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

"Net Cost," when used in connection with any Application with respect to Additions and Betterments, shall mean the Cost of such Additions and Betterments minus:

(a) The aggregate amounts credited to Depreciation and Equipment Account 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 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 Corporate Trustee, and which conforms to the requirements of Section 2 of Article XIX, when applicable.

"Opinion of Counsel" shall mean a written opinion of counsel, who shall be satisfactory to the Corporate Trustee and who may be counsel for the Company, and dated not more than 60 days prior to the delivery thereof to the Corporate Trustee, and which conforms to the requirements of Section 2 of Article XIX, 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, whether in the form of coupon Bonds or registered Bonds without coupons or both, authenticated and delivered by the Corporate Trustee under the Mortgage, except, with respect to all Bonds of

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given, or provision shall have been made for giving such notice, to the satisfaction of the Corporate 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 pledged by the Company, as evidenced by an Officers' Certificate delivered to the Corporate Trustee.

"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 Corporate 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

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all series or all Bonds of any specified series, as the case may be:

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

(b) 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, provided that if such Bonds are to be redeemed notice of such redemption shall have been given, or provision satisfactory to the Corporate 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 2 of Article II; and

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

(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

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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.

(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.

"Purchased Property" shall mean lines of railroad, bridge or railroad terminals, including the movable Equipment thereof, 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