every such bond shall, subject to the terms hereof, be secured hereby equally and proportionately with every other such bond, as though all had been made, executed, delivered and negotiated simultaneously with the execution and delivery of this indenture; it being intended that the lien and security of all such bonds shall take effect from the day of the date of this indenture, without regard to the date of actual issue, sale or disposition thereof; and so that the lien and security of this indenture, and of all bonds issued hereunder, shall take effect from the day of the date hereof, as though upon such day all such bonds had been actually issued, sold and delivered to, and in the hands of, innocent holders for value.

And it is hereby expressly covenanted that all such bonds, and the coupons for interest thereon, are to be issued, certified, delivered, received and negotiated, and that the mortgaged and pledged properties and franchises are to be held by the Trustees, subject to the following further covenants, conditions and provisions, viz.:

ARTICLE ONE.

ISSUE OF BONDS.

SECTION 1. From time to time the first and refunding mortgage bonds shall be executed by the Railway Company and by it shall be delivered for authentication to the Trust Company being Trustee hereunder and hereinafter called the Trust Company, and thereupon as provided in this Article, and not otherwise, the Trust Company shall authenticate and shall deliver the same. At the option of the Railway Company, from time to time, any of such bonds may be executed, authenticated and delivered originally either as coupon bonds or as registered bonds.

The amount of first and refunding mortgage bonds which may be executed by the Railway Company, and which may be authenticated by the Trust Company, is limited, so that never at any time shall there be outstanding first and refunding mortgage bonds for an aggregate principal sum exceeding **$163,000,000**. All of such bonds shall bear interest at such rates, not exceeding four per centum per annum, as from time to time shall be fixed and determined by the board of directors or executive committee of the Railway Company, and as shall be designated in said bonds when issued, payable semi-annually on the first day of April and the first day of October in each year.

The Trust Company shall not authenticate or deliver any coupon bond hereby secured until all coupons thereof then matured shall have been detached and shall have been canceled, and the Trust Company shall not authenticate or deliver any registered bond bearing interest from any date more than six months prior to such authentication.

Only such of said bonds as shall bear thereon a certificate substantially in the form hereinbefore recited, duly executed by the Trust Company, shall be secured by this indenture, or shall be entitled to any lien or benefit hereunder. No such bond or any coupon thereunto attached shall be valid for any purpose until such certificate shall have been duly endorsed on such bond. Every such certificate of the Trust Company upon any bond executed by the Railway Company shall be the conclusive and the only evidence that the bond so authenticated was duly issued hereunder and is entitled to the benefit of the trust hereby created.

On request of the Railway Company, but within the limitations hereinafter prescribed, first and refunding mortgage bonds shall be authenticated and be delivered hereunder in advance of registration or recording of this indenture; but the Railway Company with all convenient speed shall cause this indenture to be recorded as a mortgage upon railways.

SEC. 2. **$15,000,000**, face amount, of the first and refunding mortgage bonds shall be executed by the Railway Company and be delivered to the Trust Company for authentication, and as soon as may be after the execution of this indenture, and without any further action on the part of the Railway Company, shall by the Trust Company be authenticated and be delivered to the Railway Company, upon the written order of the Railway Company signed by its President or a Vice-President, and by its Treasurer or an Assistant Treasurer under the corporate seal. The bonds so delivered to the Railway Company shall be held and may be used by it for its general corporate purposes, freed and discharged from any restrictions.

SEC. 3. **$25,000,000**, face amount, of the first and refunding mortgage bonds shall be executed by the Railway Company and shall be delivered to the Trust Company to be authenticated and delivered by the Trust Company to the Railway Company, from time to time, upon the written order of the Railway Company signed by its President or a Vice-President and by its Treasurer or an Assistant Treasurer, under the corporate seal, accompanied with a certificate signed, *first*, by the President or a Vice-President or the Chief Engineer, and, *secondly*, by the Comptroller or Auditor or Treasurer of the Railway Company, stating that an amount of money equal to the then value, at the price to be fixed in the manner prescribed in section 7 of this Article One, of the bonds called for in such written order of the Railway Company has, since January 1, 1904, been expended or contracted to be expended by the Railway Company in the acquisition of property, including shares of capital stock and bonds (other than bonds for the acquisition or retirement of which provision is made in section 4 or section 6 of this Article), which the Railway Company may lawfully acquire. The Railway Company shall also furnish the opinion of counsel for the Railway Company to

the effect that the Railway Company may lawfully acquire the property covered by any such certificate. Such order, certificate and opinion shall be deemed and taken to be full authority and protection to the Trust Company for its authentication and delivery of such bonds under the foregoing provisions of this section. The bonds so delivered to the Railway Company shall be held and may be used by it for its general corporate purposes, freed and discharged from any restrictions.

SEC. 4. **$82,025,000**, face amount, of the first and refunding mortgage bonds shall be reserved to be executed by the Railway Company, and to be authenticated and delivered by the Trust Company, from time to time, for the purpose of exchanging, redeeming, purchasing, retiring, refunding or paying at or before maturity the following bonds, notes and equipment trust certificates, which are hereinafter called underlying bonds:

(a) $12,500,000 Chicago, Rock Island and Pacific Railway Company General Mortgage four per cent. bonds of 1988, hereafter to be issued for the purpose of exchanging, redeeming, retiring, refunding or paying at or before maturity a like face amount of Chicago, Rock Island and Pacific Railroad Company First Mortgage six per cent. bonds of 1917;

(b) $25,900,000 Chicago, Rock Island and Pacific Railway Company General Mortgage four per cent. bonds of 1988, hereafter to be issued at a rate not exceeding $1,000,000 in any one calendar year, on account of expenditures made by the Railway Company in the permanent improvement or extension of or in additions to the property, including equipment, subject to the lien of the General Gold Bond Mortgage of the Railway Company securing said General Mortgage bonds;

(c) $8,405,000 Burlington, Cedar Rapids and North-