

1. The Road-bed and track, as fast as constructed, of the trunk line and all authorized branches.

2. All rolling stock and other equipments; all engine-houses, machine-shops, depots, water stations, and other buildings.

3. The entire Land Grant of the Road, as fast as it accrues to the Company, embracing between Fifty and Sixty Million acres.

4. All rights, franchises, privileges, and other property now owned or hereafter to be acquired by the Northern Pacific Railroad Company.

II. The Mortgage provides that all the property named above, and all moneys arising from the sale of the same, shall be held by the Trustees as security, and pledged to the payment of the Company's First Mortgage Bonds, principal and interest, as they shall become due, and shall be promptly applied to that purpose by the Trustees, in case of any default by the Railroad Company.

III. The Railroad Company shall have the right at all times to contract for the sale of portions of the lands of the Grant, at prices to be approved by the Trustees (but at not less than \$2.50 per acre); and THE PROCEEDS OF ALL SALES OF LANDS, WHETHER IN CASH, BONDS, OR OTHER SECURITIES, SHALL BE DEPOSITED WITH THE TRUSTEES, and upon the payment to the Trustees of the proceeds of such sale or sales, the Trustees shall and will make a full and clear deed to the purchaser of the lands thus paid for. Such deed from the Trustees releases the land thus sold from the operations of the General Mortgage. The First Mortgage Bonds of the Company are made receivable at par and accrued interest in payment for the Company's lands at their lowest cash price. By a subsequent arrangement between the Trustees and the Railroad Company, the bonds are made always receivable for lands at *ten per cent. premium*, or 1.10.

IV. The Trustees, who directly represent the bondholders, are required by the terms of the Mortgage to see that the proceeds of all sales of First Mortgage Bonds are *devoted to the construction and equipment of the Road* and that the *proceeds of land sales* are used in *purchasing and cancelling the bonds of the Company*, if they can be bought before maturity at not more than 10 per cent. premium; otherwise the Trustees are to invest the proceeds of land sales in United States Bonds or Real Estate Mortgages for the further security of Northern Pacific bondholders. At all times, until the entire bonded debt of the Railroad Company is paid off and cancelled, the Trustees are required to see that they have in their control, as security, at least 500 acres of average land to every \$1000 of outstanding First Mortgage Bonds, besides the Railroad itself and all its equipments and franchises.

During the construction of the Road, the interest on the bonds secured by this Mortgage is to be paid from the earnings of the finished portions of the Road, and from the general fund of the Company. No portion of the proceeds of land sales is to be devoted to the payment of interest, unless the general treasury of the Company shall be first exhausted, in which case the Company shall, from the first net earnings of the Road, make good the amount thus taken from the land fund.

In case of the resignation or death of either of the Trustees, the surviving Trustee is empowered to appoint a successor; or, upon the request of the bondholders, the appointment may be made by the courts in the usual manner.