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(a) Equipment Trust Agreement and Lease, Series S, dated February 1, 1940, between the Trustees of the Estate of The Chicago, Rock Island and Pacific Railway Company and The First National Bank of Chicago, Trustee, final semi-annual installment of principal due February 1, 1950;

(b) Equipment Trust Agreement and Lease, Series T, dated November 1, 1940, between the Trustees of the Estate of The Chicago, Rock Island and Pacific Railway Company and Chicago Title and Trust Company, Trustee, final installment of principal due May 1, 1949;

(c) Conditional Sale Agreement, dated June 1, 1944, between the Trustees of the Estate of The Chicago, Rock Island and Pacific Railway Company and The First National Bank of Chicago, owner by assignment from Rock Island Improvement Company, vendor and prior owner, final monthly installment of principal due July 1, 1954;

(d) Conditional Sale Agreement, dated September 1, 1945, between the Trustees of the Estate of The Chicago, Rock Island and Pacific Railway Company and The First National Bank of Chicago, owner by assignment from Rock Island Improvement Company, vendor and prior owner, final monthly installments of principal due September 1, 1955;

under which Equipment Obligations the unpaid balance of outstanding obligations as of the close of business on December 31, 1947, aggregated \$9,582,940 in principal amount;

(3) The prior rights and lien of the First Mortgage of Choctaw and Memphis Railroad Company to General Life Insurance, Annuity and Trust Company of Philadelphia (now Girard Trust Company) as trustee, dated January 2, 1899; and

(4) All and singular other matters hereinabove set forth in the granting clauses hereof and to Permitted

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Encumbrances as defined in Article I but only to the extent that the same shall constitute a prior lien or charge of record against any part of the mortgaged property;

BUT IN TRUST, NEVERTHELESS, upon the terms and conditions of the Mortgage, for the equal and proportionate benefit and security (except as provided in Section 1 of Article XVI) of all present and future holders of Bonds and coupons, according to their tenor, purport and effect, without preference, priority or distinction (except as provided in Section 1 of Article XVI) as to lien or otherwise; so that (except as aforesaid) each and every Bond and coupon shall have the same right, lien and privilege under the Mortgage and shall be equally and ratably secured thereby in accordance with the provisions of the Mortgage;

AND THE HERETOBY COVENANTED AND DECLARED that all of the Bonds and coupons for interest thereon, if any, are to be issued, authenticated and delivered, and that the mortgaged property is to be held and disposed of by the Trustees, upon and subject to the following covenants, conditions, uses and trusts:

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# ARTICLE I DEFINITIONS

The terms defined in this Article I (unless otherwise expressly provided or unless the context otherwise requires) shall have the following meanings, respectively:

"Additions and Betterments" shall mean improvements, extensions and betterments to Fixed Property, and additional Fixed Property, of the Company becoming subject to the lien of the Mortgage and acquired or constructed by the Company after the date of the execution and delivery of the Mortgage the cost of which, at the time of acquisition or construction, was properly chargeable to Road and Equipment Account, except:

(a) Purchased Property; and

(b) Such improvements, extensions, betterments and additional Fixed Property as:

(1) Were acquired or constructed through grants or donations or expenditures from the Capital Fund or the application of funds pursuant to Section 24 of Article VIII or the application of funds made available by charges to operating expenses on account of service losses on nondepreciable mortgaged property retired and replaced; or

(2) Had a Life Expectancy of less than 25 years when acquired or constructed by the Company; or

(3) Are subject to any Prior Lien.

"Application" shall mean a letter or other instrument in writing dated not more than 60 days prior to its delivery to the Corporate Trustee and signed by the President or a Vice President of the Company and by either (a) the Secretary or an Assistant Secretary of the Company, or (b) the Chief Accounting Officer of the Company, setting forth briefly

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the nature of the matter or action covered by the application, referring to the particular provision or provisions of the Mortgage upon which the application is based, and summarizing the resolutions, certificates, opinions, securities, cash, instruments of transfer and other papers and documents or property delivered or to be delivered to the Corporate Trustee with or in connection with such application.

"Available Net Income" for any calendar year shall mean the income of the Company for such year available for fixed charges, adjusted by (i) deducting therefrom all dividends received during such year on the Stocks of Railroad Subsidiaries in which more than 50% of the total outstanding shares of capital stock having general voting rights is owned by the Company and all charges properly deductible therefrom representing rental for leased roads and fixed interest requirements on all Bonds, First Mortgage Bonds, Prior Lien Bonds, Equipment Obligations, taxes, judgments and reparations claims, and (ii) adding thereto for all purposes the income of such Railroad Subsidiaries for such year available for dividends (whether or not paid) on the Stocks of such Railroad Subsidiaries then owned by the Company, and (iii) adding thereto solely for the purposes of subsections (d) and (e) of Section 1 of Article V the balance, if any, remaining in the Capital Fund on December 31 of such year, which is to be transferred to the treasury of the Company pursuant to the requirements of Section 2 of Article VI, subject to the following:

(a) Income of the Company available for fixed charges and the deductions required to be made therefrom shall be determined in accordance with the Uniform System of Accounts applicable to such year, except that there shall be added thereto such amounts as shall have been charged to operating expenses during such year representing the