

railroad, and any and all main, branch, second, spur, side, industrial, switch, connecting, storage, yard, terminal, passing and shop tracks and turnouts, which the Company may own, either solely or jointly, or over which the Company may operate or have any right to operate under any lease, truckage or operating agreement;

(3) Out of the grants hereby made, the last day of the term of each leasehold estate (whether created orally or by written instrument) now or hereafter enjoyed by the Company is hereby excepted and reserved, whether falling within the general or particular description of property herein described;

(4) It is not intended to subject to the lien hereof, and this grant shall not be deemed to apply to, any additional line of railroad, or Securities of corporations owning the same, or Equipment and other property thereon, hereafter acquired by the Company, representing an addition to the Company's lines of railroad, unless such additional line of railroad (a) is less than 10 miles in length, or (b) parallels or constitutes an alternate route for then existing routes used by the Company's railroad system, or (c) is acquired through the issuance of Bonds or First Mortgage Bonds or the use of the proceeds thereof or the use of moneys deposited with the Corporate Trustee under any provision of the Mortgage or with the corporate trustee of the First Mortgage under any provision thereof;

(5) It is not intended to subject to the lien hereof, and this grant shall not be deemed to apply to

(a) any rents, issues, tolls, profits or other income from the premises and property herein or hereafter mortgaged and conveyed or assigned, or

(b) any cash, government securities, federal, state or local, or bills, notes or accounts receivable (except cash, government securities or bills, notes or accounts receivable deposited or required to be de-

(c) Nothing in the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Company, which is hereby expressly reserved, to consolidate with or merge into, or to convey or lease the mortgaged property as a whole, or substantially as a whole, to another corporation or corporations, or to merge another corporation or corporations into the Company or to acquire property, as a whole or substantially as a whole, of another corporation or corporations, all as provided and with the exceptions and upon the terms and conditions set forth in Article XII hereof.

(d) Nothing in the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Company, which is hereby expressly reserved, to subject to an Equipment Obligation (by transfer to a trustee thereunder, or otherwise) any Equipment constructed or acquired for its use, at any time within two years from the date the same is so constructed or acquired, if such Equipment Obligation is created for the purpose of providing for, or reimbursing the Company for, in whole or in part, the cost of such construction or acquisition, and if such Equipment has not theretofore been made the basis for the authentication and delivery of any Bonds or First Mortgage Bonds or the withdrawal of cash held by the Corporate Trustee of the Mortgage under any provision thereof or by the corporate trustee of the First Mortgage under any provision thereof. The lien of the Mortgage shall attach to the right, title and interest of the Company then or thereafter existing in such Equipment, subject only to such Equipment Obligation.

(e) Nothing in the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Company, which is hereby expressly reserved, to use and apply any of its materials and supplies in the routine maintenance and repair of

posited with the Corporate Trustee pursuant to any of the provisions of the Mortgage), or

(c) any materials or supplies, or

(d) any Special Securities, as defined in Article I, unless and until one or more of the Events of Default enumerated in Section 2 of Article XVI hereof shall have occurred; but, upon the occurrence of any such Event of Default, all such rents, issues, tolls, profits and other income, cash, government securities, bills, notes and accounts receivable, materials and supplies and Special Securities shall immediately become subject to the lien hereof to the extent permitted by law;

(6) The provisions of the Mortgage, including those in the foregoing granting clauses First to Eleventh, inclusive, shall be construed, and the lien of the Mortgage at any time shall be determined, in conformity with the following restrictions and rules of construction, which shall prevail over any other provision of the Mortgage in the event of any inconsistency therewith:

(a) Subject to the limitations of Article XII, the provisions of the Mortgage which may reasonably be construed to subject to the lien of the Mortgage property which may be acquired hereafter by the Company, or in which the Company hereafter may acquire an interest, shall be construed as applying to such property, and a liberal scope and effect shall be given to such provisions.

(b) Nothing in the Mortgage, express or implied, is intended or shall be construed to limit the right or power of the Company, which is hereby expressly reserved, to acquire any property or interest therein subject to liens or charges existing thereon at the time of the acquisition thereof, or to create any purchase money mortgage, or other lien or charge on such property or interest in order to finance the cost thereof, or to extend the term of or to refund any such lien or purchase money mortgage.

railroad equipment, whether owned by the Company or by any other railroad, after one or more Events of Default enumerated in Section 2 of Article XVI hereof shall have occurred and be continuing.

(f) Nothing in the Mortgage is intended or shall be construed to require the deposit with the Corporate Trustee of any securities, or of any instruments of the character referred to in granting clauses Fourth and Ninth, except such securities and instruments as are by the terms of the Mortgage specifically required to be so deposited.

TO HAVE AND TO HOLD the premises, railroads, railroad property, appurtenances, rights, privileges, franchises, estates, leaseholds, securities and other property, real, personal and mixed, hereby granted, bargained, sold, conveyed, released, confirmed, mortgaged, pledged, assigned, transferred or set over, or intended so to be, or which may in any manner become subject to the lien of the Mortgage by indentures supplemental hereto or otherwise (all of which property at any given time subject to the lien of the Mortgage, whether by the terms of the Mortgage, including the aforesaid, acquired property clauses thereof, or by subsequent conveyance, delivery or pledge to the Trustee, or either of them, or otherwise, is herein sometimes referred to as the "mortgaged property"):

SUBJECT, HOWEVER, to the following:

(1) The prior lien of the Company's First Mortgage, as defined in Article I, upon all of the mortgaged property except moneys held in trust by the Corporate Trustee under any of the provisions of the Mortgage;

(2) The prior rights, charges, lien and title under the following Equipment Obligations assumed by the Company in accordance with the Plan and the orders of the Court: