

All moneys arising from the sale of the said lands hereby conveyed, in whatsoever manner such sale shall be made, subject only to deduction for expenses, as aforesaid, shall be received by the Trustee, and the surplus thereof remaining after deducting the expenses of the execution of this trust in respect thereof, and of the management, settlement and sale of said lands, and after repayment to the Railway Company of its outlays for taxes, assessments, advertising charges, betterments, and other proper expenses incurred by it in connection with said lands hereby conveyed, or to promote the sale thereof, shall be used and applied as provided in Sections 2 and 3 of this Article, and are herein designated by the term "net moneys."

In no event shall any purchaser or purchasers of any property sold or disposed of under any provision of this Article be required to see to the application of the purchase money.

Sec. 2. During each calendar year, or within three months after the expiration thereof, there shall be added to the "net moneys" received in such calendar year, under Section 1 of this Article, (1) the proceeds received by the Trustee in that year, from the sale of bonds set apart and sold for that purpose, as provided in subdivision (c) of Section 3 of Article One hereof, and (2) also the surplus of moneys in such year received by the Trustee as provided in Subdivision Second of Section 4 of this Article, upon the redemption of bonds of the Northern Pacific Railroad Company, held by the Trustee hereunder; and out of one-half of such combined fund received in such calendar year, an amount up to, but not exceeding, in the aggregate \$500,000, shall be applied to the purchase of bonds hereby secured at not over 110 per cent. of their par value, such purchase to be made without unnecessary delay, in such manner as shall be deemed best by the Railway Company and the Trustee, which immediately thereupon shall cancel all bonds so purchased; and such purchases shall be made whenever \$50,000 are available therefor.

It in any calendar year, or within three months after the expiration of such year, the Trustee shall not be able upon the terms above prescribed to purchase bonds hereby secured to an amount sufficient to exhaust the portion of such combined fund for such year applicable to such purchase (the portion so applicable not to exceed \$500,000 as aforesaid) then and in every such case, such unapplied balance of such portion of such combined fund shall be applied by the Trustee, in such manner as the Railway Company and the Trustee may deem best, in the purchase at not over par and cancellation of General Lien Three Per Cent. Railway and Land Grant Gold bonds which the Railway Company purposes to issue under a mortgage or deed of trust, of even date herewith, but in all respects subordinate to the lien of this indenture.

The Trustee shall purchase with funds held for purchases under this section any bonds hereby secured held by the Railway Company in its treasury, if the Railway Company shall offer to sell the same to the Trustee at as low prices as other bondholders.

To the extent that in the opinion of the Trustee neither bonds hereby secured nor such General Lien Bonds can be bought on the terms herein prescribed, such bonds hereby secured may be purchased in the discretion of the Trustee and with the approval of the Railway Company at higher prices than those above fixed, or such ^{un}applied balance shall be invested in securities in which Savings Banks at such time shall be authorized under the laws of New York to invest their funds, such securities to be held by the Trustee as a part of the trust estate hereunder; and the Trustee is hereby authorized from time to time in its discretion and with the consent of the Railway Company to dispose of any such securities purchased by the Trustee, and to reinvest the proceeds of such sale in