

ARTICLE XIV

CONCERNING THE TRUSTEES

SECTION 1: The Trustees accept the trusts hereby created upon the terms and conditions in this Article XIV specified, to all of which the Company and the holders of the Bonds and coupons at any time outstanding, by their acceptance thereof, agree.

Whenever and so long as an Event of Default has occurred and is continuing, the Trustees shall exercise such of the powers vested in them by the Mortgage, or take such other action with respect to such default, as in their judgment is necessary or desirable for the protection of the interests of the holders of Bonds issued hereunder.

No provision of the Mortgage shall be construed to relieve the Trustees from liability for their own negligent action, their own negligent failure to act, or their own willful misconduct, except that:

(a) Prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred.

(1) the duties and obligations of the Trustees shall be determined solely by the express provisions of the Mortgage, and the Trustees shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Mortgage, and no implied covenants or obligations shall be read into the Mortgage against the Trustees; and

(2) in the absence of bad faith on the part of the Trustees, the Trustees may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates, statements, reports or opinions furnished to the Corporate Trustee; but in the case of any such certificates, statements, reports or opinions which by any

provision of the Mortgage are specifically required to be furnished to the Corporate Trustee, the Corporate Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Mortgage.

(b) The Trustees shall not be liable for any error of judgment made in good faith by a responsible officer of the Corporate Trustee, if such officer shall have been selected and continued in office in the exercise of due care, unless it shall be proved that the Trustees were negligent in ascertaining the pertinent facts.

(c) The Trustees shall not be liable with respect to any action taken or omitted to be taken by them in good faith in accordance with the direction of the holders of not less than a majority in principal amount (or such other percentage of the principal amount specifically prescribed by the Mortgage for a particular action) of the outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustees or exercising any trust or power conferred upon the Trustees under the Mortgage.

(d) In the case of any action to be taken or suffered by the Trustees, wherein the Mortgage specifically authorizes such action notwithstanding the continuance of an Event of Default, the Trustees may rely on certificates and opinions furnished to the Corporate Trustee, but shall be under the same duty to examine the same to determine whether or not they conform to the requirements of the Mortgage as though an Event of Default had not occurred and been continuing.

The Trustees may rely and shall be protected in acting upon any Certified Resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, direction, bond, coupon or other paper or document delivered to the Corporate Trustee pursuant to any provision of the Mortgage and believed by it to be genuine and to have been signed or presented by the proper party or parties.

Any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Company by the President or a Vice President and the Secretary or an Assistant Secretary, unless other evidence in respect thereof be herein specifically prescribed.

The Trustees may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them, or either of them, hereunder in good faith and in accordance with the opinion of such counsel.

The Trustees shall be under no obligation to exercise any of the trusts or powers hereof at the request, order or direction of any of the Bondholders, pursuant to the provisions of the Mortgage, unless such Bondholders shall have offered to the Trustees reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

The Trustees shall not be personally liable in case of entry by them upon the mortgaged property for debts contracted or liability or damages incurred in the management or operation of said property.

The Trustees shall not be liable for any action taken by them in good faith and believed by them, in the exercise of due care, to be authorized or within the discretion or power conferred upon them by the Mortgage.

SECTION 2: None of the provisions contained in the Mortgage shall require the Trustees to assume or risk their own funds or otherwise incur personal financial liability in the performance of any of their duties or in the exercise of any of their rights or powers; that the Corporate Trustee, in its sole discretion and in order to preserve the mortgaged prop-

erty, may advance moneys for the purpose of paying taxes, rentals or otherwise, and for such advances, together with interest thereon at the rate of 4% per annum, the Corporate Trustee shall have a lien on the mortgaged property prior to any claim of the Bondholders, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

SECTION 3: Should any taxes or other governmental charges be imposed upon the Trustees, or either of them, in their capacity as Trustees hereunder, which they may be required to pay under any present or future law of the United States of America or of any other authority therein having jurisdiction, the Trustees shall be reimbursed and indemnified therefor by the Company, and any liability incurred, or amounts paid by the Trustees in respect of any such taxes or other governmental charges, until paid, shall constitute a lien upon the mortgaged property prior to any claim of the holders of Bonds, except as to funds held in trust for the benefit of the holders of particular Bonds or coupons.

SECTION 4: Except as herein otherwise provided, any notice or demand which by any provision of the Mortgage is required or permitted to be given or served by the Trustees or any other person on the Company, shall be deemed to have been sufficiently given and served for all purposes by being deposited, postage prepaid, in a United States Post Office letter box or mail chute, addressed (until another address is filed by the Company with the Corporate Trustee and thereafter if addressed to such new address) as follows: Chicago, Rock Island and Pacific Railroad Company, Chicago, Illinois. Any notice, request or demand by any Bondholder to or upon the Trustees, or either of them, shall be deemed to have been sufficiently given or served for all purposes, if given or made at the principal office of the Corporate Trustee.