

Article I

58

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

"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.

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

"Contingent Interest" shall mean with respect to the Bonds, General 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 First National Bank of Chicago 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

Article I

59

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 Bondable Equipment, shall mean the amount properly charged to Road and Equipment Account as the cost or investment of the Company in Equipment; 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.

"Cost of Additions and Betterments" shall mean the amount properly charged to Road and Equipment Account 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 and the bonds, notes, certificates of indebtedness and other obligations and claims for the payment of money of any 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 Corporate Trustee.

Article I

60

"Equipment" shall mean locomotives, however propelled or operated, passenger, freight, mail, express, baggage or other railway cars, work cars, buses, tractors, trailers, trucks, automobiles, aircraft, boats, vessels, tugs, lighters, floats, barges, ferries and any and all other vehicles and conveyances used for the transportation of passengers, employees, freight, mail, express, baggage and materials by land, air or water.

"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, bonded 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 Sinking Fund" shall mean any sinking fund established pursuant to the provisions of Section 4 of Article VII for the retirement of Bonds.

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

"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.

"Fixed Property" shall mean all property the cost of which, at the time of acquisition or construction, was properly chargeable to Road and Equipment Account, except Equipment and except property having a Life Expectancy of less than 25 years when acquired or constructed by the Company.

Article I

61

"General Mortgage" shall mean the indenture executed and delivered by the Company to The Northern Trust Company and Gale F. Johnston, as trustees, dated as of January 1, 1948, 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 Corporate Trustee, provided such individual, partnership or corporation is in fact independent 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 Corporate Trustee.

"Individual Trustee" shall mean Joseph E. Williams or any individual who shall be his successor as a Trustee under the Mortgage.

"Life Expectancy," when used with respect to Additions and Betterments, or with respect to Bondable Equipment, shall mean the estimated number of years of useful life thereof in the transportation service of the Company, from the date of acquisition or construction thereof by the Company, with reasonable maintenance, replacements and repairs, as evidenced by an Engineer's Certificate delivered to the Corporate Trustee.