

mortgage as such bonds held by the Trustee, then, in any such case, the Trustee, upon the written request of the Railway Company, shall cause proper proceedings to be instituted and prosecuted in some court of competent jurisdiction to foreclose the mortgage or mortgages by which such bonds are secured; but in any case where not less than eighty-five per cent. in amount of the principal of all the bonds secured by any mortgage are pledged hereunder, proceedings to foreclose such mortgage shall be taken only under such conditions as in the judgment of the Trustee will enable it either to obtain par and interest for the bonds secured by such mortgage held by it, or else to acquire the property covered by such mortgage, and to subject such property or securities representing such property to the lien hereof, as hereinafter provided. The Trustee, however, shall not be liable for any error of judgment in respect of such proceedings or their outcome.

In case the Railway Company shall be in default in the payment of the principal or interest of any of the bonds hereby secured, and such default shall have continued for a period of six months, or in case a Receiver of the mortgaged premises shall have been appointed, or in case the Trustee shall have entered, or shall have elected to enter, into possession of the mortgaged premises under the power hereinafter conferred or by the voluntary action of the Railway Company, then the Trustee, in its discretion, may institute such proceedings without such written request.

In case, at any time, any company of whose capital stock the greater part shall be held by the Trustee hereunder shall be dissolved or liquidated, or in case all or any of the property of any such company shall be sold upon the insolvency of such company at any judicial or other sale, or in case any property covered by a mortgage securing any bonds held by the Trustee hereunder shall be sold upon foreclosure of such mortgage, then, in any such case, if the property of such company or the property sold can be acquired by crediting on the bonds, claims, indebtedness or stock held by the Trustee hereunder the amount accruing thereon out of the proceeds of such property and paying not more than fifteen per cent. of the price of such property in cash, the Trustee may, in its discretion, and in any case, if by the Railway Company requested in writing, and provided with the necessary funds therefor, the Trustee shall, purchase, or cause to be purchased, such property, either in the name and on behalf of the Railway Company or in its own name or by purchasing trustees, and shall use such bonds, claims, indebtedness and stock to make payment for such property; and, in case of any such purchase, the Trustee shall take such proceedings as it may deem best to cause such property to be vested either in the Railway Company, subject to the lien of this indenture, or in some other corporation organized or to be organized for that purpose, of whose bonded debt and capital stock, all excepting the amount thereof required to qualify directors, shall be received and held by the Trustee and shall be vested in the Railway Company subject to the lien of this indenture.

The Trustee may also in any case take such steps as, in its discretion, shall be calculated best to protect its interests hereunder in respect of any bonds or stock subject to the lien hereof, and for that purpose it may join in any plan of reorganization in respect of any such bonds or stocks and may accept new securities issued in exchange therefor under such plan.

The Railway Company covenants that, on demand of the Trustee, it, the Railway Company, forthwith will pay or satisfactorily provide for all expenditures incurred by the Trustee under any of the provisions of this Section, including all sums required to obtain and perfect the ownership and title to any railways or other properties which the Trustee shall purchase or cause to be purchased pursuant to the provisions of this Section; and in case the Railway Company shall fail so to do, then, without impairment of, or prejudice