

this Indenture; and after deducting the expenses of operating said railways and other premises, and of conducting the business thereof, and the cost of all repairs, maintenance, renewals, replacements, alterations, additions, betterments, and improvements, and all payments which may be made for taxes, assessments, insurance and prior or other proper charges upon the said premises and property, or any part thereof, as well as just and reasonable compensation for its services, and for all attorneys, counsel, agents, clerks, servants and other employees by the Trustee properly engaged and employed, the Trustee shall apply the moneys arising as aforesaid as follows:

(i) If the principal of the Bonds hereby secured shall not have become due and be unpaid, to the payment of the interest in default, in the order of the maturity of the installments of such interest, with interest on such overdue installments of interest at the rate expressed in the Bonds, such payments to be made ratably to the persons entitled thereto, without discrimination or preference;

(ii) If the principal of the Bonds hereby secured shall have become due, by declaration or otherwise, and shall be unpaid, *first*, to the payment of any interest in default on the Bonds, in the order of the maturity of the installments of such interest, with interest on such overdue installments of interest at the rate expressed in the Bonds, and, *second* (subject to the provisions of Section 3 of this Article), to the payment of the principal of all Bonds hereby secured; in every instance such payments to be made ratably to the persons entitled to such payment, without any discrimination or preference.

These provisions, however, are not intended in any wise to modify the provisions of Section 1 of this Article.

SECTION 3. In case one or more of the events of default described in Section 2 of this Article shall happen, then, during the continuance thereof, the Trustee may, and, upon the written request of the holders of twenty-five per cent. (25%) in principal amount of the Bonds hereby secured then outstanding, the Trustee shall, by notice in writing delivered to the Company, declare the principal of all Bonds hereby secured and then outstanding to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this Indenture or in said Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition, that, if at any time after the principal of said Bonds shall have been so declared due and payable, and before any sale of the mortgaged property shall have been made, all arrears of interest upon all such Bonds, and the expenses of the Trustee, its agents and attorneys, shall either be paid by the Company, or be collected out of the trust estate before any sale of the trust estate shall have been made, and all other defaults made good to the satisfaction of the Trustee, then and in every such case the holders of a majority in principal amount of the Bonds hereby secured then outstanding, by written notice to the Company and to the Trustee, may waive such default or defaults and its or their consequences and annul such declaration of the maturity of the principal of the Bonds; but no such waiver shall extend to or affect any subsequent default, or impair any right consequent thereon.

In case the Trustee shall have proceeded to enforce any right under this Indenture, by foreclosure, entry or other-

wise, and such proceedings shall have been discontinued or abandoned because of such waiver, or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case the Company and the Trustee shall be restored to their former position and rights hereunder in respect of the trust estate and all rights, remedies and powers of the Trustee and of the Company shall continue as though no such proceedings had been taken.

SECTION 4. If one or more of the events of default described in Section 2 of this Article shall happen, and shall be continuing, the Trustee, with or without entry, personally or by attorney, in its discretion may

(a) sell to the highest bidder, all and singular the trust estate, property and premises, rights, franchises and interests and appurtenances, and other real and personal property of every kind covered by this Indenture, and all right, title and interest, claim and demand therein, and right of redemption thereof, in one lot and as an entirety, unless a sale in parcels shall be required under the provisions of Section 6 of this Article, in which case such sale may be made in parcels as in said Section provided; which sale or sales shall be made at public auction at such place in the City of Atlanta, in the State of Georgia, or at such other place or places, and at such time and upon such terms, as the Trustee may fix and briefly specify in the notice of sale to be given as hereinafter in Section 7 of this Article provided; or

(b) proceed to protect and enforce the rights of the Trustee and the rights of the holders of the Bonds secured by this Indenture, by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the foreclosure of this Indenture, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or duties hereunder.

Upon the written request of the holders of twenty-five per cent. (25%) in principal amount of the Bonds hereby secured and then outstanding, if one or more of the events of default described in Section 2 of this Article shall happen and shall be continuing, it shall be the duty of the Trustee, upon being indemnified as hereinafter provided, to take all needful steps for the protection and enforcement of its rights and the rights of the holders of the Bonds hereby secured, and to exercise the powers of entry or sale herein conferred, or both, or to take appropriate judicial proceedings by action, suit or otherwise, as the Trustee, being advised by counsel, shall deem most expedient in the interest of the holders of the Bonds hereby secured.

SECTION 5. Anything in this Indenture contained to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds hereby secured and then outstanding, from time to time, shall have the right to direct and to control the method and place of conducting any and all proceedings for any sale of the premises hereby conveyed, mortgaged and pledged, provided, however, that the Trustee shall not be bound to follow such directions if in its opinion such action would be prejudicial to any other bondholders.

SECTION 6. In the event of any sale, whether made under the power of sale hereby granted and conferred, or under