

accordance with the foregoing provisions, certify bonds bearing the rate of interest as provided in said resolutions, so filed and lodged with it from time to time.

It is hereby provided and agreed that Three Million Seven Hundred and Fifty Thousand Dollars in amount, exclusive of interest of said bonds, certified by the trustee under this mortgage, shall be retained by the trustee for the purpose of being exchanged for the bonds of said Railroad Company heretofore issued and now outstanding, and secured by said prior mortgage on the property of the Railroad Company. The trustee shall exchange said bonds for any of said prior bonds now outstanding, which shall be offered to it for exchange, giving bonds issued hereunder at par for said prior bonds at par, until the exchange is perfected, so that all of said prior outstanding bonds are in the hands of the Trust Company, the trustee shall hold such of said prior outstanding bonds as it may receive, in trust under this instrument, for the benefit of, and as additional security to, the holders of bonds issued under this mortgage. And all interest paid to the trustee on bonds held by it under this paragraph shall be repaid to the Railroad Company, so long as no default on its part occurs with respect to paying the bonds and interest thereon hereby secured. When the exchange is fully completed, and all of said prior outstanding bonds have been received in exchange by the trustee, then it shall be the duty of the trustee to cancel said bonds so received by it in exchange, and deliver the same over to the said Railroad Company, and to cause said prior mortgage to be satisfied, and cause said satisfaction to be entered of record; and thereupon to deliver to the Railroad Company any surplus of bonds received by it under this paragraph remaining in its hands after the exchange is fully completed.

Whereas, For the purpose of securing the punctual payment of said bonds both principal and interest, which are to be so issued, said party of the first part has resolved to execute a mortgage or deed of trust of all its franchises, railway, rolling stock and equipment, and of all its corporate property of every nature and kind, now owned, or hereafter to be acquired (except such lands as are not necessary or used for right of way or depot grounds of said railroad, or in operating the same), to the party of the second part, as trustee for the benefit and security of the holders of said bonds, all of which, at

Goes to the amount of \$3,750,000 set apart for retiring old bonds of the company at par. Until all of prior bonds are redeemed, trustee is to hold said prior bonds as additional security to holders of bonds issued hereunder. When the exchange is fully completed, trustee shall cancel prior bonds and cause prior mortgage to be satisfied of record.

So secure new bonds RR Co. has resolved to mortgage all its property, with certain exceptions