final Certificate of Cost pursuant to Section 33 of the Agreement or Section I hereof, it will repay forthwith to the Seller any unexpended balance of the monies delivered to it. The Purchaser further agrees that no check will be drawn on such account payable to the Purchaser.

The Purchaser agrees further that it will not mingle with its other property the equipment, materials and supplies acquired for the installation of the Equipment.

IV. The Purchaser agrees that, acting as agent for General and for General's account, it will perform all the work of installing the Equipment, without any responsibility or liability, however, for any delay caused by fire, strike, accident, civil or military authority, or by insurrection or riot, or by any other cause which is unavoidable or beyond the reasonable control of the Purchaser or in any event for consequential damages. General will, from time to time, and always prior to the performance of the work of installation as it progresses, furnish or cause to be furnished the necessary funds to the Purchaser, to be kept in the special checking account referred to in Section III hereof, and the Purchaser agrees that it will pay from the funds so furnished and not otherwise all of the cost of the Equipment described in Section I hereof and of the cost of installation thereof and will furnish General with the details of such payments in accordance with the records and accounts kept by it for that purpose.

The detailed plans necessary for the installation of the Equipment shall be prepared under the supervision of the Superintendent of Signals of the Purchaser, who shall furnish such engineering service, supervision and inspection as he deems necessary for the proper installation of the Equipment, all as agent for General and for General's account and as part

of the cost of installation of the Equipment referred to in subdivision (c) of Section I hereof.

V. In respect of all loss or damage to property of, or of injury to or death of, any persons caused by, or claimed to be caused by, or in connection with, the installation labor furnished by the Purchaser as agent for General, as herein provided, it is understood and agreed that the Purchaser shall assume full responsibility therefor and will hold the Seller or Assignee harmless from all losses, damages, claims and judgments arising from or growing out of the acts or omissions of such labor and of the Purchaser, itself, in connection therewith.

STATE OF NEW YORK }
COUNTY OF MONROE } ss.:

On this 30th day of June, 1959, before me personally came P. W. SMITH and B. P. WAYNE, to me known, who being by me duly sworn, did depose and say that they are President and the Secretary of GENERAL RAILWAY SIGNAL COMPANY, the corporation described in and which executed the above instrument; that they know the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that they signed their names thereto by like order.

Forrest A. Blood
Notary Public
Forrest A. Blood

My Commission expires
FORREST A. BLOOD
Notary Public, State of New York
No. 28032100 Qualified in Monroe County
Cert. Filed in New York County
Commission Expires March 30, 1961

STATE OF NEW YORK }
COUNTY OF MONROE } ss.
OFFICE OF THE COUNTY CLERK

I, JAMES L. WILES, Clerk of the County of Monroe, of the County Court of said County, and of the Supreme Court, both being Courts of Record, having a common seal, DO CERTIFY, that Forrest A. Blood before whom the annexed Oath, Affidavit, Acknowledgment purports to have been made or taken, and certified by him, was at the time of the making or taking thereof a NOTARY PUBLIC in and for said State, and was duly authorized to take the same, and was authorized by the laws of this State to take and certify the acknowledgment and proof of deeds to be recorded in this State; that I am well acquainted with his handwriting and verily believe his signature thereto is genuine and that such officer is not required by law to have a seal nor is he required to have a specimen impression thereof filed or deposited in this office, or recorded, filed or deposited in any other place.

In Witness Whereof, I have hereunto set my hand and the official seal of said Courts this 30th day of June 1959

James L. Wiles Clerk

A 575

STATE OF MINNESOTA }
COUNTY OF HENNEPIN } ss.:

On this the 16th day of June, 1959, before me, H. E. SIDNAM, the undersigned officer, personally appeared E. F. ZELLE and R. R. GALLIGAN, who acknowledged themselves to be, respectively, the President and Secretary of the Wisconsin Central Railroad Company, a Minnesota corporation, and that they, as such officers, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as such officers.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

(NOTARIAL SEAL) H.E. Sidnam
H.E. Sidnam
Notary Public, Hennepin County

My commission expires: August 11, 1964

(5649)

Nº 25512

Notary Cert. (Affidavit) CDC 9-65/58—1200

STATE OF MINNESOTA }
COUNTY OF HENNEPIN } ss.

According to Minnesota State law, no record or impression of Notary Public Seal is required to be filed in this office.

I, PHILIP C. SCHMIDT, Clerk of the District Court for the County of Hennepin, Fourth Judicial District of the State of Minnesota, the same being a court of record and having a seal, do hereby certify that H. E. Sidnam whose name is subscribed to the certificate of proof or acknowledgment of the annexed instrument, was, at the time of taking such proof or acknowledgment a Notary Public, in and for said County, residing in said County, and duly authorized by the laws of said state to take and certify acknowledgments or proofs of deeds of lands in said state, that I am well acquainted with the handwriting of the said Notary, and verily believe that the signature to the said certificate of proof or acknowledgment is genuine.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said District Court, at the City of Minneapolis, in said County, this 26th day of June A.D. 1959
Philip C. Schmidt, Clerk

STATE OF WISCONSIN }
Department of State } ss.
Received this 6th day of July A.D. 1959 at 10:00 o'clock A. M. and recorded in Vol. 45 of Railroad Mortgages on pages 312-331.
Robert C. Zimmerman
Secretary of State

COUNTERPART
No. 4 of 150

Fifth Supplemental Indenture

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

TO

THE FIRST NATIONAL BANK OF CHICAGO,
TRUSTEE

Dated as of January 1, 1962

Creating an Issue of First Mortgage Bonds, Series C, 5½%, due January 1, 1989

Further Supplementing Indenture of Mortgage and Deed of Trust Dated as of January 1, 1939

TWENTIETH CENTURY PRESS, INC., CHICAGO 6

THIS FIFTH SUPPLEMENTAL INDENTURE, dated as of the first day of January in the year one thousand nine hundred and sixty-two, between CHICAGO AND NORTH WESTERN RAILWAY COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Wisconsin (hereinafter called the "Railway Company"), party of the first part, and THE FIRST NATIONAL BANK OF CHICAGO, a national banking association organized and existing under and by virtue of the laws of the United States of America, having its principal office at 38 South Dearborn Street, in the City of Chicago, State of Illinois, as Trustee under the Indenture of Mortgage and Deed of Trust hereinafter mentioned (hereinafter called the "Trustee"), party of the second part,

WITNESSETH:

WHEREAS, the Railway Company has executed and delivered to Trustee an Indenture of Mortgage and Deed of Trust, dated as of January 1, 1939 (which, as amended and supplemented by the First Supplemental Indenture, dated as of January 1, 1945; the Second Supplemental Indenture, dated as of February 19, 1957; the Third Supplemental Indenture, dated as of July 8, 1959; and the Fourth Supplemental Indenture, dated as of July 19, 1961, is hereinafter called the "Mortgage"), to secure Railway Company's First Mortgage Bonds; and

WHEREAS, the Railway Company desires to avail itself of the provisions of Section 6 of Article III of the Mortgage with reference to the authentication and delivery of Bonds in an aggregate principal amount not exceeding 75% of Bondable Net Additions, as defined in the Mortgage; and

WHEREAS, the Railway Company, to such end, desires in and by this Fifth Supplemental Indenture to create a new

INDEXED
Fee $17.00

series of Bonds to be issued under the Mortgage, to designate or otherwise distinguish such series, specify particulars necessary to describe and define the same, and specify such other provisions and agreements in respect thereof as are in said Mortgage required or permitted; and

WHEREAS, all the conditions and requirements necessary to make this Fifth Supplemental Indenture, when duly executed, a valid, binding and legal instrument in accordance with its terms and for the purposes herein expressed, have been done, performed and fulfilled, and the execution and delivery of this Fifth Supplemental Indenture in the form and with the terms hereof have in all respects been duly authorized by resolution of the Board of Directors of the Railway Company;

Now, THEREFORE, in consideration of the premises and in further consideration of the sum of One Dollar in lawful money of the United States, paid to the Railway Company by the Trustee at or before the execution and delivery of this Fifth Supplemental Indenture, the receipt whereof is hereby acknowledged, and of other good and valuable considerations, it is agreed by and between the Railway Company and the Trustee as follows:

ARTICLE I

FIRST MORTGAGE BONDS, SERIES C, 5½%, DUE JANUARY 1, 1989

SECTION 1. There is hereby created a series of Bonds of the Railway Company (hereinafter sometimes called "Bonds of Series C") to be issued under and secured by the Mortgage. The Bonds of Series C (a) shall be designated "First Mortgage Bonds, Series C, 5½%, due January 1, 1989"; (b) shall be dated January 1, 1962 (except that registered Bonds

without coupons authenticated prior to July 1, 1962 shall be dated January 1, 1962, and all registered Bonds without coupons thereafter authenticated shall be dated as of the first day following the close of the latest period for which interest on Bonds of Series C shall have been paid or made available for payment); (c) shall mature January 1, 1989; (d) shall bear interest at the rate of 5½% per annum from and including January 1, 1962 (except that registered Bonds without coupons shall bear interest from and including the date thereof) until payment of the principal thereof, which interest shall be payable semi-annually on July 1, 1962, and on January 1 and July 1 of each subsequent year until the principal has been paid; (e) shall be payable, both as to principal and interest, at the office or agency of the Railway Company in the Borough of Manhattan, City and State of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; (f) shall be issuable in the form of coupon Bonds in the denomination of $1,000, and in the form of registered Bonds without coupons in denominations of $1,000, $5,000 and $10,000, and in multiples of $10,000 authorized by the Board of Directors, the coupon Bonds to be registerable as to principal and the Bonds of the several denominations of either form to be interchangeable, in authorized denominations, at the office or agency of the Railway Company in the Borough of Manhattan, City and State of New York, as provided in Section 4 of Article II of the Mortgage; (g) shall be an open series in an unlimited aggregate principal amount; (h) shall be subject to redemption as provided in Article IV of this Supplemental Indenture; and (i) shall be entitled to the benefits of the sinking fund payments provided for in Article III of this Supplemental Indenture.

SECTION 2. The Bonds of Series C and the interest coupons

to be attached to the coupon Bonds of Series C are to be substantially in the following forms, respectively:

(Form of Coupon Bond of Series C)

No..... $1,000

CHICAGO AND NORTH WESTERN RAILWAY COMPANY
FIRST MORTGAGE BOND

SERIES C, 5½%, DUE JANUARY 1, 1989

CHICAGO AND NORTH WESTERN RAILWAY COMPANY, a corporation of the State of Wisconsin having its principal office in the City of Chicago, State of Illinois (herein referred to as the "Railway Company"), for value received, hereby promises to pay to bearer or, if this Bond be registered as to principal, then to the registered holder hereof, on January 1, 1989, at the office or agency of the Railway Company in the Borough of Manhattan, City and State of New York, the principal sum of One Thousand Dollars in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; and to pay interest on said principal sum at the rate of five and one-half per cent (5½%) per annum (at said office or agency) in like coin or currency, from and including January 1, 1962, until the payment of said principal sum, semi-annually on January 1 and July 1, but until the maturity of this Bond interest hereon shall be payable only upon presentation and surrender of the appropriate coupons therefor, hereto attached, as they severally mature.

This Bond is one of a duly authorized issue of First Mortgage Bonds of the Railway Company (herein referred to as the "Bonds"), not limited in aggregate principal amount except as provided in the Mortgage hereinafter referred to, issued and to be issued under, and all equally and ratably

secured by, a mortgage and deed of trust dated as of January 1, 1939, as amended (herein referred to as the "Mortgage"), duly executed and delivered by the Railway Company to The First National Bank of Chicago, Trustee (hereinafter, together with its successors in trust, referred to as the "Trustee"), to which Mortgage and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged, the nature and extent of the security, the rights of, and restrictions upon, the Railway Company and the holders of the Bonds and coupons in respect of the security under the Mortgage, the rights, duties and immunities of the Trustee and the terms and conditions under which the Bonds are, and may be, issued and secured. The Bonds may be for various principal sums and are issuable in series, which different series may mature at different times, may bear interest at different rates, and may otherwise vary as in the Mortgage provided. This Bond is one of the Bonds of Series C, a series designated as "First Mortgage Bonds, Series C, 5½%, due January 1, 1989," and originally authorized to be issued in an unlimited aggregate principal amount.

If an event of default as defined in the Mortgage shall occur, the principal of this Bond may be declared, and upon such declaration shall become, due and payable in the manner, with the effect and subject to the conditions provided in the Mortgage.

The Mortgage contains provisions permitting the Railway Company and the Trustee, with the consent of the holders of not less than 66⅔% in principal amount of all the Bonds at the time outstanding (as defined in the Mortgage) which are affected thereby, evidenced as in the Mortgage provided, to modify, alter, add to or eliminate in any manner any of the provisions of the Mortgage (or any indenture supplemental thereto), or any provisions as to the lien thereof, and to modify, alter, add to, eliminate or compromise the rights of

the holders of the Bonds and coupons and the rights and obligations of the Railway Company, all by general plan or otherwise; provided, however, that no such action shall, without the consent of the holder of any Bond, (i) extend the fixed maturity thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or change the place of payment of principal thereof or interest thereon or the medium of payment thereof, or (ii) permit the Railway Company to create, otherwise than as permitted by the Mortgage, any mortgage or other lien ranking prior to or on a parity with the lien of the Mortgage or of any indenture supplemental thereto, with respect to any property covered thereby, which shall be effective as against such holder. Any such consent of the holder of this Bond (unless effectively revoked as provided in the Mortgage) shall be conclusive and binding upon such holder and upon all future holders of this Bond whether or not any notation of such consent is made upon this Bond.

No reference herein to the Mortgage and no provision of this Bond or of the Mortgage shall alter or impair the obligation of the Railway Company, which is absolute and unconditional, to pay the principal of and interest on this Bond at the time and place, and at the rate and in the currency herein prescribed.

The Bonds of Series C are entitled to the benefits of sinking fund payments out of Available Net Income, if any, as defined and to the extent applicable for the purpose under the terms of the Mortgage, as supplemented. Said payments may not exceed, for any year, one-half of one per cent (½ of 1%) of the aggregate principal amount of Bonds of Series C which, as of the close of the preceding calendar year, had at any time been actually issued and outstanding. Said payments are not cumulative.

The Bonds of Series C are subject to redemption, prior to maturity, as a whole or from time to time in part, on any

interest payment date selected as a redemption date, for the purposes of said sinking fund or certain contingent debt retirement requirements of the Mortgage, or at the option of the Railway Company, in each case upon publication once each week, for four successive weeks, of notice of such redemption in a newspaper printed in the English language and customarily published on each business day and of general circulation in the Borough of Manhattan, City and State of New York, and in a like newspaper so published and of general circulation in the City of Chicago, Illinois, the first publication to be not less than sixty days and not more than ninety days before such redemption date, all as provided in the Mortgage, at a redemption price for each Bond so redeemed equal to the principal amount thereof, plus accrued interest thereon to the date of redemption, and, in case of redemption prior to January 1, 1986, plus a premium equal to a percentage of the principal amount of each such Bond as specified in the following table:

Redemption During the Years—	Redemption for Debt Retirement Sinking Fund or at the Option of the Railway Company—	Redemption for Series C Sinking Fund—
1962 to 1965 incl.	3 %	1¼%
1966 " 1969 "	2½%	1 %
1970 " 1973 "	2 %	¾%
1974 " 1977 "	1½%	⅝%
1978 " 1981 "	1 %	⅜%
1982 " 1985 "	½%	¼%

This Bond is transferable by delivery unless registered as to principal. This Bond may be registered as to principal at the office or agency of the Railway Company in said Borough of Manhattan, such registration being noted hereon, after which no transfer hereof shall be valid unless made at said office or agency by the registered holder or by his attorney

duly authorized in writing and similarly noted hereon; but this Bond may be discharged from such registration by like transfer to bearer noted hereon, whereupon transferability by delivery shall be restored. Such registration, however, shall not affect the transferability by delivery of the coupons for the interest hereon, and such coupons shall continue to be payable to bearer and transferable by delivery.

The Railway Company, the Trustee, any paying agent and any bond registrar may deem and treat the bearer hereof, or, if this Bond be registered as to principal, the registered holder hereof, and the bearer of any interest coupon appertaining hereto, whether or not this Bond shall be registered as to principal, as the absolute owner of this Bond or such coupon, as the case may be (whether or not this Bond or such coupon shall be overdue), for the purpose of receiving any payment then being made of or on account of the principal hereof, premium (if any), or interest hereon, and for all other purposes, and neither the Railway Company nor the Trustee nor any paying agent nor any bond registrar shall be affected by any notice to the contrary.

The coupon Bonds of Series C are issuable in the denomination of $1,000 only. The registered Bonds without coupons of Series C are issuable in denominations of $1,000, $5,000 and $10,000, and any multiple of $10,000 authorized by the Board of Directors of the Railway Company. At the office or agency to be maintained by the Railway Company in said Borough of Manhattan, and in the manner, subject to the limitations, and upon payment of the charges provided in the Mortgage, coupon Bonds of such series, with all unmatured coupons and any matured coupons in default thereto appertaining, may be exchanged for a like aggregate principal amount of registered Bonds without coupons of such series of authorized denominations, and registered Bonds without coupons of such series may be exchanged for a like aggregate principal amount of coupon Bonds of such series of the authorized denomination bearing all unmatured coupons and any matured coupons in

default, or for a like aggregate principal amount of registered Bonds of such series without coupons of other authorized denominations.

As provided in the Mortgage, no recourse shall be had for the payment of the principal of or the interest on this Bond, or for any claim based hereon, or because of the creation of the indebtedness represented hereby or otherwise in respect hereof, or based on or in respect of the Mortgage or any indenture supplemental thereto, against any incorporator, stockholder, officer or director, past, present or future, of the Railway Company or of any successor corporation, as such, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

Neither this Bond nor any interest coupon appertaining hereto shall be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee.

In Witness Whereof, Chicago and North Western Railway Company has caused this Bond to be signed by its President or one of its Vice Presidents, and its corporate seal to be affixed hereto, duly attested by its Secretary or one of its Assistant Secretaries, and coupons for interest, bearing the facsimile signature of its Treasurer, to be attached hereto.

Dated as of January 1, 1962.

Chicago and North Western Railway Company

By.....
Vice President

Attest:

.....
Assistant Secretary

(Form of Coupon for Bonds of Series C)

No..... $.....

On the 1st day of ....., unless the Bond hereinafter mentioned shall have been called for previous redemption and payment thereof duly provided for, Chicago and North Western Railway Company will pay to bearer at its office or agency in the Borough of Manhattan, City and State of New York, upon surrender of this coupon Twenty-seven $^{5}/_{100}$ Dollars ($27.50) in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, being six months' interest then payable on its First Mortgage Bond, Series C, 5½%, due January 1, 1989, No. .....

.....
Treasurer.

(Form of Registered Bond Without Coupons of Series C)

No. ..... $.....

CHICAGO AND NORTH WESTERN RAILWAY COMPANY
FIRST MORTGAGE BOND

SERIES C, 5½%, DUE JANUARY 1, 1989

CHICAGO AND NORTH WESTERN RAILWAY COMPANY, a corporation of the State of Wisconsin having its principal office in the City of Chicago, State of Illinois (herein referred to as the "Railway Company"), for value received, hereby promises to pay to ....., or registered assigns, on January 1, 1989, at the office or agency of the Railway Company in the Borough of Manhattan, City and State of New York, the principal sum of ..... Dollars in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; and to pay interest

on said principal sum at the rate of five and one-half per cent (5½%) per anum (at said office or agency) in like coin or currency from and including the date hereof until the payment of said principal sum semi-annually on January 1 and July 1.

This Bond is one of a duly authorized issue of First Mortgage Bonds of the Railway Company (herein referred to as the "Bonds"), not limited in aggregate principal amount except as provided in the Mortgage hereinafter referred to, issued and to be issued under, and all equally and ratably secured by, a mortgage and deed of trust dated as of January 1, 1939, as amended (herein referred to as the "Mortgage"), duly executed and delivered by the Railway Company to The First National Bank of Chicago, Trustee (hereinafter, together with its successors in trust, referred to as the "Trustee"), to which Mortgage and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged, the nature and extent of the security, the rights of, and restrictions upon, the Railway Company and the holders of the Bonds and coupons in respect of the security under the Mortgage, the rights, duties and immunities of the Trustee and the terms and conditions under which the Bonds are, and may be, issued and secured. The Bonds may be for various principal sums and are issuable in series, which different series may mature at different times, may bear interest at different rates, and may otherwise vary as in the Mortgage provided. This Bond is one of the Bonds of Series C, an open series designated as "First Mortgage Bonds, Series C, 5½%, due January 1, 1989", and originally authorized to be issued in an unlimited aggregate principal amount.

If an event of default as defined in the Mortgage shall occur, the principal of this Bond may be declared, and upon such declaration shall become, due and payable in the manner, with the effect and subject to the conditions provided in the Mortgage.

The Mortgage contains provisions permitting the Railway Company and the Trustee, with the consent of the holders of not less than 66⅔% in principal amount of all the Bonds at the time outstanding (as defined in the Mortgage) which are affected thereby, evidenced as in the Mortgage provided, to modify, alter, add to or eliminate in any manner any of the provisions of the Mortgage (or any indenture supplemental thereto), or any provisions as to the lien thereof, and to modify, alter, add to, eliminate or compromise the rights of the holders of the Bonds and coupons and the rights and obligations of the Railway Company, all by general plan or otherwise; provided, however, that no such action shall, without the consent of the holder of any Bond, (i) extend the fixed maturity thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof, or change the place of payment of principal thereof, or interest thereon, or the medium of payment thereof, or (ii) permit the Railway Company to create, otherwise than as permitted by the Mortgage, any mortgage or other lien ranking prior to or on a parity with the lien of the Mortgage or of any indenture supplemental thereto, with respect to any property covered thereby, which shall be effective as against such holder. Any such consent of the holder of this Bond (unless effectively revoked as provided in the Mortgage) shall be conclusive and binding upon such holder and upon all future holders of this Bond whether or not any notation of such consent is made upon this Bond.

No reference herein to the Mortgage and no provision of this Bond or of the Mortgage shall alter or impair the obligation of the Railway Company, which is absolute and unconditional, to pay the principal of and interest on this Bond at the time and place, and at the rate and in the currency herein prescribed.

The Bonds of Series C are entitled to the benefits of sinking fund payments out of Available Net Income, if any, as defined

and to the extent applicable for the purpose under the terms of the Mortgage, as supplemented. Said payments may not exceed, for any year, one-half of one per cent (½ of 1%) of the aggregate principal amount of Bonds of Series C which, as of the close of the preceding calendar year, had at any time been actually issued and outstanding. Said payments are not cumulative.

The Bonds of Series C are subject to redemption, prior to maturity, as a whole or from time to time in part, on any interest payment date selected as a redemption date, for the purposes of said sinking fund or certain contingent debt retirement requirements of the Mortgage, or at the option of the Railway Company, in each case upon publication once each week, for four successive weeks, of notice of such redemption in a newspaper printed in the English language and customarily published on each business day and of general circulation in the Borough of Manhattan, City and State of New York, and in a like newspaper so published and of general circulation in the City of Chicago, Illinois, the first publication to be not less than sixty days and not more than ninety days before such redemption date, all as provided in the Mortgage, at a redemption price for each Bond so redeemed equal to the principal amount thereof, plus accrued interest thereon to the date of redemption, and, in case of redemption prior to January 1, 1986, plus a premium equal to a percentage of the principal amount of each such Bond as specified in the following table:

Redemption During the Years—	Redemption for Debt Retirement Sinking Fund or at the Option of the Railway Company—	Redemption for Series C Sinking Fund—
1962 to 1965 incl.	3 %	1¼%
1966 " 1969 "	2½%	1 %
1970 " 1973 "	2 %	¾%
1974 " 1977 "	1½%	⅝%
1978 " 1981 "	1 %	⅜%
1982 " 1985 "	½%	¼%

This Bond is transferable by the registered holder hereof in person, or by his attorney duly authorized in writing, at the office or agency to be maintained by the Railway Company in said Borough of Manhattan, but only in the manner, subject to the limitations, upon payment of the charges provided in the Mortgage, and upon surrender and cancellation of this Bond. Upon any such transfer a new registered Bond or Bonds without coupons of authorized denominations of the same series, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Railway Company, the Trustee, any paying agent and any bond registrar may deem and treat the registered holder hereof as the absolute owner of this Bond (whether or not this Bond shall be overdue), for the purpose of receiving any payment then being made of or on account of the principal hereof, premium (if any), or interest hereon, and for all other purposes, and neither the Railway Company nor the Trustee nor any paying agent nor any bond registrar shall be affected by any notice to the contrary.

The coupon Bonds of Series C are issuable in the denomination of $1,000 only. The registered Bonds without coupons of Series C are issuable in denominations of $1,000, $5,000 and $10,000, and any multiple of $10,000 authorized by the Board of Directors of the Railway Company. At the office or agency to be maintained by the Railway Company in said Borough of Manhattan, and in the manner, subject to the limitations, and upon payment of the charges provided in the Mortgage, coupon Bonds of such series, with all unmatured coupons and any matured coupons in default thereto appertaining, may be exchanged for a like aggregate principal amount of registered Bonds without coupons of such series of authorized denominations, and registered Bonds without coupons of such series may be exchanged for a like aggregate principal amount of coupon Bonds of such series of the authorized denomination

bearing all unmatured coupons and any matured coupons in default, or for a like aggregate principal amount of registered Bonds of such series without coupons of other authorized denominations.

As provided in the Mortgage, no recourse shall be had for the payment of the principal of or the interest on this Bond, or for any claim based hereon, or because of the creation of the indebtedness represented hereby or otherwise in respect hereof, or based on or in respect of the Mortgage or any indenture supplemental thereto, against any incorporator, stockholder, officer or director, past, present or future, of the Railway Company or of any successor corporation, as such, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee.

In Witness Whereof, Chicago and North Western Railway Company has caused this Bond to be signed by its President or one of its Vice Presidents and its corporate seal, duly attested by its Secretary or one of its Assistant Secretaries, to be affixed hereto.

Dated .....

Chicago and North Western Railway Company

By .....
Vice President.

Attest:

.....
Assistant Secretary.

ARTICLE II

Issue of Bonds of Series C

The Bonds of Series C may be executed, authenticated and delivered from time to time as permitted by the provisions of Section 6 of Article III of the Mortgage.

ARTICLE III

Sinking Fund for Bonds of Series C

Section 1. A sinking fund for the Bonds of Series C is hereby created having a call on Available Net Income as defined in the Mortgage, for the calendar year 1962 and subsequent calendar years, in the order of priority provided by clause (a) of Section 2 of Article V of the Mortgage.

The Railway Company covenants that, as long as any Bonds of Series C shall remain outstanding, it will deposit with the Trustee, on account of said sinking fund on April 1 in each year, beginning in the calendar year 1963, such amount, if any, as may be applicable for purposes of said sinking fund out of Available Net Income for the preceding calendar year under clause (a) of Section 2 of Article V of the Mortgage, up to, but not exceeding ½ of 1% of the aggregate principal amount of Bonds of Series C which, as of the close of the preceding calendar year, had at any time been actually issued and outstanding. There shall be no accumulation of amounts payable under the preceding sentence in case there shall not be applicable Available Net Income for any calendar year sufficient to pay for such calendar year the amount contemplated by said sentence, in whole or in part.

Section 2. Subject to the right of the Railway Company generally to direct the Trustee as to time, procedure and method, the Trustee shall as promptly as possible after re-

ceipt of funds to be deposited pursuant to the preceding Section 1, apply the same to the purchase of Bonds of Series C, either at public or private sale at the lowest price or prices at which, in its sole discretion, it shall deem Bonds of Series C reasonably obtainable, or, if the Trustee shall deem it advisable, by advertising for proposals to sell Bonds of Series C to it for the sinking fund, reserving the right to reject any or all such proposals in whole or in part, and the Trustee may purchase Bonds of Series C at the lowest price or prices asked in such proposals if it deems such purchases advisable; but no Bonds of Series C shall be purchased at public or private sale or in response to proposals, as aforesaid, at a price in excess of the redemption price which would be payable in case of redemption thereof for purposes of such sinking fund at the earliest applicable redemption date.

Section 3. Should a balance of $50,000 or more of such funds remain unapplied pursuant to the preceding Section 2 for a period of 20 days ending on any date which is 70 days prior to any time when Bonds of Series C may be redeemed, then, notwithstanding any directions of the Railway Company under the preceding paragraph, such balance shall be applied by the Trustee to the redemption of Bonds of Series C at the earliest applicable redemption date and at the then applicable redemption price thereof for the purpose of the sinking fund established by this Article III. The Trustee shall give notice of redemption of such Bonds and take any other necessary action in the name of the Railway Company in accordance with, in the manner and with the effect specified by, the provisions hereof and of the Mortgage governing the redemption of such Bonds, and is hereby irrevocably designated and appointed the agent of the Railway Company for such purpose.

SECTION 4. The Railway Company covenants that it will pay all expenses and costs (including accrued interest but excluding premium) incident to the purchase or redemption of Bonds of Series C pursuant to this Article III and if such expenses and costs shall not be paid in the first instance by the Railway Company, that they will be reimbursed by the Railway Company upon demand. All amounts expended in connection with any such purchase or redemption by way of premium over and above principal amount shall be a charge against and payable out of the sinking fund.

SECTION 5. No Bond of Series C purchased or redeemed pursuant to this Article III shall be reissuable nor may any Bonds or other obligations of the Railway Company be issued to refund Bonds of Series C so purchased or redeemed. All Bonds of Series C purchased or redeemed pursuant to this Article III shall be cancelled upon delivery thereof to the Trustee.

SECTION 6. In lieu of depositing funds with the Trustee hereunder on account of the sinking fund as aforesaid, the Railway Company may deposit any Bonds of Series C theretofore issued and outstanding and reacquired by it, but only at the lower of the cost of such reacquisition (exclusive of accrued interest) or the maximum price (exclusive of accrued interest) which the Trustee would be authorized to pay for Bonds of Series C on a purchase thereof pursuant to this Article III at the time such Bonds are so deposited. Any such Bonds of Series C so deposited with the Trustee shall be accompanied by a certificate signed by the Treasurer or an Assistant Treasurer of the Railway Company stating that such Bonds have theretofore been duly issued and outstanding and have been reacquired by the Railway Company and stating the prices at which the same were reacquired and

that none of the same has theretofore been Bonded, as such term is defined in the Mortgage, and such Bonds shall be deemed for the purposes of the Mortgage to have been retired through operations of such sinking fund.

ARTICLE IV

REDEMPTION OF BONDS OF SERIES C

Bonds of Series C may be redeemed on any interest date prior to maturity selected as a redemption date as a whole, or from time to time in part, for the purposes of the sinking fund established by Article III hereof, or for the purposes of the Debt Retirement Sinking Fund provided for in the Mortgage, or at the option of the Company, at a redemption price for each Bond of Series C so redeemed equal to the principal amount thereof plus accrued interest thereon to the date of redemption, and, in case of redemption prior to January 1, 1986, plus a premium equal to a percentage of the principal amount of each such Bond as specified in the following table:

Redemption During the Years—	Redemption for Debt Retirement Sinking Fund or at the Option of the Railway Company—	Redemption for Series C Sinking Fund—
1962 to 1965 incl.	3 %	1¼%
1966 " 1969 "	2½%	1 %
1970 " 1973 "	2 %	¾%
1974 " 1977 "	1½%	⅝%
1978 " 1981 "	1 %	⅜%
1982 " 1985 "	½%	¼%

The redemption of Bonds of Series C in accordance with this Article IV shall be governed as to procedure and other matters by applicable provisions of Article IV of the Mortgage,

except as otherwise specified in this Fifth Supplemental Indenture.

ARTICLE V

THE TRUSTEE

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Fifth Supplemental Indenture or the due execution hereof by the Railway Company, or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Railway Company.

Except as herein otherwise provided, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Fifth Supplemental Indenture other than as set forth in the Mortgage; and this Fifth Supplemental Indenture is executed and accepted on behalf of the Trustee, subject to all the terms and conditions set forth in the Mortgage, as fully to all intents as if the same were herein set forth at length.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Except in so far as herein otherwise expressly provided, all the provisions, terms and conditions of the Mortgage shall be deemed to be incorporated in, and made a part of, this Fifth Supplemental Indenture; and the Mortgage as supplemented by this Fifth Supplemental Indenture, the lien thereof and the security afforded thereby, are in all respects ratified and confirmed; and the Mortgage and this Fifth Supplemental Indenture shall be read, taken and construed as one and the same instrument.

Nothing in this Fifth Supplemental Indenture is intended, or shall be construed, to give to any person or corporation, other than the parties hereto and the holders of bonds issued and to be issued under and secured by the Indenture, any legal or equitable right, remedy or claim under or in respect of this Fifth Supplemental Indenture, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions of this Fifth Supplemental Indenture being intended to be, and being, for the sole and exclusive benefit of the parties hereto and of the holders of bonds issued and to be issued under the Mortgage and secured thereby.

All covenants, promises and agreements in this Fifth Supplemental Indenture contained by or on behalf of the Company shall bind its successors and assigns whether so expressed or not.

This Fifth Supplemental Indenture is dated as of January 1, 1962, although executed and delivered on the date of acknowledgment hereof by the Trustee, and has been executed in a number of counterparts, each of which shall be deemed to be an original and together constitute but one and the same instrument.

IN WITNESS WHEREOF, CHICAGO AND NORTH WESTERN RAILWAY COMPANY, the party of the first part, has caused this Fifth Supplemental Indenture to be signed and acknowledged by its Chairman, its President or one of its Vice Presidents, thereunto duly authorized, and its corporate seal to be affixed hereunto, and the same to be attested by its Secretary or one of its Assistant Secretaries, and The First National Bank of Chicago, the party of the second part, has caused this Fifth Supplemental Indenture to be signed and acknowledged by one of its Vice Presidents, thereunto duly authorized, and its cor-

porate seal to be affixed hereunto, and the same to be attested by one of its Assistant Secretaries, all as of the day and year first written above.

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

By _____
Ben W. Heineman, *Chairman*

Attest: _____
T. A. Ross, *Secretary*

(SEAL)

In the presence of:

_____
C. H. Vail

_____
R. J. Hill

THE FIRST NATIONAL BANK OF CHICAGO

By _____
W. K. Stevens, *Vice President*

Attest: _____
A. R. Menard, *Assistant Secretary*

(SEAL)

In the presence of:

_____
S. F. Stone

_____
E. P. Berry

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

I, E. C. MARQUARDT, a Notary Public, duly commissioned and qualified in and for the County and State aforesaid and residing in said State, do hereby certify that BEN W. HEINEMAN and T. A. ROSS to me personally known and known to me to be, respectively, Chairman and Secretary of Chicago and North Western Railway Company, the corporation described in and which executed the within and foregoing instrument in writing, and known to me to be the identical persons whose names are subscribed to said instrument, appeared before me this day in person, and being first duly sworn by me, did severally depose and say that BEN W. HEINEMAN resides at 1126 E. 48th Street, in the City of Chicago, Illinois, and that T. A. ROSS resides at 358 Ravine Park Drive, Lake Forest, Illinois, and they severally acknowledged to me that they are, respectively, Chairman and Secretary of said corporation; that as such officers they signed, sealed, and delivered said instrument in behalf of said corporation by authority and order of its Board of Directors as the free and voluntary act and deed of said corporation, and as their own free and voluntary act; that they know the seal of said corporation; that the seal affixed to said instrument is the seal of said corporation; and that said corporation executed said instrument for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal as such Notary Public, at Chicago, Illinois, this 29th day of January, A. D., Nineteen Hundred and Sixty-Two.

E. C. Marquardt
Notary Public
In and for the County of Cook in the State of Illinois.

My Commission as such
Notary Public expires December 18, 1962.

(NOTARIAL SEAL)

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

I, J. E. ROBERTS, a Notary Public, duly commissioned and qualified in and for the County and State aforesaid and residing in said State, do hereby certify that W. K. STEVENS and A. R. MENARD to me personally known and known to me to be, respectively, a Vice President and an Assistant Secretary of The First National Bank of Chicago, a National Banking Association described in and which executed the within and foregoing instrument in writing, and known to me to be the identical persons whose names are subscribed to said instrument, appeared before me this day in person, and being first duly sworn by me, did severally depose and say that W. K. STEVENS resides at 314 South Lincoln Street, Hinsdale, Illinois, and that A. R. MENARD resides at 133 North Keeler Avenue, Chicago, Illinois, and they severally acknowledged to me that they are, respectively a Vice President and an Assistant Secretary of said Association; that as such officers they signed, sealed, and delivered said instrument in behalf of said Association by authority and order of its Board of Directors as the free and voluntary act and deed of said Association, and as their own free and voluntary act; that they know the seal of said Association; that the seal affixed to said instrument is the seal of said Association; and that said Association executed said instrument for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal as such Notary Public, at Chicago, Illinois, this 29th day of January, A. D., Nineteen Hundred and Sixty-Two.

J. E. Roberts
Notary Public
In and for the County of Cook in the State of Illinois.

My Commission as such
Notary Public expires May 31, 1965.

(NOTARIAL SEAL)

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

BEN W. HEINEMAN, being first duly sworn, deposes and says that he is Chairman of Chicago and North Western Railway Company, a corporation organized and existing under the laws of the State of Wisconsin, which executed as mortgagor the Fifth Supplemental Indenture to which this affidavit is appended, that the consideration of said Fifth Supplemental Indenture and of the Indenture of Mortgage and Deed of Trust and of the First, Second, Third and Fourth Supplemental Indentures to which it is supplemental was actual and adequate, that the same were given in good faith for the purposes set forth therein, and that The First National Bank of Chicago, the trustee and mortgagee named in said Indenture of Mortgage and Deed of Trust and in said First, Second, Third and Fourth Supplemental Indentures and in said Fifth Supplemental Indenture, has delivered to said Railway Company, and said Railway Company has received, a duplicate copy of each of said instruments as executed.

_____
Ben W. Heineman

Subscribed and sworn to before me
this 29th day of January, 1962.

E. C. Marquardt
Notary Public

My commission will expire December 18, 1962.

(NOTARIAL SEAL)

STATE OF WISCONSIN } ss.
Department of State }
Received this 13th day of
February A. D. 19 62 at 10:00
o'clock A. M. and recorded in Vol.
45 of Railroad Mortgages
on pages 332-344.
Robert C. Zimmerman
Secretary of State

EXECUTED IN 2 (TWO) COUNTERPARTS
No. 1

Second Supplemental Indenture

TO

First Mortgage

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

TO

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

TRUSTEE

DATED JULY 1, 1961

CREATING FIRST MORTGAGE 5 1-2% BONDS, SERIES B, DUE JANUARY 1, 1994

TWENTIETH CENTURY PRESS, INC., CHICAGO 6

THIS SECOND SUPPLEMENTAL INDENTURE, dated the 1st day of July, One Thousand Nine Hundred Sixty-One, between **CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY**, a Wisconsin corporation (hereinafter referred to as the "Railroad Company"), having its principal office in the City of Chicago, State of Illinois, party of the first part, and **CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO**, a national banking association, as Trustee (hereinafter referred to as the "Trustee") having its principal office at 231 South LaSalle Street, in the City of Chicago, State of Illinois, party of the second part,

WITNESSETH:

WHEREAS, the Railroad Company executed and delivered to the Trustee an Indenture of Mortgage and Deed of Trust (hereinafter referred to as the "First Mortgage"), dated as of January 1, 1944, to secure the payment of the principal of, premium if any, and interest on all First Mortgage Bonds at any time issued and outstanding thereunder; and

WHEREAS, the Railroad Company executed and delivered to the Trustee a certain First Supplemental Indenture to the First Mortgage, dated December 31, 1948, conveying to the Trustee, and to its successors in the trust, and its and their assigns, the property conveyed to the Railroad Company on said date by Chicago, Terre Haute and Southeastern Railway Company, an Indiana corporation; and

WHEREAS, there have been authenticated and delivered under the First Mortgage Fifty-nine Million, Five Hundred Fifteen Thousand, One Hundred Dollars ($59,515,100) in aggregate principal amount of the Railroad Company's First Mortgage 4% Bonds, Series A, due January 1, 1994; and

WHEREAS, the Railroad Company desires by this Second Supplemental Indenture to create a new series of Bonds to

be issued thereunder, to set forth the terms and provisions of such new series and the forms of the bonds and the coupons thereof, and to amend the First Mortgage in the respects hereinafter provided; and

WHEREAS, all of the conditions and requirements necessary to make this Second Supplemental Indenture, when duly executed and delivered, a valid, binding and legal instrument, in accordance with its terms and for the purposes herein expressed, have been done, performed and fulfilled, and the execution and delivery hereof have been duly authorized in all respects by resolution of the Board of Directors of the Railroad Company;

NOW, THEREFORE, in consideration of the premises and of the sum of One Dollar in hand paid by the Trustee to the Railroad Company at or before the execution and delivery of this Second Supplemental Indenture, receipt whereof is hereby acknowledged, it is agreed by and between the Railroad Company and the Trustee as follows:

ARTICLE I

BONDS OF SERIES B

SECTION 1. There is hereby created a second series of Bonds of the Railroad Company (herein referred to as "Bonds of Series B") to be issued under and secured by the First Mortgage. The Bonds of Series B (a) shall be designated as "First Mortgage 5½% Bonds, Series B, Due January 1, 1994"; (b) shall be dated as of July 1, 1961 (except that all registered Bonds without coupons issued on or before December 31, 1961, shall be dated as of July 1, 1961, and all such Bonds issued thereafter shall be dated as of the first day following the close of the latest period for which interest on Bonds of Series B shall have become due and payable); (c) shall mature January 1, 1994, unless previously redeemed pursuant to

Article II of this Second Supplemental Indenture or declared due and payable pursuant to Article XVI of the First Mortgage; (d) shall bear interest payable semiannually on the first days of January and July of each year at the rate of 5½% per annum from the date thereof until the principal sum thereof has been paid, but in the case of coupon Bonds, as to interest due on or before the principal sum becomes due and payable, only upon presentation and surrender of the respective coupons appertaining thereto as they shall mature; (e) shall be payable, as to principal, premium, if any, and interest, at the office or agency of the Railroad Company in the City of Chicago, State of Illinois, or, at the option of the bearer or registered holder, at the office or agency of the Railroad Company in the Borough of Manhattan, City and State of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; (f) shall be issued as coupon Bonds in denominations of $1,000 and as registered Bonds without coupons in denominations of $1,000 and in multiples of $1,000, the Bonds of either form to be transferable or exchangeable for Bonds of either form in authorized denominations, and the coupon Bonds to be registrable as to principal, at the office or agency of the Railroad Company in the City of Chicago, State of Illinois, or, at the option of the holder or registered owner, at the office or agency of the Railroad Company, in the Borough of Manhattan, City and State of New York, as provided in Section 5 of Article II of the First Mortgage; (g) shall be limited in aggregate principal amount to $5,500,000; and (h) shall be redeemable before maturity at the option of the Railroad Company upon the terms stated in Article II of this Second Supplemental Indenture.

SECTION 2. The Bonds of Series B and the interest coupons to be attached to the coupon Bonds of Series B are to be substantially in the following forms, respectively:

(Form of Coupon Bond of Series B)

No..... $1,000

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

FIRST MORTGAGE 5½% BOND, SERIES B, DUE JANUARY 1, 1994

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, a corporation duly organized and existing under the laws of the State of Wisconsin, and having its principal office in the City of Chicago, State of Illinois (herein referred to as the "Railroad Company"), for value received, hereby promises to pay to bearer or, if this Bond be registered as to principal, then to the registered holder hereof, on January 1, 1994, the principal sum of One Thousand Dollars ($1,000) in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; and to pay interest on said principal sum in like coin or currency from July 1, 1961, at the rate of 5½% per annum, semi-annually on the first days of January and July in each year, until said principal sum becomes due and payable as herein provided and, if default be made in the payment of said principal sum when so due and payable, thereafter (to the extent permitted by law) at the highest rate of interest borne by any of the Bonds outstanding under the Mortgage hereinafter referred to until the Railroad Company's obligation with respect to the payment of said principal sum shall be discharged as provided in the Mortgage, but only, in the case of interest due on or before the date said principal sum becomes due and payable, upon presentation and surrender of the respective interest coupons hereto appertaining as they shall severally mature.

The principal of, premium if any, and interest on this Bond are payable at the office or agency of the Railroad Company

in the City of Chicago, State of Illinois, or at the option of the holder hereof at the office or agency of the Railroad Company in the Borough of Manhattan, City and State of New York.

This Bond is one of the First Mortgage Bonds of the Railroad Company (herein referred to as the "Bonds"), not limited in aggregate principal amount except as provided in the Mortgage, issued and to be issued under, and all equally and ratably secured by, a mortgage and deed of trust dated as of January 1, 1944 (herein referred to as the "Mortgage"), duly executed and delivered by the Railroad Company to Continental Illinois National Bank and Trust Company of Chicago, Trustee, and its successors in trust (which Trustee and its successors in trust are hereinafter referred to as the "Trustee"), to which Mortgage and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of and restrictions upon the Railroad Company and the holders of the Bonds and coupons in respect of such security, the rights, duties and immunities of the Trustee and the terms and conditions under which the Bonds are, and may be, issued and secured. By the terms of the Mortgage, the Bonds may be for various principal sums and are issuable in series, and the Bonds of any series may differ from the Bonds of any other series as to denomination, date, maturity, interest rate, redemption and otherwise, all as in the Mortgage provided. Bonds of Series B, of which this is one, are designated as the "First Mortgage 5½% Bonds, Series B, due January 1, 1994," and the aggregate principal amount thereof is limited to $5,500,000.

If an event of default as defined in the Mortgage shall occur, the principal of this Bond may be declared or may become due and payable prior to the stated date of maturity hereof in the manner, with the effect and subject to the conditions provided in the Mortgage.

The Mortgage contains provisions permitting the Railroad Company and the Trustee at any time or times, with the

consent of the holders of not less than 75% in principal amount of all of the Bonds at the time outstanding, evidenced as in the Mortgage provided, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, to extend the time or times of payment of the principal, either before or after the principal is due, of all of the Bonds of any or all series then 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 to 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 then outstanding, whether bearing fixed or contingent interest, for a period not exceeding 5 years after such interest is due but not beyond the original or extended date or dates for the payment of the principal of such Bonds. The Mortgage also contains provisions permitting the Railroad Company and the Trustee at any time or times, with the consent of the holders of not less than 66⅔% in principal amount of the Bonds to be directly affected thereby, evidenced as in the Mortgage provided, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, to modify, alter, add to or eliminate in any manner any of the provisions of the Mortgage or of any indenture supplemental thereto 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, or to sanction any compromise of the rights of the holders of such Bonds against the Railroad Company, or against its property, or to sanction or approve any plan for the reorganization, readjustment or liquidation of the Railroad Company. Any such consent of the holder of this Bond (unless effectively revoked as provided in the Mortgage) shall be conclusive and binding upon such holder and upon all future holders of this Bond. Without the consent of the holder of this Bond, as evidenced by an appropriate legend endorsed hereon, no such extension, modification, alteration, addition, elimination, sanction or approval shall (i) alter or impair the obligation of the Rail-

road Company to pay the principal amount of or the interest on this Bond, or change the place or the 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 or of any indenture supplemental thereto, with respect to any property covered thereby, otherwise than as permitted by the Mortgage, or (iii) effect a reduction of the percentage required for any action authorized to be taken by the holders of the Bonds.

This Bond is subject to redemption at any time prior to maturity for the purpose of the Contingent Sinking Fund pursuant to Article VIII of the Mortgage or at the option of the Railroad Company, in each case upon publication of notice of such redemption once each week for 4 successive weeks in a newspaper printed in the English language and customarily published on each business day and of general circulation in the Borough of Manhattan, City and State of New York, and in a like newspaper published on each business day and of general circulation in the City of Chicago, State of Illinois, the first publication to be not less than 30 days and not more than 60 days before the date fixed for redemption if such date is an interest-payment date, and not less than 60 days and not more than 90 days before the date fixed for redemption if such date is not an interest-payment date, all as provided in the Mortgage, at a redemption price equal to the principal amount thereof, plus all accrued interest on such principal amount to the date fixed for redemption and a premium equal to 5% of such principal amount decreased by ¼ of 1% for each twelve (12) months' period elapsed after July 1, 1961, to and including July 1, 1981, but without premium if redeemed after July 1, 1981.

This Bond is transferable by delivery unless registered as to principal. This Bond may be registered as to principal at the office or agency maintained by the Railroad Company in said City of Chicago or in said Borough of Manhattan, on registry books kept for such purpose at such office or agency, such registration being noted hereon, after which no transfer hereof shall be valid unless made on said books at either said office or agency by the registered holder in person or by his attorney duly authorized in writing, and similarly

noted hereon; but this Bond may be discharged from such registration by like transfer to bearer noted hereon, whereupon transferability by delivery shall be restored. Such registration, however, shall not affect the transferability by delivery of the coupons for the interest hereon, and such coupons shall continue to be payable to bearer and transferable by delivery.

The Railroad Company, the Trustee, and paying agent and any bond registrar may deem and treat the bearer hereof, or if registered as to principal the registered holder hereof, and the bearer of any interest coupon appertaining hereto whether or not this Bond shall be registered as to principal, as the absolute owner of this Bond or such coupon, as the case may be (whether or not this Bond or such coupon shall have become due and payable), for the purpose of receiving any payment then being made of or on account of the principal hereof, premium if any, and interest hereon, and for all other purposes, 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.

The coupon Bonds of this Series are issuable in denominations of $1,000 only. The registered Bonds without coupons of this Series are issuable in denominations of $1,000 and in multiples of $1,000. Upon presentation thereof for that purpose at the office or agency maintained by the Railroad Company in said City of Chicago or in said Borough of Manhattan, and in the manner, subject to the limitations, and upon payment of the charges provided in the Mortgage, coupon Bonds of this Series, with all unmatured coupons and any matured coupons in default appertaining thereto, may be exchanged for a like aggregate principal amount of registered Bonds without coupons of this Series of authorized denominations, and registered Bonds without coupons of this Series may be exchanged for a like aggregate principal amount of coupon Bonds of this Series of the denomination of $1,000 and bearing all unmatured coupons and any

matured coupons in default appertaining thereto, or for a like aggregate principal amount of registered Bonds without coupons of this Series of other authorized denominations.

As provided in the Mortgage, no recourse shall be had for the payment of the principal of or the interest on this Bond, or for any claim based hereon, or because of the creation of indebtedness represented hereby, or otherwise in respect hereof, or based on or in respect of the Mortgage or any indenture supplemental thereto, against any past, present or future incorporator, stockholder, officer or director, as such, of the Railroad Company or of any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

Neither this Bond nor any interest coupon appertaining hereto shall be valid or become obligatory for any purpose unless and until the certificate of authentication hereon shall have been signed by the Trustee under the Mortgage.

IN WITNESS WHEREOF, the Chicago, Milwaukee, St. Paul and Pacific Railroad Company has caused this Bond to be signed by its President or one of its Vice Presidents, and its corporate seal to be affixed hereto and attested by its Secretary or an Assistant Secretary, and coupons for interest bearing the facsimile signature of its Treasurer to be attached hereto, and this Bond to be dated as of the first day of July, 1961.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

By .....
Vice President–Finance and Accounting

ATTEST:

.....
Secretary

(Form of Coupon for Coupon Bonds of Series B)

No..... $27.50

On the first day of ....., 19...., unless the Bond hereinafter mentioned shall have been called for previous redemption and payment thereof duly provided for, Chicago, Milwaukee, St. Paul and Pacific Railroad Company will pay to bearer upon surrender of this coupon at its office or agency in the City of Chicago, State of Illinois, or, at the option of the bearer, at its office or agency in the Borough of Manhattan, City and State of New York, Twenty-seven and 50/100 Dollars ($27.50) in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, being 6 months' interest then payable on its First Mortgage 5½% Bond, Series B, due January 1, 1994, No.....

.....
Treasurer

(Form of Registered Bond without Coupons of Series B)

No..... $.....

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

FIRST MORTGAGE 5½% BOND, SERIES B,
DUE JANUARY 1, 1994

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, a corporation duly organized and existing under the laws of the State of Wisconsin, and having its principal office in the City of Chicago, State of Illinois (herein referred to as the "Railroad Company"), for value received, hereby promises to pay to .....; or registered assigns, on January 1, 1994, the principal sum of ..... Dollars ($.....) in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; and to pay interest on said principal sum in like coin or currency from and including the date hereof at the

rate of 5½% per annum, semi-annually on the first days of January and July in each year, until said principal sum becomes due and payable as herein provided and, if default be made in the payment of said principal sum when so due and payable, thereafter (to the extent permitted by law) at the highest rate of interest borne by any of the Bonds outstanding under the Mortgage hereinafter referred to until the Railroad Company's obligation with respect to the payment of said principal sum shall be discharged as provided in the Mortgage.

The principal of, premium if any, and interest on this Bond are payable at the office or agency of the Railroad Company in the City of Chicago, State of Illinois, or at the option of the registered holder hereof at the office or agency of the Railroad Company in the Borough of Manhattan, City and State of New York.

This Bond is one of the First Mortgage Bonds of the Railroad Company (herein referred to as the "Bonds"), not limited in aggregate principal amount except as provided in the Mortgage, issued and to be issued under, and all equally and ratably secured by, a mortgage and deed of trust dated as of January 1, 1944 (herein referred to as the "Mortgage"), duly executed and delivered by the Railroad Company to Continental Illinois National Bank and Trust Company of Chicago, Trustee, and its successors in trust (which Trustee and its successors in trust are hereinafter referred to as the "Trustee"), to which Mortgage and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of and restrictions upon the Railroad Company and the holders of the Bonds and coupons in respect of such security, the rights, duties and immunities of the Trustee and the terms and conditions under which the Bonds are, and may be, issued and secured. By the terms of the Mortgage, the Bonds may be for various principal sums and are issuable in series, and the Bonds of any series may differ from the Bonds of any other series as to denomination, date, maturity, interest rate, redemption and otherwise, all as in the Mortgage provided. Bonds of Series B, of which this is one, are designated as the "First Mortgage 5½%

Bonds, Series B, due January 1, 1994," and the aggregate principal amount thereof is limited to $5,500,000.

If an event of default as defined in the Mortgage shall occur, the principal of this Bond may be declared or may become due and payable prior to the stated date of maturity hereof in the manner, with the effect and subject to the conditions provided in the Mortgage.

The Mortgage contains provisions permitting the Railroad Company and the Trustee at any time or times, with the consent of the holders of not less than 75% in principal amount of all of the Bonds at the time outstanding, evidenced as in the Mortgage provided, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, to extend the time or times of payment of the principal, either before or after the principal is due, of all of the Bonds of any or all series then 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 to 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 then outstanding, whether bearing fixed or contingent interest, for a period not exceeding 5 years after such interest is due but not beyond the original or extended date or dates for the payment of the principal of such Bonds. The Mortgage also contains provisions permitting the Railroad Company and the Trustee at any time or times, with the consent of the holders of not less than 66⅔% in principal amount of the Bonds to be directly affected thereby, evidenced as in the Mortgage provided, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, to modify, alter, add to or eliminate in any manner any of the provisions of the Mortgage or of any indenture supplemental thereto 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, or to sanction any compromise of the rights of the holders of such Bonds against the Railroad Company or

against its property, or to sanction or approve any plan for the reorganization, readjustment or liquidation of the Railroad Company. Any such consent of the holder of this Bond (unless effectively revoked as provided in the Mortgage) shall be conclusive and binding upon such holder and upon all future holders of this Bond. Without the consent of the holder of this Bond, no such extension, modification, alteration, addition, elimination, sanction or approval shall (i) alter or impair the obligation of the Railroad Company to pay the principal amount of or the interest on this Bond, or change the place or the 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 or of any indenture supplemental thereto, with respect to any property covered thereby, otherwise than as permitted by the Mortgage, or (iii) effect a reduction of the percentage required for any action authorized to be taken by the holders of the Bonds.

This Bond, or portions thereof amounting to $1,000 or multiples of $1,000, is subject to redemption at any time prior to maturity for the purpose of the Contingent Sinking Fund pursuant to Article VIII of the Mortgage or at the option of the Railroad Company, in each case upon publication of notice of such redemption once each week for 4 successive weeks in a newspaper printed in the English language and customarily published on each business day and of general circulation in the Borough of Manhattan, City and State of New York, and in a like newspaper published on each business day and of general circulation in the City of Chicago, State of Illinois, the first publication to be not less than 30 days and not more than 60 days before the date fixed for redemption if such date is an interest-payment date, and not less than 60 days and not more than 90 days before the date fixed for redemption if such date is not an interest-payment date, all as provided in the Mortgage, at a redemption price equal to the principal amount to be redeemed, plus all accrued interest on such principal amount to the date fixed for redemption and a premium equal to 5% of such principal amount decreased by ¼ of 1% for each twelve (12) months' period elapsed after July 1, 1961, to and including July 1, 1981, but without premium if redeemed after July 1, 1981.

This Bond is transferable by the registered holder hereof in person (or by his attorney duly authorized in writing) at the office or agency maintained by the Railroad Company in said City of Chicago or in said Borough of Manhattan, on registry books kept for such purpose at such office or agency, but only in the manner, subject to the limitations, upon payment of the charges provided in the Mortgage, and upon surrender and cancellation of this Bond. Upon any such transfer a new registered Bond or Bonds without coupons of the same series and maturity date and of authorized denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Railroad Company, the Trustee, any paying agent and any bond registrar may deem and treat the registered holder hereof as the absolute owner of this Bond (whether or not this Bond shall have become due and payable), for the purpose of receiving any payment then being made of or on account of the principal hereof, premium if any, and interest hereon, and for all other purposes, 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.

The coupon Bonds of this Series are issuable in denominations of $1,000 only. The registered Bonds without coupons of this Series are issuable in denominations of $1,000 and multiples of $1,000. Upon presentation thereof for that purpose at the office or agency maintained by the Railroad Company in said City of Chicago or in said Borough of Manhattan, and in the manner, subject to the limitations, and upon payment of the charges provided in the Mortgage, coupon Bonds of this Series, with all unmatured coupons and any matured coupons in default appertaining thereto, may be exchanged for a like aggregate principal amount of registered Bonds without coupons of this Series of authorized denominations, and registered Bonds without coupons of this Series may be exchanged for a like aggregate principal amount of coupon Bonds of this Series of the denomination of $1,000 and bearing all unmatured coupons and any matured coupons in default appertaining thereto, or for a

like aggregate principal amount of registered Bonds without coupons of this Series of other authorized denominations.

As provided in the Mortgage, no recourse shall be had for the payment of the principal of or the interest on this Bond, or for any claim based hereon, or because of the creation of indebtedness represented hereby, or otherwise in respect hereof, or based on or in respect of the Mortgage or any indenture supplemental thereto, against any past, present or future incorporator, stockholder, officer or director, as such, of the Railroad Company or of any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

This Bond shall not be valid or become obligatory for any purpose unless and until the certificate of authentication hereon shall have been signed by the Trustee under the Mortgage.

IN WITNESS WHEREOF, the Chicago, Milwaukee, St. Paul and Pacific Railroad Company has caused this Bond to be signed by its President or one of its Vice Presidents, and its corporate seal to be affixed hereto and attested by its Secretary or an Assistant Secretary, and this Bond to be dated the ..... day of ....., 19.....

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

By .....
Vice President–Finance and Accounting

ATTEST:

.....
Secretary

ARTICLE II

Redemption of Bonds of Series B

The Railroad Company, at its option, may redeem the Bonds of Series B as a whole at any time or in part from time to time, at a redemption price equal to the principal amount thereof plus all accrued interest thereon to the date fixed for redemption and a premium equal to 5% of such principal amount decreased by ¼ of 1% for each twelve (12) months' period elapsed after July 1, 1961, to and including July 1, 1981, but without premium if redeemed after July 1, 1981. Registered Bonds without coupons may be redeemed in portions amounting to $1,000 or multiples of $1,000, with interest and premium as aforesaid on the principal amount to be redeemed. The redemption of Bonds of Series B in accordance with this Article II and the procedure therefor shall be governed by the applicable provisions of Article IV of the First Mortgage.

ARTICLE III

Concerning the Trustee

The recitals contained in this Second Supplemental Indenture and in the Bonds of Series B (except as contained in the Trustee's certificate of authentication endorsed on such Bonds) shall be taken as statements of the Railroad Company, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representations as to the validity or sufficiency of this Second Supplemental Indenture or of the Bonds of Series B or the coupons appertaining thereto.

No duties, responsibilities or liabilities are assumed by the Trustee by reason of this Second Supplemental Indenture other than as set forth in the First Mortgage; and this Second Supplemental Indenture is executed and accepted by the Trustee subject to all of the terms and conditions set forth in the First Mortgage as fully to all intents as if the same were set forth herein at length.

ARTICLE IV

Miscellaneous

Section 1. All of the terms, conditions and provisions of the First Mortgage, unless inconsistent with the express provisions hereof, shall be deemed to be incorporated in and made a part of this Second Supplemental Indenture. The First Mortgage, as heretofore supplemented by said First Supplemental Indenture, and as supplemented by this Second Supplemental Indenture, the lien thereof and the security afforded thereby, are in all respects ratified and confirmed; and the First Mortgage, the First Supplemental Indenture and this Second Supplemental Indenture shall be read, taken and construed as one and the same instrument.

Section 2. This Second Supplemental Indenture 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 3. This Second Supplemental Indenture is dated as of July 1, 1961, although executed and delivered on the date of the acknowledgment hereof by the Trustee.

In Witness Whereof, Chicago, Milwaukee, St. Paul and Pacific Railroad Company, the party of the first part, has caused this Second Supplemental Indenture 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 Continental Illinois National Bank and Trust Company of Chicago, the party of the second part, to evidence its acceptance of the trust hereby created, has caused this

Second Supplemental Indenture 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 14th day of February, 1962, as of the day and year first written above.

Chicago, Milwaukee, St. Paul and Pacific Railroad Company

By C. E. Crippen
Vice President–Finance and Accounting
C.E. CRIPPEN

Attest: J. J. Roche
Secretary J.J. ROCHE

In the presence of

W. E. Ross
W.E. ROSS

G. K. Ubl
G.K. UBL

Continental Illinois National Bank and Trust Company of Chicago

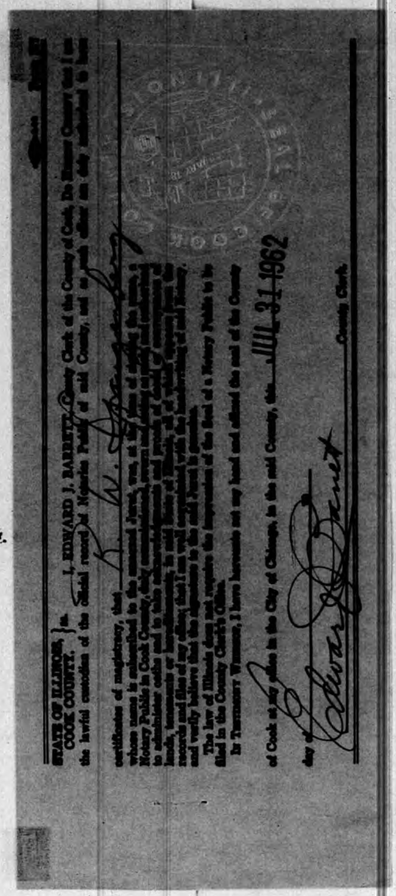
By Ray F. Myer
Vice President
RAY F.

Attest: E. J. Friedrich
Assistant Secretary
E. J. FRIEDRICH

In the presence of

R. Brown
R. BROWN

E. F. Hartman
E. F. HARTMAN



State of Illinois } ss.
County of Cook }

On this 14th day of February, in the year 1962, before me, R. W. Spangenberg, a Notary Public in and for the State and County aforesaid, personally appeared C. E. Crippen and J. J. Roche, to me personally known and known to me to be the Vice President–Finance and Accounting and the 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 Vice President–Finance and Accounting and the 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 C. E. Crippen and J. J. Roche 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–Finance and Accounting 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 14th day of February, 1962.

R. W. Spangenberg
Notary Public
R. W. SPANGENBERG
My Commission Expires
November 16, 1963.

STATE OF ILLINOIS } ss.
COUNTY OF COOK }

On this 15th day of February, in the year 1962, before me, E. W. FAHRENBACH, a Notary Public in and for the State and County aforesaid, personally appeared RAY F. MYERS and E. J. FRIEDRICH, to me personally known and known to me to be a Vice President and an Assistant Secretary, respectively, of Continental Illinois National Bank and Trust Company of Chicago, 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 Continental Illinois National Bank and Trust Company of Chicago, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was affxed 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 RAY F. MYERS and E. J. FRIEDRICH 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 15th day of February, 1962.

E. W. Fahrenbach
Notary Public

My Commission Expires
March 26, 1965.

STATE OF ILLINOIS }
COUNTY OF COOK } ss.
I, EDWARD J. BARRETT, County Clerk of the County of Cook, in the State of Illinois and keeper of the records and seal thereof, do hereby certify that E. W. Fahrenbach, whose name is subscribed to the annexed certificate of acknowledgment, stands commissioned as a Notary Public in Cook County and is duly authorized to take acknowledgments of deeds to be recorded in this State, and that I am well acquainted with the handwriting of such Notary Public, and verily believe that the signature to the said certificate of acknowledgment is genuine.
In Testimony Whereof, I have hereunto set my hand and affixed the seal of the County of Cook in the State of Illinois, at Chicago, in the said County, this JUL 31 1962
day of
County Clerk.

STATE OF ILLINOIS }
COUNTY OF COOK } ss.

C. E. CRIPPEN, being first duly sworn, deposes and says that he is Vice President–Finance and Accounting 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 Second Supplemental Indenture to which this affidavit is appended, that the consideration of said Second Supplemental Indenture 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 Continental Illinois National Bank and Trust Company of Chicago, the trustee and mortgagee named in said Second Supplemental Indenture, has delivered to said Railroad Company, and said Railroad Company has received, a duplicate copy of said Second Supplemental Indenture so executed.

C. E. Crippen
C. E. CRIPPEN

Subscribed and sworn to before me this 16th day of February, 1962.

R. W. Spangenberg
Notary Public
R. W. SPANGENBERG
My Commission Expires
November 16, 1963.

STATE OF WISCONSIN }
Department of State } ss.
Received this 3rd day of
August A. D. 19 62 at 10:00
o'clock A M. and recorded in Vol.
45 of Railroad Mortgages
on page 345-355.
John Reinemann
Secretary of State

MSTC
7/2/62

MORTGAGE

This Mortgage, made as of the 1st day of November, 1962, by and between MILWAUKEE & SUBURBAN TRANSPORT CORPORATION, a corporation organized and existing under the laws of the State of Wisconsin (hereinafter called the "Company"), party of the first part, and First Wisconsin National Bank of Milwaukee, a national banking association, organized and existing under the laws of the United States of America (hereinafter called the "Mortgagee"), party of the second part:

WITNESSETH, THAT:

WHEREAS, to secure the payment of indebtedness of the Company in the principal sum of $600,000.00 under the terms of the Company's promissory note (hereinafter called the "Note") issued under the Company's Loan Agreement dated as of July 1, 1962, with the Mortgagee (hereinafter called the "Loan Agreement"), to secure its performance and observance of the Loan Agreement, and to secure the payment of outstanding indebtedness of the Company to the Bank in the original principal amount of $2,000,000 evidenced by the Company's promissory note payable to the order of the Bank in such amount dated April 1, 1961, the unpaid principal balance of which presently aggregates $1,400,000.06 as of the date hereof, (hereinafter called the "1961 Note"), the Company has agreed to execute and deliver this Mortgage; and

WHEREAS, the 1961 Note is secured by a Mortgage dated as of April 1, 1961, from the Company, as Mortgagor, to the Bank, as Mortgagee, covering the properties described in the Granting Clauses hereof; and

WHEREAS, the execution and delivery of this Mortgage by the Company has been duly authorized and all requirements of law and of the Articles of Incorporation and By-Laws of the Company have been fully complied with, and all other acts and things necessary to make this Mortgage a valid, binding and enforceable instrument for the security of the Note and Loan Agreement have been done and performed;

NOW, THEREFORE, the Company in consideration of the sum of $1.00 to it in hand paid, the receipt of which is hereby acknowledged, and of other good and valuable consideration, and in order to comply with the requirements of the Loan Agreement, does hereby grant, bargain, sell and convey unto the Mortgagee

MSTC
6/22/62

and to its successors and assigns, the following described properties, to-wit:

GRANTING CLAUSE I

The real estate more specifically described and enumerated in the schedule hereto annexed, denoted Schedule I, and made a part thereof, reference to which is hereby made with the same force and effect as though said descriptions and enumerations were herein set forth at length.

GRANTING CLAUSE II

Also and together with the tenements, hereditaments, rights, privileges and appurtenances to the same belonging, and all buildings, structures, improvements and fixtures of every kind and description which are now or may hereafter be located on the real estate above described (including, without limitation by virtue of the following descriptions, all heating systems, sprinkler systems, electric systems, boilers and plumbing) all of which are hereby declared to be a part of said real estate whether physically attached thereto or not.

GRANTING CLAUSE III

Also and together with all real estate hereafter acquired by the Company, together with all such buildings, structures, improvements and fixtures, of every kind and description at any time located or used or provided for use thereon (which are hereby declared to be a part of said real estate whether physically attached thereto or not), it being the intention hereof that all such after-acquired property shall be as fully embraced within and subject to the lien hereof as if now owned by the Company and specifically described herein.

GRANTING CLAUSE IV

Also and together with the trackless trolley cars and gasoline and diesel motor buses listed on the schedule hereto annexed, denoted Schedule II,

(Fee $12.00)

and made a part hereof, reference to which is hereby made with the same force and effect as though said descriptions and enumerations were herein set forth at length, and all equipment located at the Company's car houses, repair shops and garages and used in servicing, overhauling and making major repairs to trolley cars and motor buses, subject only to any title retention or similar liens thereupon in existence of record on the date hereof.

GRANTING CLAUSE V

Also and together with all trackless trolley cars, gasoline and diesel motor buses, and equipment located at the Company's car houses, repair shops and garages and used in servicing, overhauling and making major repairs to such vehicles hereafter acquired by the Company, it being the intention hereof that all such after-acquired vehicles and equipment shall be as fully embraced within and subject to the lien hereof as if now owned by the Company and specifically described herein, subject only to any purchase money or title retention liens on any of said vehicles or equipment in existence at the time of or created as a condition to the Company's acquisition thereof.

GRANTING CLAUSE VI

All poles, feeders, trolley wire and associated devices and suspension owned by the Company wherever installed as a part of the Company's operating property.

EXPRESSLY EXCEPTING AND EXCLUDING, however, all of the property of the Company not expressly described or referred to in the preceding Granting Clauses, including, but not limited to, the following excepted property: (a) All of its automobiles, trucks, trailers and other service and maintenance vehicles; (b) all of its cash, bills, notes, accounts receivable, credits, claims, choses in action, securities, materials and supplies, scraps and tools; and (c) all of its office furniture and equipment, communications equipment, work equipment, stores equipment, and other equipment used or provided for use by the Company; but

there shall not be excepted herefrom any equipment which constitutes a part of (i) the real estate described or referred to in Granting Clauses I, II, or III hereof, or (ii) trolley cars, buses, or servicing, overhauling or repair equipment referred to in Granting Clauses IV and V hereof, or (iii) the electrical distribution system referred to in Granting Clause VI hereof.

All property above referred to and subject or intended to be subject to the lien hereof is hereinafter called the "mortgaged property."

TO HAVE AND TO HOLD the mortgaged property unto the Mortgagee and its successors and assigns. This conveyance is intended as a Mortgage, and if all principal, interest and premium, if any, on the Note and on the 1961 Note and all other indebtedness or liability of the Company under the Loan Agreement shall be paid or discharged when due and if all of the provisions of the Loan Agreement to be performed or observed by the Company shall have been duly performed or observed, then this conveyance shall be void, and the Mortgagee shall release the same as provided by law but at the expense of the Company, otherwise this Mortgage to remain in full force and effect.

The Company will not claim any credit on, or make any deduction from the interest or principal hereby secured by reason of the payment of any taxes levied or to be levied upon the lands or other property embraced in this Mortgage during the continuance of the lien of this Mortgage.

The Mortgagee may at its option pay any taxes, assessments or other liens or charges upon any of the mortgaged property and effect and maintain insurance upon the mortgaged property, if the Company shall have failed to pay or discharge or effect and maintain the same as required by the Loan Agreement, in which event the amount of such payments and the cost of such insurance shall be repaid by the Company to the Mortgagee, upon demand, with interest thereon from the time of payment at the rate of 6% per annum, and if not so repaid the amount thereof with interest shall be deemed a part of the indebtedness of the Company secured hereby, in priority to the Note, premium (if any) and interest thereon.

It is understood and agreed that, consistently with the provisions of Section 6.4 of the Loan Agreement, property subject to this Mortgage may be sold or otherwise disposed of to the extent and upon the conditions set forth in said Section

of the Loan Agreement, and the Mortgagee at the expense of the Company shall release from the lien hereof any property so sold or otherwise disposed of upon receipt of a written request from the Company for such release and a certificate signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company, in form and substance satisfactory to the Mortgagee, showing compliance with the provisions of Section 6.4 of the Loan Agreement. Subject to certain restrictions on the sale or disposition of all or substantially all of its property, assets or business, the Company may sell or otherwise dispose of, free of the lien of this Mortgage, mortgaged property of an aggregate fair value of not to exceed the sum of $50,000 during any calendar year, without release by the Mortgagee. No purchaser in good faith of property covered hereby shall be bound to inquire into or ascertain the authority of the Company to make any such sale or be under any obligation to ascertain or to inquire into the authority of the Mortgagee to release such property, provided that there is delivered to such purchaser (i) in case the property so purchased is of a fair value of less than $50,000, a certificate signed by the President or Vice-President and the Treasurer or any Assistant Treasurer of the Company, stating that no release is required under the provisions of the Loan Agreement in order to effect such sale, free of the lien of this Mortgage, or (ii) in case the property so purchased is of a fair value in excess of $50,000, an instrument of release thereof executed by the Mortgagee.

In the event a default under the Loan Agreement shall occur and be continuing, the Mortgagee may proceed to enforce this Mortgage by action to foreclose or by any other means deemed proper by it and allowed by law in which case all indebtedness secured hereby shall become forthwith due and payable. If legal proceedings are instituted by the Mortgagee to enforce this Mortgage or if the Mortgagee voluntarily or involuntarily becomes or is made a party to any legal proceeding relating to the mortgaged property or to this Mortgage or the Note or Loan Agreement, the Company shall upon demand reimburse the Mortgagee for the amount of its reasonable attorney's fees, costs and expenses in connection with such proceeding, and if not so reimbursed the amount thereof shall be deemed a part of the indebtedness of the Company secured hereby, in priority to the Note, premium (if any) and interest thereon.

The Company agrees, to the extent that it may lawfully so agree, that upon the entry of a judgment of foreclosure or

other adjudication that the Company is in default in the performance of its obligations secured hereby, the Mortgagee shall, as a matter of right and without regard to the adequacy of the security, be entitled to the appointment in any proceedings brought to enforce this Mortgage or the obligations secured hereby, of a receiver of the mortgaged property and of the income, rents, issues and profits thereof, while any such proceedings continue to be binding with such powers as may be conferred by the court appointing such receiver.

IN WITNESS WHEREOF, the Company has caused this Mortgage to be executed by its duly authorized officers and its corporate seal to be hereunto affixed and attested, as of the day and year first above written.

In the presence of:

R. A. Braatz
R. A. BRAATZ

Rosalyn McMahon
ROSALYN MC MAHON

MILWAUKEE & SUBURBAN TRANSPORT CORPORATION

A. C. Holmquist
A.C. HOLMQUIST Vice - President

Attest:

M. F. Zurowski
M. F. ZUROWSKI Secretary

(Corporate Seal)

MSTC
6/22/62

STATE OF WISCONSIN)
) SS
MILWAUKEE COUNTY)

Personally came before me this 16th day of Noremper, 1962, A.C. Holmquist, to me known to be the Vice - President, and M.J. Zurowski, to me known to be the Secretary of the above-named MILWAUKEE & SUBURBAN TRANSPORT CORPORATION, the corporation described in and which executed the foregoing instrument, and to me known to be the persons who as such officers executed the foregoing instrument in the name and behalf of said corporation, and acknowledged the same, and acknowledged that the seal affixed to said instrument is the corporate seal of said corporation, and that they signed, sealed and delivered said instrument in the name and behalf of said corporation by authority of its Board of Directors and stockholders, and said A.C. Holmquist and M.J. Zurowski then and there acknowledged said instrument to be the free act and deed of said corporation by each of them voluntarily executed.

Given under by hand and notarial seal this 16th day of Noremper, 1962.

Karl F. Abendroth
KARL F. ABENDROTH Notary Public, Milwaukee County, State of Wisconsin

My commission expires: Feb. 17, 1963

(Notarial Seal)

SCHEDULE I

The real estate and property referred to in Granting Clause I of the foregoing Mortgage from Milwaukee & Suburban Transport Corporation to First Wisconsin National Bank of Milwaukee, dated as of November 1, 1962, consists of the real estate and property hereinafter more specifically described as follows:

All of the following described real estate located in Milwaukee County, Wisconsin:

(a) Passenger Station and Waiting Room Land

North Sixtieth and West North Avenue Transfer Station Site: The north 90 feet of Lot 1, Block 1, Pabst Park No. 1, in the NE 1/4 of Section 22, Township 7 North, Range 21 East.

North Sixtieth and West Vliet Street Transfer Station Site: That part of Lots 1 and 2, Block 1, in Rosedale Park, being part of the SW 1/4 of Section 23, Township 7 North, Range 21 East, in the 15th Ward of the City of Milwaukee, described as follows, to wit: Beginning at the northwest corner of said Lot 1; running thence south along the west line of said lot, 100 feet; thence east, parallel to the south line of said Lots 1 and 2, 60 feet; thence north along the east line of said Lot 2, 91.57 feet to the northeast corner of said Lot 2; thence westerly along the north line of said Lots 2 and 1, 60.58 feet to the point of beginning; subject to restrictions contained in that certain deed recorded on April 26, 1945 in the office of the Register of Deeds for Milwaukee County, Wisconsin in Volume 2107 of Deeds, on Page 632, as Document No. 2553800.

Grange Avenue Transfer Station Site: All of Lot 11 and the south 10 feet of Lot 10, and the south 81.66 feet of Lot 13, in Block 7, in Brenk and Coit Land Co.'s Addition to the Townsite of Cudahy, being a part of the SE 1/4 of Section 26, Township 6 North, Range 22 East, in the City of Cudahy.

Atkinson Avenue Transfer Station Site: All that part of the NW 1/4 and the SW 1/4 of Section 8, Township 7 North, Range 22 East, in the City of Milwaukee, described as follows, to wit: Commencing at the intersection of the northeasterly line of West Atkinson Avenue and the southwesterly line of North Green Bay Avenue as presently laid out; running thence North 60° 09' West on the northeasterly line of West Atkinson Avenue, 102.92 feet to a point; thence North 29° 51' 30" East 74.88 feet to a point in the southwesterly line of North Green Bay Avenue; thence South 24° 06' 30" East on said southwesterly line of North Green Bay Avenue 127.29 feet to the place of beginning together with the easement right for attachment of the train shed and bus shelter roof to the building located on the lands lying northwest of the above described premises as said easement is reserved in that certain deed recorded on December 3, 1940, in the office of the Register of Deeds for Milwaukee County, Wisconsin in Volume 1687 of Deeds, on Page 401, as Document No. 2291696, and subject to the conditions contained therein. Subject to that certain easement of party of the first part dated October 7, 1952, and recorded on October 8, 1952, in the office of the Register of Deeds for Milwaukee County, Wisconsin as Document No. 3146644, granting to Wisconsin Electric Power Company the right of ingress and egress over and across a portion of the above described premises to and from the adjoining substation property of said Wisconsin Electric Power Company.

(b) Car House and Car Storage Yard Land

Fond du Lac Avenue Car Station and Garage Site: That part of the NE 1/4 of Section 13, Township 7 North, Range 21 East, and Lot 3 of Subdivision of 18.855 acres in the City of Milwaukee bounded as follows, to wit: On the west by North 35th Street, on the Northeast by West Fond du Lac Avenue, on the east by North 32nd Street, and on the south by West Locust Street, excepting therefrom that portion of the above described premises lying north of the south line of lands described in the land contract to Clarence F. Sommerfield, dated July 11, 1945, and recorded on July 31, 1946, in the office of the Register of Deeds for Milwaukee County, Wisconsin as Document No. 2653339, said south line being more fully described as follows: Commencing at a point in the east line of North 35th Street, which point is 135.95 feet south of the point of intersection of said east line of North 35th Street and the southwesterly line of West Fond du Lac Avenue; running thence North 68° 11' East on the center line of a party wall and its extension 61.32 feet to a point; thence South 21° 53' East 42.50 feet to a point; thence North 68° 07' East 9.53 feet to a point; thence North 46° 19' 30" East at right angles to the southwesterly line of West Fond du Lac Avenue 43.92 feet to a point on said southwesterly line of West Fond du Lac Avenue, which point is 164.11 feet southeasterly from said point of intersection, measured on the southwesterly line of West Fond du Lac Avenue. Subject to party wall agreement as described in said Document No. 2653339.

Excepting and reserving therefrom that part of the above parcel described as follows:
Commencing at a point in the northwest corner of the Northeast one-quarter (N. E. 1/4) of Section thirteen (13), Township seven (7) North, Range twenty-one (21) East, running thence south along the west line of said one-quarter (1/4) section, ninety-six and ninety-seven one hundredths (96.97) feet to a point; thence east along a line measured at right angles to the west line of said one-quarter (1/4) section thirty and no-one-hundredths (30.00) feet to a point said point being the point of intersection of the present southwesterly line of West Fond du Lac Avenue extended and the present east line of North Thirty-fifth (N. 35th) Street extended, thence south forty-three degrees forty minutes thirty seconds east (S. 43°43'30"E.) along said southwesterly line of West Fond du Lac Avenue and its extension northwesterly one hundred sixty-four and eleven one-hundredths (164.11) feet to a point said point being the point of beginning of the land to be described; thence south forty-three degrees forty minutes thirty seconds east (S. 43°40'30"E.) along said southwesterly line of West Fond du Lac Avenue, ninety-eight and twenty-five one-hundredths (98.25) feet to a point; thence north forty-six degrees fifty-three minutes fifty-five seconds west (N. 46°53'55"W.) ninety-eight and forty-one hundredths (98.40) feet to a point, said point lying five and fifty-three one hundredths (5.53) feet south forty-six degrees nineteen minutes thirty seconds west (S. 46°19'30"W.) of and measured at right angles to said southwesterly line of West Fond du

Lac Avenue; thence north forty-six degrees nineteen minutes thirty seconds east (N. 46°19'30" E.) along a line measured at right angles to said southwesterly line of West Fond du Lac Avenue five and fifty-three one-hundredths (5.53) feet to the point of beginning. (Parcel 6) (G-12498, 3343-45 W. Fond du Lac Avenue)

Kinnickinnic Avenue Car Station Site: Lot lettered "B" in Subdivision of Lots lettered "B" and "L", Horace Chase's Subdivision in the NE 1/4 of Section 5, Township 6 North, Range 22 East, except a strip of land off the south end measuring 3 inches wide at the east end and 9 inches wide at the west end.

Fiebrantz Avenue Car Station Site: All that part of the Southeast 1/4 of Section 6, Township 7 North, Range 22 East, in the City of Milwaukee, bounded and described as follows, to wit: Commencing at the southwest corner of Lot 3, Block 1, of Harry Mewes Subdivision; running thence east on the north line of West Fiebrantz Avenue 229.12 feet to a point; which point is the place of beginning of the lands herein described; thence North 22° 38' 20" West 57.15 feet to a point; thence west 14.2 feet to a point; thence North 8° 09' West 20.45 feet to a point; thence North 0° 26' West 305 feet to a point; thence North 8° 48' 40" West 20.23 feet to a point; thence North 0° 06' 15" West 42.30 feet to a point; thence North 44° 50' 55" East 42.82 feet to a point on the extended south line of Block 2 of the Savings and Investment Association of Milwaukee Subdivision No. 21; thence east on the south line of said Block 2 and the extension thereof, 292.63 feet to the southeast corner of Lot 15 of said Block 2; thence South 0° 25' East on the west line of said Block 2, 295.5 feet to the southwest corner of Lot 25, said Block 2; thence east on the south line of said Lot 25, 120 feet to a point on the west line of North 19th Street; thence South 0° 25' East on the west line of said North 19th Street 175.59 feet to a point on the north line of West Fiebrantz Avenue; thence west on the north line of West Fiebrantz Avenue 401.33 feet to the place of beginning. Excepting and reserving therefrom all that part of the above described parcel lying west of a line 200 feet east of and parallel to the east line of North 20th Street as said street is presently laid out.

All that part of the north 80 feet of Lots 1, 2 and 3, Block 4, People's Building and Loan Association Subdivision No. 7, a subdivision in the W 1/2 of the SE 1/4 of Section 6, Township 7 North, Range 22 East, City of Milwaukee, described as follows, to wit: Commencing at the northeast corner of said Lot 1; running thence south on the east line of said Lot 1, 75 feet to a point; thence northwest in a straight line to a point in the north line of said Lot 3, which point is 65 feet west of said northeast corner of said Lot 1; thence east on the north line of said Lots 3, 2 and 1, 65 feet to the place of beginning.

Oakland Avenue Car Station Site: All that part of Government Lot 2 in the NE 1/4 of Section 9, Township 7 North, Range 22 East, described as follows, to wit: Commencing at a point on the south line of said Lot 2, which point is 329.00 feet west of SE corner of said Lot 2, running thence westerly on the south line of said lot to the east line of the railway right-of-way of the Chicago & North Western Railway Company; thence northwest on said east line of the Chicago & North Western Railway Company right-of-way to the southeast line of Morris Boulevard; thence northeasterly on said southeast line of Morris Boulevard to the southwest corner of Lot 22, Block 1, Ravinia Park Subdivision, being a subdivision in said NE 1/4 of said Section 9; thence North 89° 08' East on the south line of said Block 1 of Ravinia Park Subdivision 498.74 feet to a point; thence south on the west line of said Block 1, 365 feet to a point; thence North 89° 08' East on the south line of said Block 1, 160 feet to a point in the east line of said section 9; thence south on said section line 217.23 feet to a point which is 86.84 feet north of the southeast corner of said Lot 2; thence South 89° 11' West parallel to the south line of said Lot 2, 116.83 feet to a point; thence north parallel to the east line of said Lot 2, 14.4 feet to a point; thence South 89° 11' West, 9.6 feet to a point; thence north, parallel to said east line of Lot 2, 39.8 feet to a point; thence South 89° 11' West, 202.57 feet to a point; thence south parallel to said east line 141.04 feet to the place of beginning. Subject to the public's use of North Oakland Avenue, which includes that part of the above described land lying east of a line 40 feet west of and parallel to the east line of said Section 9.

Also together with the easements and party wall rights conveyed to party of the first part by, and subject to the easements, party wall rights, exceptions, reservations and conditions contained in that certain correction deed dated January 29, 1947, and recorded on February 6, 1947 in the office of the Register of Deeds for Milwaukee County, Wisconsin in Volume 2335 of Deeds, on Pages 538 to 542, inclusive, as Document No. 2693852.

Also together with the easements reserved to party of the first part by, and subject to the easements, exceptions, reservations and conditions contained in that certain deed of party of the first part to Wisconsin Electric Power Company dated April 11, 1947, and recorded on April 14, 1947 in the office of the Register of Deeds for Milwaukee County, Wisconsin as Document No. 2706334.

Also subject to rights of Metropolitan Sewerage Commission of the County of Milwaukee to construct, maintain and operate a sewer in the property as set forth in right-of-way granted July 21, 1930 by Milwaukee Electric Railway and Light Company to Metropolitan Sewerage Commission of the County of Milwaukee, recorded in the office of the Register of Deeds for Milwaukee County, Wisconsin in Volume 1354 of Deeds, Page 328, as Document No. 1857524.

(c) Garage Land

East Kinnickinnic Garage: A strip of land at the south end of Lot B in Subdivision of Lots B and L, Horace Chase's Subdivision in the NE 1/4 of Section 5, Township 6 North, Range 22 East, measuring 3 inches wide at the east end and 9 inches wide at the west end.

Also Lots 1, 2, 3, 4, 5, 6, 7, 8 and 9 in Block 132, except the east 23 feet; and that part lying east of South Kinnickinnic Avenue of Lots 1, 2, 3, 4, 5, 6, 7, 8 and 9 in Block 133, of Judge A. D. Smith's Subdivision, in said NE 1/4 of Section 5; excepting and reserving therefrom all that part of Lots 7, 8 and 9 in said Block 132, that part of Lots 7, 8 and 9 in said Block 133, lying east of South Kinnickinnic Avenue, and that part of vacated Barclay Street, all in said Judge A. D. Smith's Subdivision, bounded and described as follows, to wit: Commencing at a point on the south line of said Lot 9, Block 132, 23 feet west of the southeast corner of said Lot 9, Block 132, running thence north parallel to the east line of said Block 132, 60.88 feet to a point on the extended line of the north face of an existing wall; thence west on the north face of said wall and its extension to a point on the easterly line of South Kinnickinnic Avenue as presently laid out and occupied; thence southeasterly on said easterly line 65.46 feet to a point on the north line of East Maple Street; thence east on the north line of East Maple Street 156.49 feet to the place of beginning, together with the footings of said wall with the permanent right and easement to maintain, repair and replace said footings in the south 3 feet of said conveyed premises, and the permanent right to use in common with party of the second part the existing drains, sewers and water mains on the premises hereby conveyed and now serving the said excepted premises.

Also together with the right to maintain existing attachments to said wall for the support and use of the garage structure on the premises hereby conveyed so long as said existing wall shall remain in place, and the permanent right to use in common with party of the first part the existing drains, sewers and water mains on the said excepted premises and now serving the premises hereby conveyed.

1715 South Kinnickinnic Avenue Garage: The south 60 feet of Lot lettered "C" in Horace Chase's Subdivision in the NE 1/4 of Section 5, Township 6 North, Range 22 East.

West Kinnickinnic Garage: All that part of Lots 1, 2, 3 and 4 in Block 133 of Judge A. D. Smith's Subdivision in the NE 1/4 of Section 5, Township 6 North, Range 22 East, lying west of South Kinnickinnic Avenue, and all of Lots 15, 16, 17 and 18 in said Block 133.

(d) Repair Shop Land

Cold Spring Shops: That part of the SW 1/4 of Section 24, and the NW 1/4 of Section 25, Township 7 North, Range 21 East, described as follows, to wit: Commencing at the southeast corner of Lot 14, Block 2, Winckler's West Park Addition; thence north on the east line of said Lot 14 to the southwest corner of Lot 17, Adelin Subdivision; thence east on the south line of said Lot 17, 157.55 feet to North 40th Street; thence south on the west line of North 40th Street to the south line of West McKinley Avenue; thence

east on said south street line to the northwest corner of the south one-half of Lot 20, Block 2, Becker's Subdivision; thence south on the west line of said Block 2 to a point on the northwesterly right-of-way line of the Chicago, Milwaukee, St. Paul & Pacific Railroad Company; thence southwesterly on said right-of-way line to the center line of West Highland Boulevard; thence northwesterly and north on said center line to its intersection with the south line of said Lot 14 extended west; and thence east on said south lot line and said extension to the place of beginning, excepting and reserving therefrom the east 39 feet. Subject to that certain easement of party of the first part dated October 7, 1952, and recorded on October 8, 1952, in the office of the Register of Deeds for Milwaukee County, Wisconsin as Document No. 3146645, granting to Wisconsin Electric Power Company the permanent right to keep, use, maintain or remove certain buildings and equipment located on the easterly portion of the above described premises hereby conveyed, together with the right of ingress and egress to and from said buildings and equipment.

(e) Miscellaneous Land

Lower Cold Spring Yard: That part of the NW 1/4 of Section 25 and the NE 1/4 of Section 26, Township 7 North, Range 21 East, described as follows, to wit: Commencing at the intersection of the center line of West State Street and the east line of said Section 26; running thence North 79° 15' West on said center line, 117.05 feet to a point, which point is 115 feet west of said section line; thence north and parallel 115 feet distant from said section line, 749.93 feet to a point; thence North 54° 22' East, 141.49 feet to a point on said section line; thence north on said section line to a point on the south line of Block 3, Menominee Subdivision in said NW 1/4 of Section 25; thence North 88° 26' 15" East on the south line of said Block 3, 274.72 feet; thence North 54° 24' 55" East on the southeasterly line of said Block 3 and the extension thereof 145.47 feet; thence North 0° 05' East parallel to the east line of said Block 3, 92.36 feet to the south line of West Martin Drive; thence North 89° 55' East on said south line and the extension thereof to a point on the center line of West Highland Boulevard; thence southeasterly on said center line to the northwesterly line of the railway right-of-way of the Chicago, Milwaukee, St. Paul & Pacific Railroad Company; thence southwesterly on said right-of-way line to the intersection with said center line of West State Street; and thence west on said center line to the place of beginning; excepting and reserving therefrom that part of the above parcel described as follows:
Commencing at the Northeast corner of Lot 8, Block 3, Menomonee Subdivision, a subdivision in said Northwest one-quarter (NW 1/4) of Section 25; thence S. 89°55' East on the South line of W. Martin Drive 14 feet to a point, which point is the place of beginning for lands herein described; thence continuing S. 89°55' East on said South line 126.08 feet to a point on the westerly line of W. Highland Boulevard; thence S. 35°20' East on said westerly line 76.09 feet to a point; thence S. 64°31' West 188.61 feet to a point; thence N. 0°05' East, parallel to the East line of aforesaid Lot 8, Block 3, 143.45 feet to the place of beginning.

subject, however, to rights of A. Gettelman Brewing Company to locate, maintain, operate and repair water mains as reserved in a deed from A. Gettelman Brewing Company to The Milwaukee Electric Railway and Light Company recorded in the office of the Register of Deeds for Milwaukee County, Wisconsin, in Volume 1012 of Deeds, Page 412, as Document No. 1271976; subject also to a 15 foot easement to the City of Milwaukee for sewer purposes as set forth in conveyance from Milwaukee Sharpshooters Society of Milwaukee to the City of Milwaukee dated September 18, 1893 and recorded October 12, 1893 in the office of the Register of Deeds for Milwaukee County, Wisconsin in Volume 322 of Deeds, Page 123, as Document No. 242866; subject also to conveyance from James D. Shaw to the City of Milwaukee dated March 31, 1906 for construction and maintenance of a viaduct for highway purposes, recorded in the office of the Register of Deeds for Milwaukee County, Wisconsin April 16, 1906, in Volume 529 of Deeds, Page 181, as Document No. 544196.

SCHEDULE II

The trackless trolley cars and gasoline and diesel motor buses referred to in Granting Clause IV of the foregoing Mortgage from Milwaukee & Suburban Transport Corporation to First Wisconsin National Bank of Milwaukee, dated as of November 1, 1962, incl udes the below-listed equipment:

(a) Trackless Trolley Cars

Two hundred sixty-three trackless trolley cars, numbered 238, 241, 245, 246, 248, 249, 250, 251, 253, 255, 256, 257, 259, 261, 264, 265, 269, 270, 272-289, inclusive, 291, 292, 293, 294, 296, 297, 298, 299, 300, 301, 304, 305, 306, 307, 309, 311-405, inclusive, 408-449, inclusive, 515-589, inclusive.

(b) Gasoline Motor Buses

One hundred seventy-eight gasoline motor buses numbered 891 to 921, inclusive, 934 to 984, inclusive, 1000 to 1072, inclusive and 1074 to 1096, inclusive.

(c) Diesel Motor Buses

Three hundred and nine diesel motor buses, numbered 1195 to 1503, inclusive.

(d) Fare Boxes

One thousand, two hundred and three fare boxes used on the aforementioned trackless trolley cars and motor buses.

STATE OF WISCONSIN } ss.
Department of State }
Received this 20th day of
Nov. A. D. 19 62 at 10:00
o'clock A. M. and recorded in Vol.
45 of Railroad Mortgages
on pages 358-365.
Secretary of State

This instrument was drafted by Allen M. Taylor

STATEMENT OF COMPLIANCE
FORM CPR 11

State of Wisconsin
PUBLIC RECORDS BOARD

AGENCY: Secretary of State

DATE: 1984

DIVISION: —

REEL NUMBER: 45

RECORD SERIES: Record Index

DISPOSAL AUTHORIZATION NUMBER:

I certify that the film listed above complies with the minimum standards of quality for permanent photographic records, as established by the Public Records Board and that the film was processed and developed in accordance with minimum standards established by the Board.

I certify pursuant to Section 16.61 (7) Wisconsin Statutes, that this records series has been photographed on the reels of film listed above.

FILM DEVELOPER AND PROCESSOR

Douglas La Follette
HEAD OF AGENCY OR DESIGNATED REPRESENTATIVE

Form CPR 10

State of Wisconsin
PUBLIC RECORDS BOARD

CAMERA OPERATOR'S CERTIFICATE

REEL NUMBER: 45

REDUCTION RATIO: 20

DISPOSAL AUTHORIZATION NUMBER: 414:53

CAMERA (TYPE): Recordak (MODEL): MRC-4 (SERIAL NUMBER): 542

TITLE OF RECORD SERIES: Record Index

AGENCY: Sec. of State

I certify that I have on this day of 9-16, 19 84, photographed the above described documents in accordance with the standards and procedures established by Section 16.61 of the Wisconsin Statutes.

ROLL BEGINS WITH: Vol. 45

ROLL ENDS WITH: Vol. 45

CAMERA OPERATOR: [illegible]