

is no longer necessary for the maintenance or operation of the lines of railroad subject to the lien of the Mortgage.

Section 8. The Company, from time to time as the same shall become due and payable, will observe and perform all of its obligations, and will pay and discharge all sums payable, under or by virtue of any lease or trackage agreement held by it and subject to the lien of the Mortgage and which is reasonably necessary for the maintenance and operation of the lines of railroad subject to the lien of the Mortgage, and will not suffer or permit any default for which such lease or trackage agreement may be terminated, so that, subject to the provisions of Articles X and XII, the interest of the Company in all such leasehold estates or trackage agreements shall be preserved unimpaired as security for the Bonds and coupons hereby issued.

Nothing in this Section 8 contained shall require the Company to make any such payments or to observe any such obligations so long as the Company in good faith shall contest its liability for any such payments or its duty to observe any such obligations, unless in the opinion of the Corporate Trustee such action will materially impair or endanger the interests of the Bondholders.

Section 9. Subject to the provisions of Articles X and XII, the Company covenants and agrees that the Mortgage is and always will be kept a lien upon all of the mortgaged property, subject only to the liens prior thereto specified or referred to in the granting clauses hereof, and the right, charge, lien or title of Equipment Obligations, Permitted Encumbrances and Prior Liens, and that it will not create, or suffer to be created or to arise, or allow to exist any other lien or charge having priority to, preference over or parity with the lien of the Mortgage upon the mortgaged property, or any part thereof, or upon the income thereof; and that, within six months after the

same shall be payable, it will pay or cause to be discharged, or will make adequate provision for the satisfaction of, all charge of, all lawful claims and demands of mechanics, laborers and others, which, if unpaid, might by law be given precedence over the Mortgage as a lien or charge upon the mortgaged property or any part thereof, or the income thereof; provided, however, that the Company shall not be required to pay any such debt, lien or charge so long as it shall in good faith, by appropriate legal proceedings, contest the validity thereof or the amount thereof unless thereby, in the opinion of the Corporate Trustee, the interests of the Bondholders will be materially impaired or endangered.

Section 10. Subject to the provisions of Articles X and XII, and to the extent needful and proper for the efficient and economic operation of its properties, the Company will at all times diligently maintain, preserve and keep all of the rights and franchises granted to it or conferred upon it, maintain, preserve and keep its railroads, fixtures and appurtenances subject to the lien of the Mortgage in good repair, working order and condition and from time to time make all needful and proper repairs thereto and renewals and replacements thereof, and keep the lines of railroad subject to the Mortgage supplied with Equipment, machinery, tools and other supplies, maintain the same in good order and condition, replaceable wear and tear excepted, and from time to time make all needful and proper repairs thereto and renewals and replacements thereof.

Section 11. Subject to the terms and provisions of Articles X and XII, the Company will maintain its property, rights and franchises and continue the full enjoyment thereof so as to maintain the general continuity of its lines of railroad between the principal points served by it as of the date of the execution and delivery of the Mortgage and from time to time thereafter.

Section 12. The Company will forthwith upon acquisition deposit and pledge with the Corporate Trustee, as further security for the Bonds, all Securities hereafter acquired by it except Special Securities and except Securities deposited with the trustee or mortgagee of any Prior Lien or required to be so deposited by the terms of such Prior Lien; and that upon cancellation or release of any Prior Lien, all such Securities then held by the trustee or mortgagee thereunder will be forthwith deposited and pledged with the Corporate Trustee unless then required to be deposited or pledged or held under another lien prior to the lien of the Mortgage.

So long as the First Mortgage shall remain a lien on the mortgaged property, the deposit and pledge by the Company of such Securities with the corporate trustee of the First Mortgage pursuant to the provisions of Section 12 of Article VIII of the First Mortgage, as evidenced by a statement of the corporate trustee of the First Mortgage certifying to such pledge and deposit filed with the Corporate Trustee, shall constitute a compliance by the Company with the provisions of this Section 12.

Section 13. The Company will not procure the authentication and delivery of any Bonds hereunder, the release of any property herefrom, or the withdrawal, payment or application of any cash held by the Corporate Trustee under any provision of the Mortgage, except upon compliance by the Company with the applicable provisions of the Mortgage.

Section 14. The Company will not increase or permit to be increased in principal amount any of its obligations (other than Bonds, First Mortgage Bonds, Equipment Obligations and Permitted Encumbrances) which are at the time of the making or assuming of such obligations secured by a lien on the mortgaged property, or any part thereof, prior to or on

a parity with the lien of the Mortgage unless the obligations representing such increase are forthwith deposited and pledged with the corporate trustee of the First Mortgage or with the Corporate Trustee to be held subject to the provisions of Article IX.

Section 15. The Company will maintain a record of all Equipment and will furnish to the Corporate Trustee at least once in each period of two years following the date of the execution and delivery of the Mortgage a statement of the number of units by classes of said Equipment, and showing separately the Equipment that is held under or subject to Equipment Obligations, and specifying the amount and maturities of all such Equipment Obligations.

Section 16. The Company will cause the Mortgage and every supplemental indenture or instrument purporting to create a lien upon the mortgaged property to secure the Bonds, to be recorded and filed and re-recorded and re-filed to the extent necessary to make effective and maintain the lien intended to be created thereby, and will, on or before April 1 in each year, beginning with the year 1949, furnish to the Corporate Trustee an Opinion of Counsel stating either that in the opinion of such counsel the Mortgage and all supplemental indentures or other instruments supplemental thereto have been properly recorded and filed and re-recorded and re-filed, as the case may be, so as to make effective and maintain the lien intended to be created thereby, or that in the opinion of such counsel no such action is necessary to make such lien effective and to maintain the same.

Section 17. The Company will cause all of the property at any time subject to the lien of the Mortgage, which is of a character usually insured by railroad companies, to be kept insured in such manner and to such extent as is cus-