ARTICLE ELEVEN.

POSSESSION UNTIL DEFAULT—DEFEASANCE CLAUSE.

SECTION 1. Until some default shall have been made in the due and punctual payment of the interest or of the principal of the first and refunding mortgage bonds at any time outstanding, or of some part of such interest or principal, or in the due and punctual performance and observance of some covenant or condition hereof obligatory upon the Railway Company, and until such default shall have continued beyond the period of grace, if any, herein provided in respect thereof, the Railway Company, its successors and assigns, shall be suffered and permitted to retain actual possession of all the property subject to this indenture (other than bonds, certificates of stock, cash and other property pledged or to be pledged hereunder with the Trustees), and to manage, operate and use the same and every part thereof, with the rights and franchises appertaining thereto, and to collect, receive, take, use and enjoy the tolls, earnings, income, rents, issues and profits thereof.

SEC. 2. If, when the first and refunding mortgage bonds shall have become due and payable, the Railway Company shall well and truly pay, or cause to be paid, the whole amount of the principal and interest due upon all of the first and refunding mortgage bonds and coupons then outstanding, or shall provide for the payment of such bonds and coupons by depositing with the Trustees hereunder the entire amount due thereon for principal and interest, and also shall pay, or cause to be paid, all other sums payable hereunder by the Railway Company, and shall well and truly keep and perform all the things herein required to be kept and performed by it according to the true intent and meaning of this indenture, then and in that case all property, rights and interests hereby conveyed or assigned or pledged shall revert

to the Railway Company, and the estate, rights, title and interest of the Trustees shall thereupon cease, determine and become void, and the Trustees in such case, on demand of the Railway Company, and at its cost and expense, shall enter satisfaction of this indenture upon the record; otherwise the same shall be, continue and remain in full force and virtue.

ARTICLE TWELVE.

SUNDRY PROVISIONS.

SECTION 1. All the covenants, stipulations, promises and agreements in this indenture contained by or in behalf of the Railway Company, shall bind its successors and assigns, whether so expressed or not.

SEC. 2. Nothing contained in this indenture, or in any first and refunding mortgage bond, shall prevent any lease, subject to the continuing lien of this indenture and to all the provisions thereof, of all the property subject to this indenture, to a railway corporation at that time existing under and by virtue of the laws of any state or states, or of the United States, and empowered to take such a lease; provided, however, that such lease shall be made subject to termination by the Railway Company or by the Trustees hereunder in case of the happening of an event of default, or by the purchaser at any sale of the mortgaged and pledged premises, made in enforcement of this indenture.

SEC. 3. Nothing contained in this indenture, or in any first and refunding mortgage bond, shall prevent any consolidation or merger of the Railway Company with any other corporation, or any sale, subject to the continuing lien of this indenture and to all the provisions thereof,

of all the property subject to this indenture, as an entirety, to a railway corporation at that time existing under and by virtue of the laws of any state or states, or of the United States, and empowered to acquire the same; provided, however, that such consolidation, merger or sale shall be upon such terms as to preserve and not to impair the lien and security of this indenture, or any of the rights or powers of the Trustees or of the holders of the first and refunding mortgage bonds.

In case the Railway Company shall be consolidated or merged with any other corporation, or shall sell all the property subject to this indenture as an entirety, as aforesaid, the corporation formed by such consolidation, or the corporation into which the Railway Company shall have been merged, or which shall have purchased as aforesaid, upon executing and causing to be recorded an instrument satisfactory to the Trustees whereby such successor or purchasing corporation shall assume the due and punctual payment of the principal and interest of the first and refunding mortgage bonds and the performance of all the covenants and conditions of this indenture, shall succeed to, and be substituted for, the Railway Company, party of the first part hereto, with the same effect as if it had been named herein as such party of the first part; and such successor or purchasing corporation thereupon may cause to be signed, and may issue, either in its own name or in the name of The Chicago, Rock Island and Pacific Railway Company, any or all of such bonds which theretofore shall not have been signed by The Chicago, Rock Island and Pacific Railway Company and delivered to the Trustees; and, upon the order of said successor or purchasing corporation, in lieu of the Railway Company, and subject to all the terms, conditions and restrictions herein prescribed, the Trustees shall certify and shall deliver any of such bonds which previously shall have been signed and delivered by the officers of the Railway Company to the

Trustees for certification, and any of such bonds which such successor or purchasing corporation thereafter shall cause to be signed and delivered to the Trustees for that purpose. All the bonds so issued shall, in all respects, have the same legal rank and security as the bonds theretofore or thereafter issued in accordance with the terms of this indenture, as though all of said bonds had been issued at the date of the execution hereof.

For every purpose of this indenture, including the execution, issue and use of any and all first and refunding mortgage bonds, the terms "Railway Company" and "The Chicago, Rock Island and Pacific Railway Company" include and mean not only the party of the first part hereto, but also any such successor or purchasing corporation. Every such successor or purchasing corporation shall possess, and from time to time may exercise, each and every right and power hereunder of The Chicago, Rock Island and Pacific Railway Company, in its name or otherwise.

Any act or proceeding, by any provision of this indenture authorized or required to be done or performed by any board or officer of the Railway Company, shall and may be done and performed with like force and effect by the like board or officer of any railway corporation that shall at the time be such lawful sole successor or purchaser of the Railway Company.

Nevertheless, before the exercise of the powers conferred by this Article, the Railway Company, by instrument in writing executed by authority of two-thirds of its board of directors and delivered to the Trustees, may surrender any of the powers reserved to the Railway Company or to such successor or purchasing corporation; and thereupon such power so surrendered shall terminate.

SEC. 4. In order to facilitate the record of this indenture, the same may be simultaneously executed in several counterparts, each of which so executed shall be deemed to be an