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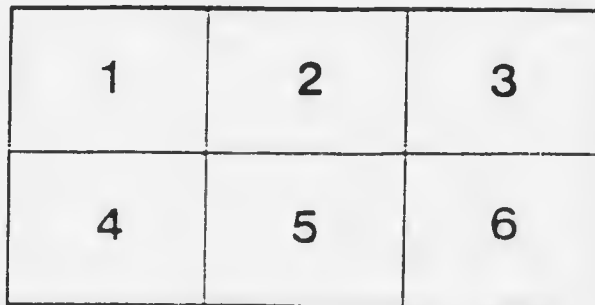
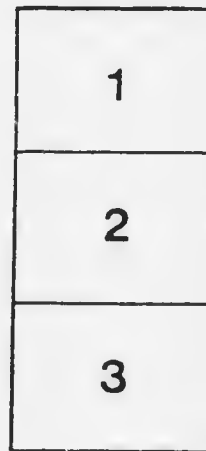
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THE GRAND TRUNK PACIFIC RAILWAY COMPANY

TO

THE ROYAL TRUST COMPANY,
Trustee.

THE GRAND TRUNK RAILWAY COMPANY
OF CANADA,
Guarantor.

Mortgage Deed of Trust.

May 22nd
Dated ~~April 1st~~, 1909.

Four
Securing ~~Three~~ Per Cent. ~~First~~ Mortgage Bonds,
Due 1919, Guaranteed by The Grand Trunk
Railway Company of Canada.

Interest Payable April 1 and October 1.

Principal Payable April 1, 1919.

AC901
A7
1909
no. 6022
fol.
p. 22



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1. *Ch. H.*
 2. *H. L.*
 3. *M. H.*
 4. *J. P.*

W. H. Miller
President Union Secretary of State

Assistant Public Secretary of the

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And whereas the Pacific Company, under date of the 18th day of February, 1904, entered into a further and supplementary agreement with the Government respecting the construction and operation of the said railway, which said agreement forms the schedule to an Act of the Parliament of Canada,

chapter 21 of the statutes of 1901, and, subject to the provisions of the said Act and of chapter 71 of the statutes of 1903, hereinbefore referred to, is also thereby ratified and confirmed. The said two respective agreements are hereinafter referred to as the Scheduled Agreements, and the said two Acts respectively confirming the same are, with their said schedules hereinafter referred to as the "Transcontinental Railway Acts;"

And whereas the Transcontinental Railway Acts provide in effect for the construction and operation of a line of railway between the city of Moncton, in the Province of New Brunswick, and the navigable waters of the Pacific Ocean, at or near Port Simpson, or some other port in British Columbia, as may be agreed upon, comprising two divisions, to be called the "Eastern Division" and the "Western Division," respectively, the Eastern Division of which shall comprise the portion of said railway to be constructed from its eastern terminus through the central part of the province of New Brunswick and through the province of Quebec, by the shortest available line to the city of Quebec; thence westerly through the northern part of the provinces of Quebec and Ontario, and through the province of Manitoba to the city of Winnipeg; and the Western Division of which shall comprise the portion of the said railway between the said city of Winnipeg, or some point on the Eastern Division and the Pacific Ocean, extending westerly through the provinces of Manitoba, Saskatchewan, Alberta and British Columbia: the said Eastern Division to be constructed by and at the expense of the Government, and to be leased to the Pacific Company upon the terms and conditions provided in the "Transcontinental Railway Acts;" and the said Western Division to be constructed and operated by the Pacific Company;

And whereas the said Western Division has, for convenient reference, been divided into two sections, one extending from the eastern terminus thereof, at the city of Winnipeg or at some point on the Eastern Division not east of the ninety-sixth meridian of longitude thence westerly to the east bank of Wolf

River, about one hundred and twenty miles west of the city of Edmonton to be designated the "Prairie Section" and the other extending westerly from the western terminus of the Prairie Section to the western terminus of the said Western Division, to be designated the "Mountain Section;"

And whereas the said agreement of the 29th July, 1903, as amended by the said agreement of the 18th February, 1904, further provides that, for the purpose of aiding the Pacific Company in the construction of the Western Division, the Government shall guarantee the payment of the principal and interest of an issue of bonds to be made by the Pacific Company for a principal amount equal to 75 per cent of the cost of construction of the said Western Division as defined and ascertained in accordance with the provisions of paragraph 18 of the said agreement of 29th July, 1903, but that such principal amount shall not, in respect of the Prairie Section, exceed \$13,000 per mile of the mileage thereof, although 75 per centum of such cost of construction may have exceeded the said sum of \$13,000 per mile;

And whereas an indenture bearing date the 10th day of June, 1905, and made between the Pacific Company of the first part, the Royal Trust Company, as Trustee, of the second part, and His Majesty King Edward VII., acting in respect of the Dominion of Canada and represented therein by the Honorable W. S. Fielding, Minister of Finance of the Dominion of Canada, thereafter referred to as the Government, of the third part, provides for the issue by the Pacific Company of the bonds to be so guaranteed by the Government, sets forth the terms and conditions upon and subject to which the said bonds are to be issued and secured, describes the property mortgaged, and also contains provisions respecting the disposition of the proceeds of such bonds, and the rights and remedies of the trustee therein named, and of the holders of the bonds issued thereunder;

And whereas the said indenture is set forth in schedule A to an Act of the Parliament of Canada, chapter 98 of the statutes of 1905, section 1 of which Act enacts as follows:—

"The deed of trust by way of mortgage, dated the tenth day of June, one thousand nine hundred and five, set forth in schedule A to this Act, made by the Company to secure its issue of First Mortgage Bonds in respect of the Western Division of the Company's railway, is hereby ratified and confirmed and declared to be valid and binding, and the bonds issued and hereafter to be issued, as mentioned in the said deed, are hereby declared to be valid and binding as the First Mortgage Bonds of the Company issued in respect of the said Western Division, and the Company is hereby empowered to make the said deed and to issue the said bonds. This section is expressly declared to be binding upon His Majesty and His successors."

And whereas by paragraph 34 of the said agreement of the 29th July, 1903, the Pacific Company agrees that inasmuch as the bonds to be guaranteed by the Government only make provision for a part of the cost of construction of the Western Division, the Grand Trunk Company shall guarantee bonds of the Pacific Company for the balance required for the construction of the said Western Division, exclusive of the twenty million dollars required for first equipment which the Pacific Company is required to provide under paragraph 22 of said agreement, and it is, by said paragraph 34, as amended by paragraph 14 of said agreement of 18th February, 1901, provided that the Pacific Company may issue a second series of bonds to be guaranteed as aforesaid by the Grand Trunk Company, to be a second charge upon the property referred to and described in paragraph 35 (b) of the said agreement of 29th July, 1903, and to be subject to and to rank upon the said property next after the said bonds so to be issued and guaranteed by the Government;

And whereas an indenture bearing date the 15th day of March, 1905, and made between the Pacific Company, of the first part, National Trust Company, Limited, as Trustee, of the second part, and the Grand Trunk Railway Company of Canada, of the third part, provides for the issue by the Pacific Company

of two series of bonds designated as Series A and Series B, respectively, the bonds of series A to be issued in respect of the Prairie Section for an aggregate principal amount not exceeding £2,100,000 sterling and the bonds of series B to be issued in respect of the Mountain Section for an aggregate principal amount not exceeding £2,050,000 sterling and for the guaranty thereof by the Grand Trunk Company in pursuance of the provisions of said paragraph 34 of the agreement of 29th July, 1903, sets forth the terms and conditions upon which such bonds are to be issued and secured, describes the property mortgaged and also contains provisions respecting the disposition of the proceeds of such bonds and the rights and remedies of the trustee named therein and of the holders of the bonds issued thereunder;

And whereas the said indenture is set forth in schedule B to said chapter 98 of the statutes of 1905, section 2 of which Act enacts as follows:—

“The deed of trust by way of mortgage dated the fifteenth day of March, one thousand nine hundred and five, set forth in schedule B to this Act, made by the Company to secure its issue of Second Mortgage Bonds in respect of the said Western Division, is hereby ratified and confirmed and declared to be valid and binding, and the bonds issued and hereafter to be issued, as mentioned in the said deed, are hereby declared to be valid and binding as the Second Mortgage Bonds of the Company issued in respect of the said Western Division, and the Company is hereby empowered to make the said deed and to issue the said bonds.”

And whereas owing to the high standard of the railway being constructed by the Pacific Company, as well as the increased cost of labour, materials and supplies, the cost of completing the construction of the Prairie Section will considerably exceed that estimated, and it now appears that the proceeds of the bonds issued under the provisions of the said indenture, set forth in schedule B to said chapter 98 of the statutes of 1905, will not be sufficient to provide the balance required to be provided in

accordance with the provisions of paragraph 34 of the said agreement of the 29th July, 1903, for the construction of the said Prairie Section, and for the purpose of providing such balance the Pacific Company has determined to create a further issue of bonds for a principal amount not exceeding ten million dollars, bearing interest at the rate of four per centum per annum, to be secured as hereinafter provided, and to be guaranteed as to principal and interest by the Grand Trunk Company.

And whereas by sections 2 and 3 of an Act of the Parliament of Canada, chapter 24, of the statutes of 1904, it is among other things, provided that the directors of the Grand Trunk Company may, for the purpose of aiding and assisting the Pacific Company in carrying out any of the provisions of the Scheduled Agreements, from time to time engage the credit of the Grand Trunk Company, and enter into any contract of guaranty or indemnity as is deemed necessary, and may from time to time and as often as they deem necessary enter into an agreement or agreements with the directors of the Pacific Company respecting the manner and the terms upon which the Grand Trunk Company shall, or may aid or assist the Pacific Company, in carrying the Scheduled Agreements into effect, and may guarantee the bonds, debentures or other securities of the Pacific Company and perform such other services for the Pacific Company as are agreed upon;

And whereas by section 8 of the said last mentioned Act, it is enacted that notwithstanding anything in the National Transcontinental Railway Act (chapter 71 of the statutes of 1903), or in the Scheduled Agreements contained, His Majesty the King, acting in respect of the Dominion of Canada, shall not be bound or obliged to perform, carry out or fulfil any of the covenants, undertakings, conditions or stipulations in the Scheduled Agreements contained, on behalf of His Majesty, acting as aforesaid unless and until the Grand Trunk Company covenants and agrees as follows with His Majesty acting as aforesaid:—

"That it will guarantee the bonds of the Pacific Company for the balance required for the complete construction of the Western Division in the Scheduled Agreements mentioned, as provided in clause 34 of the agreement, a copy of which forms the schedule to The National Transcontinental Railway Act,"

And whereas the agreement required by the said section of the last mentioned Act has been duly executed and delivered and bears date the 8th day of June, 1905;

And whereas by an indenture entered into between the Pacific Company and the Grand Trunk Company, bearing date the 31st day of July, 1906, the Grand Trunk Company covenanted with the Pacific Company that as and when required by the Pacific Company it would guarantee any further bonds of the Pacific Company for the balance required for the complete construction of the Western Division in accordance with the obligations undertaken by the Grand Trunk Company to His Majesty under the said agreement of the 8th day of June, 1905;

And whereas in pursuance of the provisions of the several agreements hereinbefore recited and by virtue of the powers conferred by said chapter 24 of the statutes of Canada, 1904, and every other power in anywise vested in it, the Grand Trunk Company proposes to guarantee the payment of the principal and interest of the bonds to be issued under and secured by this indenture;

And whereas for the purposes hereinbefore mentioned the Pacific Company, under and by virtue of any powers conferred by any Act heretofore or which may hereafter be passed respecting the said company and every other power in anywise now or hereafter vested in it, has determined to create and issue bonds to be called Grand Trunk Pacific Four Per Cent Mortgage Bonds, due 1919, for an amount of principal which shall not in the aggregate exceed the sum of ten million dollars (\$10,000,000), which bonds shall bear interest at the rate of four per cent per annum, payable semi-annually, and be secured, subject to the prior liens and charges hereinafter mentioned upon that portion

of the railway, undertaking, equipment, property, tolls and franchises of the Pacific Company hereinafter described, with their appurtenances, and be guaranteed as to principal and interest by the Grand Trunk Company pursuant to the terms of this mortgage;

And whereas the form of the bonds and of the coupons to be attached thereto, of the certificate to be signed by the Trustee and of the guaranty to be signed on behalf of the Grand Trunk Company are to be substantially as follows:—

[FORM OF BOND.]

No.—

THE GRAND TRUNK PACIFIC RAILWAY COMPANY.

Incorporated by Act of the Parliament of Canada, cap. 122, statutes of 1903.

Four Per Cent Mortgage Bond, due 1919.

Guaranteed by the Grand Trunk Railway Company of Canada.

This bond is one of a series of bonds of the Grand Trunk Pacific Railway Company, known as its Four Per Cent Mortgage Bonds, due 1919, issued and to be issued for an aggregate principal amount not exceeding ten million dollars (\$10,000,000) at any one time outstanding. The said bonds shall be in the denomination of one thousand (\$1,000) dollars or of any multiple thereof, in such proportions as the directors may from time to time determine, and shall bear interest at the rate of four per centum per annum, all of the bonds of the said series ranking *pari passu*. The said bonds are authorized under an Act of the Parliament of Canada, being chapter 19 of the statutes of 1909, and by resolutions of the Board of directors of The Grand Trunk Pacific Railway Company, duly passed on the eighteenth day of March, 1909, and duly ratified and confirmed at a meeting of the shareholders of the said company on the eighteenth day of March, 1909.

This bond is one of a series of bonds of the Pacific Company known as its Four Per Cent Mortgage Bonds, due 1919, issued and to be issued for an aggregate principal amount not exceeding ten million dollars (\$10,000,000) at any one time outstanding, under and in pursuance of, and all equally secured by a mortgage or deed of trust dated the ~~15th~~ ^{twentieth} day of ~~April~~ ^{May}, 1909, executed by the Pacific Company to the Royal Trust Company, as Trustee, of the property and franchises of the Pacific Company, conveyed in trust by said mortgage or deed of trust, to which reference is hereby made for a statement of the property and franchises mortgaged, the nature and extent of the security, the rights of the holders of said bonds under the same, and the terms and conditions upon which said bonds are to be issued and secured.

The said mortgage or deed of trust is subject to any mortgage or deed of trust mentioned in an Act of the Parliament of Canada, chapter 100 of the statutes of 1906, or in the schedule to said Act, by which a prior or superior lien or charge is created upon the property and franchises, or any part thereof, described in the mortgage or deed of trust securing this bond, and also to the lien or charge of the debenture stock authorized by the said Act.

This bond may, at the holder's option, be registered as to the principal thereof on the books of the Pacific Company at its head office in the city of Montreal, and be made payable as to the principal thereof only to the registered holder named herein, but such registration shall not affect the negotiability of the coupons by delivery. After such registration, certified hereon no transfer shall be valid unless made by the registered holder hereof, or his duly authorized attorney on the Pacific Company's books at the said office and similarly noted on the bond, but the same may be discharged from registry by being transferred on the books at such office to bearer, such transfer being similarly noted on the bond, and thereupon transferability by delivery shall be restored. This bond may again, from time to time in like manner, be registered or made transferable by delivery at the option of the holder.

Both the principal and interest of this bond are payable without deduction for any tax or taxes which the Pacific Company may be required to pay or to retain therefrom, under any present or future law of the Dominion of Canada or of any province, county or municipality thereof, the Pacific Company hereby agreeing to pay all such tax or taxes.

The Pacific Company agrees that it will not at any time hereafter, so long as any of the said bonds shall be outstanding, create or suffer to be created any charge upon, or issue any bond or bonds which shall be a lien upon any of the property for the time being forming part of the security for the repayment of the principal and interest due under said bonds, in priority to the charge or lien securing the said bonds or any of them, except so far as is provided by or set forth in the said mortgage or deed of trust.

This bond shall not be valid or become obligatory for any purpose until it shall have been authenticated by the certificate of the trustee hereon endorsed.

This bond is to have endorsed hereon the guaranty of the Grand Trunk Railway Company of Canada.

In witness whereof The Grand Trunk Pacific Railway Company has caused these presents to be signed by its President or one of its Vice-Presidents and its corporate seal to be hereunto affixed, and to be attested by its Secretary or an Assistant-Secretary, and coupons for said interest with the engraved signature of its Treasurer to be attached hereto as of the ~~twentieth~~ ^{twenty-second} day of ~~April~~ ^{May}, 1909.

THE GRAND TRUNK PACIFIC RAILWAY COMPANY.

By

President.

[L.S.]

Secretary.

[FORM OF COUPON.]

No. \$

On the first day of The Grand Trunk Pacific Railway Company will pay to the bearer at its office or agency in the city of Montreal, dollars, being six months' interest then due on its Four Per Cent Mortgage Bond, due 1919, No. guaranteed by the Grand Trunk Railway Company of Canada.

Treasurer.

[FORM OF TRUSTEE'S CERTIFICATE.]

This certifies that this bond is one of a series of Four Per Cent Mortgage Bonds, due 1919, described in the within mentioned mortgage or deed of trust, executed by The Grand Trunk Pacific Railway Company to the undersigned, as trustee.

THE ROYAL TRUST COMPANY,

Trustee.

By

Secretary.

And whereas by paragraph 35 of the said agreement of the 29th day of July, 1903, it is provided that the several mortgages and all bonds and securities, required to carry the said agreement into effect, shall be in such form and contain such provisions not inconsistent with the terms of the said agreement as the Government may approve.

And whereas His Excellency the Governor General in Council, has by Order in Council approved of the form and provisions of this mortgage and of the bonds to be secured thereby, and of the form of guaranty of the Grand Trunk Company as herein set forth, namely:

[FORM OF GUARANTY.]

For value received, the Grand Trunk Railway Company of Canada, having been thereunto duly authorized hereby unconditionally guarantees the prompt payment of the principal and interest of the within bond according to the tenor thereof, and it agrees that if such payment is not made it will itself forthwith make such payment.

In witness whereof the Grand Trunk Railway Company of Canada has caused this guaranty to be signed on its behalf by its Treasurer thereunto authorized under the seal of the Company, by a resolution of its Board of directors, dated the day of , 1909.

THE GRAND TRUNK RAILWAY COMPANY OF CANADA.

By

.....
Treasurer.

And whereas the directors of the Grand Trunk Company have also approved of the form and provisions of this mortgage and of the bonds to be secured hereby and of the form of guaranty as above set forth;

And whereas the creation and issue of the said Four Per Cent mortgage Bonds, due 1919, and the execution of this mortgage to secure the same have been duly authorized by the Board of directors of the Pacific Company, in terms of resolutions passed at a board meeting held on the eighteenth day of March, 1909, copies of which are as follows:

"Resolved that for the purpose of providing the balance required for the completion of the Prairie Section of the Company's railway, this Company shall create and issue a series of bonds as hereinafter provided, secured (subject to any prior or superior lien or charge thereon) upon that portion of the railway, undertaking, equipment, and property, tolls, rights and franchises of the Company, described and set forth in the draft of mortgage now submitted to this Board. The said series of bonds shall be known as this Company's Four Per Cent Mortgage Bonds, due 1919, and shall be for an aggregate principal amount which shall not, in any event, exceed the sum of ten million dollars (\$10,000,000) at any one time outstanding. The said bonds shall be payable at the office or agency of the Company at the city of Montreal and shall bear interest at the rate of four per centum per annum from the first day of April, 1909, payable semi-annually on the first day of April and the first day of October in each year, at said office or agency. The said bonds shall be of the denomination of one thousand dollars (\$1,000) or of any multiple thereof in such proportions as the directors may from time to time determine.

"Resolved further that in order to secure payment of said bonds with the interest thereon, this Company shall execute a mortgage or deed of trust to the Royal Trust Company, a company duly incorporated under the laws of the Dominion of Canada, as trustee, covering that portion of the railway, undertaking, equipment and property, tolls, rights and franchises of this Company (subject to any prior or superior lien or charge thereon) described in the draft of mortgage now submitted to this Board;

"Resolved further that said draft of mortgage and the form of bonds and coupons and of the guaranty of the Grand Trunk Railway Company of Canada to be endorsed on said bonds

which are embodied in the said draft mortgage, be and the same are hereby approved, and that the President or one of the Vice-presidents and the Secretary of this Company be and they are hereby authorized to execute the said mortgage and bonds, or a mortgage and bonds in substantially the same form on behalf of this Company under its corporate seal;

"And resolved further that in case the officers who shall have signed and sealed any of such bonds shall cease to be officers of the Company, before the bonds so signed and sealed shall have been actually certified and delivered by the Trustee, such bonds may nevertheless be issued, certified and delivered as though the persons who signed and sealed such bonds had not ceased to be officers of the Company. The coupons to be attached to such bonds may be authenticated by the engraved signature of the present or any future treasurer of the Company, and the Company may adopt and use for that purpose the engraved signature of any person who shall have been such treasurer, notwithstanding the fact that such person may have ceased to be such treasurer at the time when such bonds shall be actually certified and delivered;"

And whereas the said resolutions of the Board of directors of the Pacific Company, together with said draft of mortgage and the form of bonds and coupons respectively, and of the guaranty of the Grand Trunk Company to be endorsed on said bonds which are embodied in the said draft mortgage were thereafter submitted to a meeting of the shareholders of the Pacific Company at which all the shareholders were present in person or represented by proxy, and the said resolutions of the Board of directors were in all things at the said meeting duly ratified and confirmed;

And whereas this mortgage and the bonds to be secured thereby are substantially in the form of the said draft mortgage and bonds approved by the directors and the shareholders at the said meetings, respectively;

And whereas the form of coupons to be attached to the said bonds, the trustee's certificate to be signed by the trustee and the guaranty to be endorsed upon the said bonds by the Grand Trunk Company, as the same were approved by the directors and shareholders as above set forth, are severally substantially set forth in this mortgage;

And whereas in pursuance of such authority and of all and every legal power and authority now or hereafter vested in it, the Pacific Company proposes to issue and deliver the bonds hereby secured and to execute this indenture to secure the said bonds, and to declare the terms and conditions upon which every such bond is and shall be issued and secured;

Now therefore this indenture witnesseth as follows:—

ARTICLE ONE.

MEANING OF TERMS.

SECTION 1. His Majesty the King, acting in respect of the Dominion of Canada, by and through His Excellency the Governor General in Council, and represented herein by the Honourable the Minister of Finance and Receiver General of Canada, is herein called the "Government;" The Grand Trunk Pacific Railway Company, a company duly incorporated by the Parliament of Canada is herein called the "Pacific Company;" the Grand Trunk Railway Company of Canada, a company duly incorporated by the Legislature of the late Province of Canada and now under the legislative jurisdiction of the Parliament of Canada is herein called the "Grand Trunk Company," and the Royal Trust Company is herein called the "Trustee."

SECTION 2. All the covenants, stipulations, promises and agreements in this indenture contained, by or on behalf of the Pacific Company, or of the Grand Trunk Company, shall extend to and be binding upon the successors and assigns respectively of each of the said companies.

SECTION 3. Unless there is something in the subject or context inconsistent therewith, the words "the Trustee" shall be construed to refer to and describe the company which shall for the time being be charged with the execution of any of the trusts of these presents, whether such company shall be the company named herein as the Trustee or any successor of the said company in the said trusts.

SECTION 4. The expression "the mortgaged premises" shall include all the premises and franchises hereby mortgaged or charged in any way with the payment of moneys intended to be secured by these presents.

SECTION 5. For the purposes of this mortgage and of the securities issued and to be issued hereunder, the portion of the railway of the Pacific Company referred to herein and in the Transcontinental Railway Acts as the Prairie Section shall mean and comprise that portion of the said railway extending from the eastern terminus of the said Prairie Section, at the city of Winnipeg, or at some point on the Eastern Division of the National Transcontinental Railway not east of the ninety-sixth meridian of longitude, thence westerly through the Provinces of Manitoba and Saskatchewan and to the east bank of Wolf River, about one hundred and twenty miles west of the city of Edmonton, in the Province of Alberta, the east bank of said Wolf River having been established as the western limit of the Prairie Section and the eastern limit of the Mountain Section under and in pursuance of clause 4 of the agreement, a copy of which forms the schedule to chapter 71 of the statutes of 1903.

SECTION 6. The expression "construction work" for the purposes of this mortgage, and of the securities issued and to be issued hereunder, shall mean and include all wages, materials and supplies for construction of the said Prairie Section, or any part thereof, material purchased or acquired for the purposes of such construction, machinery, plant, implements, tools, services, and transportation required for, or entering into the cost

of such construction, expenditure for right-of-way and other lands required for the purposes of the Prairie Section and for terminal facilities thereof, expenditure for compensation for lands injuriously affected, for accommodation works and damages, for compensation for injuries, accidents and casualties to persons and property incidental to or arising out of such construction, for surveys and engineering, for maintenance, repairs and replacement of works and materials during construction, for materials, supplies and labour expended in the construction of telegraph and telephone lines reasonably required for the operation of the Prairie Section, or any part thereof, for preliminary expenses, for superintendence and management, including salaries and expenses of necessary officials, book-keeping, legal and medical expenses, reasonable sums for directors fees and expenses, and generally all costs and expenditures occasioned by the construction of the Prairie Section whether of the same kind as or differing in kind from the classes of expenditure especially above mentioned, including all expenses in connection with or incidental to the authorization, issue, sale or other disposition of any bonds issued hereunder, stamp duties, banking charges, exchange and interest upon moneys expended: Provided, however, that no materials or supplies shall be included in the expression "construction work" unless and until they shall have been delivered in Canada to the Pacific Company.

Where the work is done under contract, the expression "construction work" shall also include payments and obligations to contractors for construction of any part of the Prairie Section.

The said expression "construction work" shall also include any sum or sums of money paid or to be paid by the Pacific Company as interest accruing, or about to accrue, during the "period of construction," as hereinafter defined, upon all bonds from time to time issued by the Pacific Company and guaranteed by the Government under the indenture set forth in schedule A to the said chapter 98 of the statutes of 1905, the proceeds of which shall have been expended in "construction work"

as defined in section 5 of Article One of the said indenture, upon or in respect of the Prairie Section, and upon any bonds issued and to be issued by the Pacific Company and guaranteed by the Grand Trunk Company in respect of the Prairie Section under the indenture set forth in schedule B to said chapter 98, and also upon any bonds issued hereunder, less any sum or sums of money received by the Pacific Company from its net earnings, in respect of the Prairie Section, or as interest upon any proceeds of bonds issued in respect thereof.

SECTION 7. The expression "working expenditure" shall for the purposes of this mortgage and of the securities issued and to be issued hereunder, mean and include all expenses of maintenance of the Prairie Section, and of the stations, buildings, works and conveniences belonging thereto, and a due proportion as between the Prairie Section and other portions of the Pacific Company's railway of the expenses of maintaining and repairing and furnishing supplies to the rolling and other stock and moveable plant constituting the equipment of the Western Division or used in the working thereof, and all such tolls, rents or annual sums as are payable on account of property leased to or held by the Pacific Company in respect of the Prairie Section (but not including any rent of the Eastern Division or other leased line or any portion thereof) or in respect of the due proportion as between the Prairie Section and other portions of the Pacific Company's railway, of the hire of any rolling stock let to the Pacific Company as part of the equipment of the Western Division; all rent, charges or interest on the purchase money of lands belonging to the Pacific Company purchased for use in connection with the Prairie Section, but not paid for, or not fully paid for; all expenses of or incidental to working the Prairie Section and the traffic thereon, including stores and supplies; all rates, taxes, insurance and compensation for accident or losses payable in respect of the Prairie Section; also all salaries and wages of persons employed in and about the working of the said Prairie Section and the traffic thereon; such tolls, charges

or other sums as may be payable for the use of, or in respect of the rolling stock of other companies while upon the Prairie Section, the due proportion as aforesaid of all office and management expenses, including director's fees, agency, legal, medical and other like expenses, and of any sums of money contributed to any fund for the benefit of the employees of the Pacific Company; all costs and expenses of and incidental to the compliance by the Pacific Company with any order of the Board of Railway Commissioners for Canada, or of any Board or authority which may hereafter be duly constituted by the Parliament of Canada for the regulation of railways, and made in reference to the Prairie Section, and, generally, all such charges, if any, in respect of the Prairie Section not above otherwise specified, as in all cases of English railway companies are usually carried to the debit of revenue as distinguished from capital account.

SECTION 8. The expression "period of construction" in section 6 of this Article shall, subject to the provisions of any Act limiting the same, mean the period of time which shall elapse until the Prairie Section shall be declared by the Board of Railway Commissioners for Canada open for traffic.

ARTICLE TWO.

PROPERTY GRANTED IN TRUST.

In order to secure the payment of the principal and interest of all bonds at any time hereafter issued and outstanding under this indenture according to their tenor and effect and the performance of all covenants and conditions herein contained, and to declare the terms and conditions upon which such bonds are issued and received, the Pacific Company, in consideration of the premises and of the purchase and acceptance of such bonds by the holders thereof, and of the sum of one dollar to it duly paid by the Trustee at or before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged, has executed and delivered these presents, and has granted, bar-

gained, sold, released, conveyed, assigned, transferred and set over and doth hereby grant, bargain, sell, release, convey, assign, transfer and set over unto the Trustee, its successors and assigns forever:

All and singular the railway, undertaking and property of the Pacific Company herein referred to as the Prairie Section and comprising that portion of the Western Division of the National Transcontinental Railway extending from the eastern terminus of the said Western Division at the city of Winnipeg, or from some point on the Eastern Division of the said National Transcontinental Railway not east of the ninety-sixth meridian of longitude, thence westerly through the Provinces of Manitoba and Saskatchewan and to the east bank of Wolf River, about one hundred and twenty miles west of the city of Edmonton, in the Province of Alberta, the east bank of said Wolf River having been established as the western limit of the Prairie Section and the eastern limit of the Mountain Section under and in pursuance of clause 4 of the agreement, a copy of which forms the schedule to chapter 71 of the statutes of 1903, together with the rights and franchises in connection therewith and the revenues therefrom hereinafter particularly described, but not including any other Section or Division of the railway of the Pacific Company, or the tolls or revenues receivable in respect thereof by the Pacific Company, or the rolling stock or equipment of the Eastern Division of the National Transcontinental Railway or of the Lake Superior Branch or ships, or any municipal or provincial grants of land by way of bonus or subsidy to the Pacific Company (other than lands required for right of way, station grounds, terminals or other like railway purposes) nor any cash subsidies or bonuses, or any other line of railway or property whatsoever except the railway and property herein expressly described.

And, except as above provided, all and singular the estates, leasehold or otherwise, rights, privileges and franchises belonging or appertaining to the said above described railway, undertaking, equipment and property, including (a) all terminals,

wharves, piers, docks and other structures connected therewith, and telegraph and telephone lines erected upon the Prairie Section; all roadbeds, superstructures, right of way, rails, tracks, sidetracks, sidings, extensions, bridges, viaducts, terminals, buildings, depots, stations, tanks and water appliances, warehouses, ear-houses, engine-houses, freight-houses, coal-houses, wood-houses, machine-shops and other shops, turntables, water stations, fences, structures, erections and fixtures, and any and all other property, real or personal of every kind or description now or hereafter to be provided or acquired by the Pacific Company as appurtenant to the Prairie Section or forming part thereof; (b) all locomotives, engines, cars and other rolling stock, equipment, machinery, instruments, tools, implements, fuel, materials, furniture and other chattels of the Pacific Company now owned or hereafter held, acquired or provided by the Pacific Company, constituting the equipment of the Western Division, or of the terminals of the Prairie Section or of other property hereby mortgaged, including materials and supplies purchased or acquired for the purposes of construction of the Prairie Section, notwithstanding that the same may not have been actually delivered upon the work; (c) all the rents, issues, profits, tolls and other revenues receivable by the Pacific Company in respect of the said property or any portion thereof; and (d) all the rights, privileges, franchises and property which the Pacific Company now has, or shall hereafter acquire, possess or become entitled to, appertaining to the construction, maintenance, use or operation of the Prairie Section, or of the terminals thereof, or of other property hereby mortgaged; provided, however, that in respect of any leasehold or term of years included herein the interest of the Trustee therein shall be subject to the provisions of section 15 of Article eight hereof.

The foregoing description of the mortgaged premises is not intended to and shall not comprise or include any branch line exceeding six miles in length now or which may be hereafter constructed, connecting with the Prairie Section, and for the

construction of which authority may have been or may hereafter be obtained under any special Act nor any branch of any such branch line, whether the same shall or shall not exceed six miles in length, nor any rights or franchises now or hereafter held or enjoyed by the Pacific Company in respect of any such branch line or branch thereof, nor any of the classes or descriptions of property above described appertaining or belonging to the branch lines or branches thereof, by this clause excepted or any of them.

To have and to hold the mortgaged premises unto the Trustee and to its successors and assigns, forever, in trust for the equal and proportionate benefit and security of all holders of the bonds and interest obligations to be issued hereunder, and secured by this indenture, and for the enforcement of the payment of said bonds and interest obligations when payable, and the performance of and compliance with the covenants and conditions of this indenture without preference, priority or distinction of one bond over any other bond issued hereunder by reason of priority in the issue or negotiation thereof, or otherwise howsoever, subject however, to any superior lien or charge upon the mortgaged premises or any part thereof created or to be created under or by virtue of any of the mortgages or deeds of trust referred to in the schedule to said chapter 100 of the statutes of 1906, and to the lien or charge of the debenture stock authorized by the said Act.

And it is hereby covenanted and declared that all the bonds secured by these presents, are to be issued, certified and delivered, and that the mortgaged premises are to be held by the Trustee, subject to the further covenants, conditions, uses and trusts hereinafter set forth.

And it is covenanted between the parties hereto and for the benefit of the respective holders, from time to time, of bonds issued hereunder, as follows, namely:—

ARTICLE THREE.

ISSUE, REGISTRATION AND APPROPRIATION OF BONDS AND THEIR PROCEEDS.

SECTION 1. The bonds to be issued under and secured by this indenture, together with the coupons appertaining thereto, shall be substantially of the tenor and purport above recited. In case the officers who have signed and sealed any of such bonds shall cease to be officers of the Pacific Company before the bonds so signed and sealed shall have been actually certified and delivered by the Trustee, such bonds may nevertheless be issued, certified and delivered subject to the provisions hereof, as though the persons who signed and sealed such bonds had not ceased to be officers of the Pacific Company. The coupons to be attached to such bonds shall be authenticated by the engraved signature of the Treasurer of the Pacific Company, and the said Company may adopt and use for that purpose the engraved signature of any person who shall have been such treasurer, notwithstanding the fact that such person may have ceased to be such treasurer at the time when such bonds shall be actually certified and delivered.

SECTION 2. All bonds to be secured hereby shall be completely signed and executed by the Pacific Company, and the guaranty of the Grand Trunk Company having been endorsed thereon shall be delivered to the Trustee hereunder for certification, and the Trustee shall thereupon certify and deliver the same as hereinafter provided.

SECTION 3. All the said bonds shall be so issued that the sum or sums for which such bonds or any of them are pledged (and hereinafter referred to as the "proceeds" of the said bonds) shall from time to time as the said bonds are pledged be paid by the pledgee or pledgees thereof into such chartered bank or banks as the Minister of Finance and Receiver General of Canada may approve of (which are hereinafter collectively and distributively referred to as the "Bank"). The Bank shall receive and hold

the said proceeds and any interest accruing thereon at the credit of the Minister of Finance and Receiver General of Canada, in a special account in one of the offices of the said Bank, in accordance with and subject to the provisions of section 4 of this Article. Any bonds duly certified as aforesaid shall be delivered by the Trustee to the pledgee or pledgees thereof or on their order from time to time, as directed by the Pacific Company, but only upon the receipt by the Trustee from the Bank of a certificate in writing that it has received from such pledgee or pledgees the sum for which such bonds are pledged.

SECTION 4. The Bank shall keep all such proceeds received by it as aforesaid at the credit of the said special account and interest upon the balances at the credit of the said account shall be credited at such times and at such rates as may be agreed upon between the Pacific Company and the Bank. As the construction of the Prairie Section is proceeded with to the satisfaction of the Government, according to the specifications agreed upon between the Government and the Pacific Company there shall be paid out of the said proceeds and interest from time to time upon the request of the Pacific Company such sums as the chief engineer appointed by the Government or such other officer as the Government may appoint for that purpose, may certify are earned, having regard to the cost, at the date of such certificate, of construction work as hereinbefore defined.

Any proceeds remaining on deposit with the Bank and any interest payable on such proceeds pending the complete construction of the Prairie Section, shall, subject to payments therefrom on account of construction work as hereinbefore provided, be deemed part of the mortgaged premises.

If, upon the complete construction of the Prairie Section to the satisfaction of the Government, and the payment of all sums payable on account of construction work in respect thereof, there shall remain at the credit of the said account any balance of proceeds of the bonds issued hereunder, such balance and

any interest payable thereon shall be applied on the order of the Pacific Company to the redemption from pledge of any bonds issued hereunder; and upon receiving the bonds so redeemed the Bank shall deliver the same to the Trustee, who shall forthwith cancel and destroy the same, and deliver to the Pacific Company an instrument in writing under its corporate seal, stating the numbers and amounts of the said bonds, and certifying that they have been cancelled and destroyed.

SECTION 5. The principal of the bonds issued under and secured by this indenture, at any one time outstanding, shall not exceed the sum of ten million dollars (\$10,000,000).

SECTION 6. The bonds issued under and secured by this indenture shall be payable on the first day of April, 1919, and shall be of the denomination of one thousand dollars (\$1,000), or of any multiple thereof in such proportions as the directors of the Pacific Company shall from time to time determine, and may be issued from time to time hereafter with the guaranty of the Grand Trunk Company endorsed thereon.

SECTION 7. Only such bonds as shall bear thereon endorsed the certificate of the Trustee, by it duly executed under the hand of its secretary or assistant secretary, shall be secured by this indenture or shall be entitled to any lien or benefit thereunder; and every such certificate of the Trustee upon any bond executed on behalf of the Pacific Company shall be conclusive evidence that the bond so certified has been duly issued hereunder, and is entitled to the benefits hereof. Before certifying or delivering any bond hereby secured, the Trustee shall cut off and cancel all coupons thereof then matured.

SECTION 8. Until the definitive bonds can be engraved, the Pacific Company may execute, and, upon its request, the Trustee shall certify and deliver, in lieu of such engraved bonds, and subject to the same provisions, limitations and conditions, temporary printed or lithographed bonds of the tenor of the definitive bonds, except that no coupons shall be attached to such tem-

porary bonds. Each such temporary bond shall bear upon its face the words "Temporary Grand Trunk Pacific Railway Company Four Per Cent Mortgage Bond due 1919, exchangeable for a like face amount of engraved bonds," and shall be certified by the Trustee in like manner as hereinbefore provided for the definitive bonds, and the certificate of the Trustee shall be conclusive evidence that the bond so certified has been duly issued hereunder and that the holder is entitled to the benefit of this indenture. The guaranty of the Grand Trunk Company endorsed on such temporary bonds shall be signed by the Treasurer of the Grand Trunk Company. Such temporary bonds shall be exchangeable for definitive engraved bonds bearing such guaranty. Upon surrender of such temporary bonds for exchange, the Pacific Company at its own expense shall issue, and the trustee shall certify and deliver in exchange therefor, engraved bonds for the same aggregate principal amount as the temporary bonds surrendered; and until so exchanged, each of such temporary bonds shall in all respects be entitled to the lien and security of this indenture as a bond issued and certified hereunder, and interest, when and as payable, shall be paid and endorsed thereon. All temporary bonds so surrendered for exchange for engraved bonds (and the guaranty thereon) shall forthwith on such surrender be cancelled by the Trustee, and having been so cancelled, shall thereafter be destroyed in the presence of a representative of the Trustee, a representative of the Grand Trunk Company, a representative of the Government and a representative of the Pacific Company, who shall respectively execute in four counterparts a certificate attesting such destruction and deliver one counterpart to the Grand Trunk Company, one counterpart to the Pacific Company, one counterpart to the Government and one counterpart to the Trustee.

SECTION 9. The Pacific Company shall at all times keep at its head office in the city of Montreal suitable and appropriate books for the registering of the holders of bonds to be issued hereunder; and every holder of one or more bonds hereby secured

shall be entitled, without charge, to have his name and address and the denomination and numbers of any of the said bonds held by him entered in such register, upon presenting at the said office a written statement of the said particulars, signed by himself, or his duly authorized attorney, and producing the bonds and every registration of the ownership of any bond shall be properly certified thereon. Upon the registration of any such bond the same shall cease to be transferable by delivery and shall become transferable only by the registered holder thereof in person, or by attorney duly authorized, on the books or the Pacific Company at its said office, upon production of said bond, and each transfer thereof shall be recorded by endorsement upon the said bond, unless the last preceding transfer shall have been to bearer, which shall restore the transferability of the bond by delivery; but no registration of a bond shall affect the negotiability by delivery of the coupons appertaining thereto.

SECTION 10. The said register shall be open at all reasonable hours to the inspection of the Trustee, of the Government, and of the Grand Trunk Company, or of any agent or officer duly appointed on behalf of the said Trustee or of the Government, or of the Grand Trunk Company, and copies shall be furnished to the Trustee, the Government, or to the Grand Trunk Company, upon request.

SECTION 11. The Pacific Company shall be entitled to make a reasonable charge, not exceeding one dollar, for each transfer of a registered bond.

SECTION 12. In case any bond issued hereunder, with the coupons thereto appertaining, shall become mutilated or be destroyed, the Pacific Company, in its discretion, may issue and thereupon the Grand Trunk Company shall guarantee and the Trustee shall certify and deliver a new bond of like tenor and date, including coupons for unpaid interest thereon, bearing the same serial number, in exchange and substitution for, and upon cancellation of the mutilated bond, and its coupons, or in lieu of and substitution for, the bond and its coupons so des-

troyed, upon receipt of evidence satisfactory to the Pacific Company and the Grand Trunk Company of the destruction of such bond and its coupons, and upon receipt also of indemnity satisfactory to the Pacific Company and the Grand Trunk Company, and the Pacific Company may charge for the issue of such new bond an amount sufficient to reimburse it for the expense incurred in the issue thereof.

SECTION 13. Nothing in this or any other Article of this indenture, expressed or implied, is intended or shall be construed to give to any person or corporation, other than the parties hereto, and the holders of bonds issued under and secured by this indenture, any legal or equitable right, remedy, or claim, under or in respect of this indenture, or under any covenant, condition or provision herein contained; all its covenants, conditions and provisions being intended to be, and being for the sole and exclusive benefit of the said parties and of the holders of the bonds hereby secured.

ARTICLE FOUR.

THE GUARANTY OF THE GRAND TRUNK COMPANY.

SECTION 1. The Grand Trunk Company hereby agrees with the Pacific Company and the Trustee, and each of them to guarantee payment of the principal and interest of the bonds to be issued under this mortgage, by endorsing upon each of said bonds its guaranty in writing in the form hereinbefore set forth, but the principal of said bonds shall not exceed the sum of ten million dollars (\$10,000,000) at any one time outstanding.

SECTION 2. The guaranty of the Grand Trunk Company hereinbefore referred to shall constitute a liability of the said company in priority to all the share capital of the said company, whether guaranteed stock, preference stock, or ordinary stock.

SECTION 3. Notwithstanding anything herein contained, no liability shall attach to the Grand Trunk Company, as guarantor

of bonds to be issued hereunder, except in respect of bonds upon which the Grand Trunk Company shall have endorsed its guaranty in writing as above provided.

SECTION 4. No extension, waiver or other modification given or granted pursuant to the provisions in this mortgage contained, of the obligations of the Pacific Company under the provisions of said bonds by the Trustee, or by all or any of the bondholders, or by such bondholders and Trustee acting together, shall release or discharge the Grand Trunk Company from its obligations as guarantor of said bonds or upon its covenants herein contained.

ARTICLE FIVE.

COVENANTS OF THE PACIFIC COMPANY AND THE GRAND TRUNK COMPANY.

The following covenants are to bind the Pacific Company or the Grand Trunk Company according to the tenor thereof:—

SECTION 1. The Pacific Company will in every respect in accordance with the provisions of the Transcontinental Railway Acts lay out, construct and equip the Prairie Section within the period prescribed by such Acts or any extension thereof duly authorized.

SECTION 2. Subject to the provisions of the Transcontinental Railway Acts the Pacific Company will duly and punctually pay or cause to be paid to the holder of any first mortgage bonds issued under and secured by the indenture bearing date the 10th day of June, 1905, and set forth in schedule A to said chapter 98 of the statutes of 1907, the principal and interest accruing thereon, at the dates and place and in the manner mentioned in such bonds, and will also duly observe all the obligations in relation thereto imposed on the Pacific Company by the Transcontinental Railway Acts, or by the said bonds, or by the said indenture.

SECTION 3. The Pacific Company will duly and punctually pay or cause to be paid to the holder of any bond issued in respect of the Prairie Section under and secured by the indenture bear-

ing date the 15th day of March, 1905, set forth in schedule B to said chapter 98 of the statutes of 1905, the principal and interest accruing thereon at the dates and place and in the manner mentioned in such bonds, and will also duly observe all the obligations in relation thereto imposed on the Pacific Company by the said bonds or by the said indenture.

SECTION 4 The Pacific Company will duly and punctually pay, or cause to be paid, to every holder of any bond issued and secured hereunder, the principal and interest accruing thereon at the dates and places and in the manner mentioned in such bond, or in the coupons thereto belonging, according to the true intent and meaning thereof, without deduction from either principal or interest for any tax or taxes which may hereafter be imposed, levied or assessed and which the Pacific Company may be required to pay or to retain therefrom under any present or future law of the Dominion of Canada or of any province, county or municipality thereof, the Pacific Company hereby agreeing to pay all such tax or taxes.

SECTION 5 Whenever required by the Trustee the Pacific Company shall grant, release, convey, confirm, assign, transfer and set over unto the Trustee the estate, right, title and interest of the Pacific Company in and to all the mortgaged premises, and also will do, suffer, execute, acknowledge and deliver, or will cause to be done, suffered, executed, acknowledged and delivered, all and every such further acts, deeds, conveyances, transfers and assurances for the better assuring, conveying and confirming unto the Trustee all and singular the said mortgaged premises, as the Trustee shall reasonably require for better accomplishing the objects and purposes of this indenture, and for securing payment of the principal and interest of the bonds intended to be hereby secured, subject, however, in all cases to the prior or superior lien or charge created by any mortgage or deed of trust mentioned in the schedule to said chapter 100 of the statutes of 1906, and of the debenture stock authorized by the said Act to be issued, and especially will, if required by the Trustee, as

soon as practicable, execute by way of further assurance a supplementary deed or deeds of mortgage, containing if necessary, a more definite description of the property intended to be covered by this mortgage or deed of trust

SECTION 6 The Pacific Company shall be primarily liable to pay the interest as well as the principal upon all of the said bonds, but, if default shall be made by the Pacific Company in the payment thereof, or any part thereof, the Grand Trunk Company shall pay the same and shall take up the coupons representing such interest, and any moneys so paid by the Grand Trunk Company under its guarantee, whether for principal or interest of the said bonds, shall be held to have been paid in discharge of the liability of the Grand Trunk Company, but not in discharge of the liability of the Pacific Company with respect to the said bonds, and any money so paid by the Grand Trunk Company shall continue to be a charge under this mortgage and the Grand Trunk Company shall be subrogated *pro tanto* to all the rights of the holders of the said bonds, the interest upon or the principal of which shall have been paid by the Grand Trunk Company, and shall, as regards such bonds be, in all respects, in the position of holders of bonds in respect of which default has been made, and may exercise all the rights of such holders under this mortgage so long as it shall continue to pay, according to the tenor and effect thereof, the interest upon bonds of which the principal is not due, and so long as there shall not be any other default of the Pacific Company upon such bonds or in the performance of any of the covenants contained herein with respect to such holders of bonds continuing beyond any period of grace provided for in these presents.

SECTION 7. Notwithstanding anything herein contained this mortgage is subject, in the first instance, to the payment of any penalty which may now or hereafter be imposed upon the Pacific Company for non compliance in respect of the Prairie Section with the requirements of "The Railway Act" and to the payment of working expenditure, as hereinbefore defined.

SECTION 8. The Pacific Company shall acquire adequate terminals and terminal facilities for the proper operation of the Prairie Section and shall operate the said Section and keep the same and all the rolling stock, plant, machinery, works, fixtures, implements, utensils and other effects covered by this mortgage and every part thereof, in a good state of repair and in proper working order and condition, and shall, from time to time, provide such substituted or additional rolling stock, plant, machinery, works, fixtures, fittings, implements, utensils and other effects as may be required for the proper and efficient operation of the Prairie Section, and all such substituted or additional rolling stock, plant, machinery, works, fixtures, fittings, implements, utensils and other effects shall be subject in all respects to the trusts of this indenture; and the Pacific Company covenants and agrees that it will duly execute and deliver to the Trustee any and all instruments necessary or proper to subject such substituted or additional property to the lien of these presents.

SECTION 9. The Pacific Company shall, during the continuance of this security, carry on and conduct its business in a proper and efficient manner, and for the purposes of this security keep such proper books of account as will disclose the true state of the accounts of construction work, working expenditure, tolls and revenues and other accounts in respect of the Prairie Section as distinguished from other portions of its railway, and from time to time, give to the Trustee or holder of any of the bonds issued hereunder any information which may reasonably be required relating to the affairs of the Pacific Company.

SECTION 10. The Pacific Company covenants and agreed that it has not created or suffered to be created, and that it will not create or voluntarily suffer to be created, any lien or charge having priority to or preference over the lien or charge created by these presents upon the mortgaged premises, or any part thereof, or upon the income thereof, save and except any lien or charge thereon created by the several mortgages or deeds of trust referred to in the schedule to said chapter 100 of the statutes

of 1906, and the lien or charge of the debenture stock authorized to be issued under the provisions of the said Act, and that if any lien or charge shall hereafter arise or be created or take effect upon the mortgaged premises or any part thereof, contrary to the terms of this covenant, the Pacific Company will, within three months after the same shall have accrued, pay or cause to be paid and discharged, or will make adequate provision for the satisfaction and discharge of every such lien or charge, and that it will punctually pay and discharge all lawful claims and demands of materialmen, mechanics, labourers and others, which, if unpaid, might operate as a lien or charge upon the mortgaged premises or any part thereof, or the income thereof: Provided however, that nothing in this indenture contained shall be construed so as to prevent the Pacific Company from acquiring on credit rolling stock subject to agreement that the property therein is not to pass until payment therefor is made in full, which agreement shall, according to the terms thereof, be valid, and the Pacific Company covenants and agrees that it will itself punctually pay all claims and demands upon such rolling stock, according to the terms of any such agreement.

SECTION 11. The Pacific Company further covenants that it will from time to time pay and discharge all rates, taxes, levies, charges and assessments whatsoever lawfully imposed upon the mortgaged premises, or upon any part thereof, or upon the income and profits thereof, the lien arising out of which would be prior to the lien hereby created so that the charge created by this indenture shall be fully preserved in respect of such premises.

SECTION 12. The Pacific Company further covenants and agrees that there shall not be issued hereunder and at any one time outstanding bonds in excess of the principal amount of ten million dollars, and that it will not issue, negotiate, sell or dispose of any bonds hereby secured in any manner other than in accordance with the provisions of this indenture.

ARTICLE SIX.

POSSESSION UNTIL DEFAULT AND RELEASE.

SECTION 1. Until default shall have been made in the due or punctual payment of the interest or of the principal of the bonds hereby secured, or of some part of such interest or principal or in the due and punctual performance and observance of some covenant or condition hereof obligatory upon the Pacific Company, and until such default shall have been continued beyond the period of grace, if any, herein provided in respect thereof, the Pacific Company, its successors and assigns, shall be suffered and permitted to retain actual possession of all the mortgaged premises, and to manage, operate and use the same and every part thereof, with the rights and franchises appertaining thereto, and to collect, receive, take, use and enjoy the tolls, earnings, income, rents, issues and profits thereof.

SECTION 2. If, when the bonds hereby secured shall have become due and payable the Pacific Company shall well and truly pay, or shall cause to be paid, the whole amount of the principal and interest due upon all of the said bonds then outstanding, and the coupons for interest thereon, or shall provide for such payment by depositing with the Trustee hereunder for the payment of such bonds and coupons the entire amount due thereon for principal and interest, then and in that case all the mortgaged premises shall revert to the Pacific Company, and the estate, right, title and interest of the Trustee shall thereupon cease, determine and become void, and the Trustee on demand of the Pacific Company and at its cost and expense, shall execute a release and discharge of this mortgage and shall deliver to the Pacific Company, its successors and assigns, all the mortgaged premises and all securities, moneys, books, documents and other chattels and things held by it as Trustee hereunder.

ARTICLE SEVEN.

RELEASES OF MORTGAGED PROPERTY.

SECTION 1. Upon the written request of the Pacific Company, approved by resolution of its Board of directors or executive committee, the Trustee from time to time, while the Pacific Company is in possession of the mortgaged premises, but subject to the conditions and limitations in this Article prescribed, and not otherwise, shall release from the lien and operation of this indenture any part of the mortgaged premises then subject thereto; provided (1) that no part of the line of railway or of the right of way of the Prairie Section shall be released, unless the same shall no longer be of use in the operation of any part of the mortgaged premises, and no part of such line of railway or of the right of way shall be so released if thereby the continuity of the railway between the termini of the Prairie Section shall be broken; and (2) that no part of the mortgaged premises shall be released hereunder, unless at the time of such release it shall no longer be necessary or expedient to retain the same for the operation, maintenance or use of the Prairie Section or for use in the business of the Pacific Company in respect of the said Section.

SECTION 2. No such release shall be made under this Article unless the Pacific Company shall have sold, or shall have contracted to exchange for other property, or to sell, the property so to be released, and the proceeds of any and all such sales shall be set apart and held in trust, and applied, with the consent and approval of the Trustee, to the purchase of other property real or personal, or in betterments of or additions to the equipment or to the rolling stock, or otherwise in the improvement of some part of the mortgaged premises.

SECTION 3. Any new or additional property acquired by the Pacific Company in the place of any property released under this Article, shall immediately become and be subject to the lien created by this indenture, as fully as the property specially

described herein, and if requested by the Trustee the Pacific Company shall convey the same to the Trustee, by appropriate deed or deeds, upon the trusts and for the purposes of this indenture.

SECTION 4. The Pacific Company, while in possession of the mortgaged premises, shall also have full power, in its discretion, from time to time, to dispose of any portion of the machinery, implements, tools, plant and equipment at any time held subject to the lien hereby created which may have become unfit for use, replacing the same by the new machinery, tools, plant and equipment, which shall forthwith become subject to the lien created by this indenture.

SECTION 5. The purchaser or purchasers of any property sold or disposed of under any provision of this Article shall not be required to see to the application of the purchase money or be responsible for the misapplication or non-application thereof.

SECTION 6. In case the mortgaged premises shall be in the possession of a receiver lawfully appointed under the provisions hereof, the powers in and by this Article conferred upon the Pacific Company may be exercised by such receiver with the approval of the Trustee; and, if the Trustee shall be in possession of the mortgaged premises under the provisions hereof, then all such powers may be exercised by the Trustee in its discretion.

ARTICLE EIGHT

REMEDIES OF TRUSTEE AND BONDHOLDERS.

SECTION 1. In case the Pacific Company and the Grand Trunk Company, shall make default in the payment of any interest on any bond or bonds hereby secured, or in case the Pacific Company shall make default in the performance of any of the covenants contained in section 10 of Article five hereof, and any such default shall have continued for a period of six months, then and in every case of such continuing default, the Trustee, if so requested in writing by the holders of a majority

in value of the bonds shall, by notice in writing delivered to the Pacific Company, declare the principal of all bonds hereby secured 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, all arrears of interest upon all such bonds, with interest at the rate of four per centum per annum on overdue instalments of interest, and the expenses of the Trustee, shall either be paid by the Pacific Company, or be collected out of the mortgaged premises before any sale thereof shall have been made, then and in every such case, such default and its consequences may be waived by the Trustee, with the consent of the holders of a majority in value of the bonds; but no such waiver shall extend to or effect any subsequent default, or impair any right consequent thereon.

SECTION 2. (a) In case the Pacific Company and the Grand Trunk Company shall make default in the payment of any interest on any bond or bonds secured by this indenture, or in case the Pacific Company shall make default in the performance of any of the covenants contained in section 10 of Article five of this indenture, and any such default shall have continued for a period of six months:

(b) Or in case the Pacific Company shall make default in the due and punctual payment of the principal of any bond hereby secured:

(c) Or in case the Pacific Company shall make default in the due observance or performance of any other covenant or condition herein required to be observed, kept or performed by the Pacific Company, and any such default under this clause (c) hereof shall have continued for a period of six months after written notice thereof from the Trustee.

Then, and in each and every such case, the Trustee by its officers, agents or attorneys, may (but if under clauses (a) or (b) only with consent of the Grand Trunk Company in case such Company shall have paid under its said guaranty of said bonds all interest and principal due thereunder) exercise each and every of the remedies, trusts and powers following:

A. It may enter into and upon all or any part of the mortgaged premises, and may exclude the Pacific Company, its agents and servants, wholly therefrom, and having and holding the same, may use, operate, manage and control the said mortgaged premises, and conduct the business thereof by its superintendents, managers, receivers, agents and servants or attorneys, to the best advantage of the holders of the bonds hereby secured, and upon every such entry the Trustee, subject to the payment of working expenditure, shall have the right to manage the mortgaged premises, and to carry on the business and exercise all the rights and powers of the Pacific Company in relation thereto, either in the name of the Pacific Company or otherwise, as the Trustee shall deem best; and the Trustee shall be entitled to collect and to receive all tolls, earnings, income, rents, issues and profits of the same, and every part thereof; and after payment of working expenditure and any other proper prior charges upon the said mortgaged premises or any part thereof, as well as just and reasonable compensation for its own services and for the services of all agents, clerks, servants and other employees by it necessarily and properly engaged and employed, it shall apply the moneys arising as aforesaid, as follows:

(1). In case the principal of the bonds hereby secured shall not have become due, to the payment of the interest in default, in the order of the maturity of the instalments of such interest with interest thereon at the rate of four per centum per annum, such payments to be made rateably to the persons entitled thereto, without discrimination or preference.

(2). In case the principal of the bonds hereby secured shall have become due, by declaration or otherwise first, to the pay-

ment of the accrued interest (with interest on the overdue instalments thereof at the rate of four per centum per annum) in the order of the maturity of the instalments, and then to the payment of the principal of all bonds hereby secured, such payments to be made rateably to the persons entitled thereto, without any discrimination or preference.

B. It may, with or without entry, by its officers, agents or attorneys, in its discretion, (a) sell to the highest and best bidder all and singular the mortgaged premises, and any such sale or sales shall be made at public auction in the city of Montreal, in the Dominion of Canada, or in such other place and at such time and upon such terms as the Trustee may fix and specify in the notice of sale to be given as herein provided; or (b) immediately upon the expiration of the six months in the two cases in which a continuance of default for six months is required before taking proceedings, and immediately upon default in payment of principal in the other case, it may proceed to protect and enforce its rights and the rights of the bondholders under this indenture, by a writ or suits at law or in equity, 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 such other appropriate legal or equitable remedy, as the Trustee, being advised by counsel learned in the law, shall deem most effectual to protect and enforce any of its rights or duties hereunder.

C. It may, with or without entry, in its discretion lease the whole or any part of the mortgaged premises for such term or terms as it may deem expedient.

SECTION 3. In case the Trustee shall have proceeded to enforce any right under this indenture by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned because of a waiver, or for any other reason, or shall have been determined adversely to the Trustee then and in

every such case, the Pacific Company and the Trustee shall severally and respectively be restored to their former position and rights hereunder in respect of the mortgaged premises and all the rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken.

SECTION 4. Upon receiving from the holders of a majority in value of the bonds hereby secured a written request to that effect, and upon being indemnified as hereinafter provided, it shall be the duty of the Trustee to take all proper and necessary 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 such appropriate proceedings by action, suit or otherwise, as the Trustee, being advised by counsel learned in the law, shall deem most expedient.

SECTION 5. The holders of a majority in value of the bonds hereby secured shall have the right to direct and control the method and place of conducting any and all proceedings for any sale of the mortgaged premises, or the foreclosure of this mortgage, or the appointment of a receiver, or any other proceeding hereunder, and in the event of any sale, whether made under the power of sale hereby granted and conferred, or under or by virtue of judicial proceedings to direct that the mortgaged premises shall be sold in one parcel and as an entirety, or in such parcels as they may deem best.

SECTION 6. Notice of any such sale, pursuant to any provision of this indenture, shall state the time and place when and where the same is to be made, and shall contain a brief general description of the property to be sold and shall be sufficiently given if published once in each week for four consecutive weeks prior to such sale in the "Canada Gazette," in a newspaper published in the city of Montreal, in a newspaper published in London, England, and in a newspaper published in the city of New York, respectively.

SECTION 7. The Trustee may from time to time adjourn any sale to be made by it under the provisions of this indenture by announcement at the time and place appointed for such sale, or for such adjourned sale, and may without further notice or publication make such sale at the time and place to which the same shall be so adjourned.

SECTION 8. Upon the completion of any sale or sales under this indenture, the Trustee shall execute and deliver to the accepted purchaser or purchasers a good and sufficient deed, or good and sufficient deeds of conveyance of the property and franchises sold. The Trustee and its successors are hereby appointed the true and lawful attorney or attorneys, irrevocable, of the Pacific Company, in its name and stead to make all necessary deeds of conveyance of property thus sold, the Pacific Company hereby ratifying and confirming all that its said attorney or attorneys shall lawfully do by virtue hereof.

SECTION 9. Any such sale or sales made under or by virtue of this indenture, whether under the power of sale hereby granted and conferred, or under or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity of the Pacific Company of, in and to the premises sold, and shall be a perpetual bar, both at law and in equity, against the Pacific Company, its successors and assigns, and against any and all persons claiming or to claim the premises sold, or any part thereof, from, through or under the Pacific Company, its successors or assigns, except persons claiming under or by virtue of the prior or superior liens or charges hereinbefore referred to, or any of them, and to which this mortgage is made subject.

SECTION 10. The personal property and chattels conveyed, or intended to be conveyed, by or pursuant to this indenture, shall be deemed to be part of the realty for all purposes of this indenture, and shall be held and taken to be fixtures of the Prairie Section, and are to be sold therewith, and not separate therefrom, except as herein otherwise provided.

SECTION 11. The receipt of the Trustee shall be a sufficient discharge to any purchaser of the property, or any part thereof sold as aforesaid, for the purchase money, and no such purchaser, or his agents, grantees or assigns, shall be bound to see to the application of such purchase money upon or for any trust or purpose of this indenture, or shall in any manner whatsoever be answerable for any loss, misapplication or non-application of any purchase money, or any part thereof, or be bound to enquire as to the authorization, necessity, expediency or regularity of any such sale.

SECTION 12. In case of such sale, whether under the power of sale hereby granted or pursuant to judicial proceedings, the principal of all the bonds hereby secured, if not previously due, shall immediately thereupon become and be due and payable, anything in said bonds or in this indenture contained to the contrary notwithstanding.

SECTION 13. The purchase money, proceeds and avails of any sale hereunder, whether under the power of sale hereby granted or pursuant to judicial proceedings, together with any other sums which may then be held by the Trustee under any of the provisions of this indenture as part of the trust estate or of the proceeds thereof shall be applied as follows:—

(1) In the payment of the costs and expenses of such sale, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and of all expenses, liabilities and advances necessarily made or incurred by the Trustee and of working expenditure as hereinbefore defined and in the payment of liens prior to the lien created by these presents, except any taxes, assessments or other superior liens to which such sale shall have been made subject.

(2) In case the net proceeds of such sale shall be sufficient, in the payment of the whole amount then owing or unpaid for principal and interest, upon the bonds hereby secured, with

interest at the rate of four per cent per annum on the overdue instalments of interest, and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the said bonds, then in the payment of such principal and interest, without preference or priority of principal over interest, or of interest over principal, or of any instalment of interest over any other instalment of interest, rateably to the aggregate of such principal and of the accrued and unpaid interest.

(3) The surplus, if any, shall be paid to the Pacific Company, its successors or assigns, or to such person or company as may be lawfully entitled to receive the same.

SECTION 14. In case of any sale hereunder any bondholder who becomes a purchaser shall be entitled to tender in payment on account of such purchase any bonds hereby secured and any matured and unpaid coupons appertaining thereto, and shall be credited, on account of the purchase price of the property purchased, with the sum, if any, payable out of the net proceed of such sale on the bonds and coupons so tendered, or on the overdue coupons, as the case may be, and the amount so credited shall be endorsed thereon.

SECTION 15. In case there shall be any judgment outstanding against the Pacific Company then presently enforceable or in case in any judicial proceeding by any party other than the Grand Trunk Company or the Trustee, a receiver shall be appointed in respect of the mortgaged premises or a judgment be entered or order made for the sequestration of any part of the mortgaged premises, the Trustee shall thereupon be entitled forthwith to exercise the right of entry herein conferred, and also any and all other rights and powers herein conferred and provided to be exercised by the Trustee upon the concurrence and continuance of default as hereinbefore provided, and, as a matter of right, the Trustee shall thereupon be entitled to the appointment of a receiver and manager of the mortgaged premises, with such powers as the court making such appointment shall

confer: Provided that the right of entry and other rights and powers to be exercised by the Trustee hereunder shall not arise under this section by reason or on account of the taking possession of the mortgaged premises by an agent or manager appointed by the Government pursuant to the provisions of the Scheduled Agreements.

SECTION 16. It is hereby declared that the last three days of any term of years reserved by any lease, verbal or written, or any agreement therefor now held or hereafter acquired by the Pacific Company, and whether falling within a general or specific description of property hereunder, are hereby excepted out of the assignment or transfer of such lease or agreement hereby made, and do not and shall not form part of the mortgaged premises.

And it is hereby further declared and agreed that after any sale made under the powers herein contained of any leasehold interest forming part of the mortgaged premises, the Pacific Company shall stand possessed of the premises sold for the last three days of the term granted by the lease thereof or agreement therefor, in trust for the purchaser or purchasers, his or their executors, administrators and assigns, to be assigned and disposed of as he or they may direct.

SECTION 17. With the consent of the Trustee the Pacific Company may, at any time before the full payment of the principal and interest of the bonds hereby secured, and whenever it shall deem it expedient for the better protection and security of such bonds, although there may be then no default entitling the Trustee to enter into possession, surrender and deliver to the Trustee full possession of the whole or any part of the mortgaged premises, for any fixed period or indefinite. Upon such surrender and delivery to the Trustee with its consent the Trustee shall enter into and upon the premises so surrendered and delivered, and shall take and receive possession thereof, for such period, without prejudice however to its rights at any time

subsequently, when entitled thereto by any provision hereof, to insist upon and maintain such possession though beyond the expiration of any prescribed period. Upon any such voluntary surrender and delivery of said mortgaged premises, or of any part thereof, the Trustee, from the time of its entry, shall work, maintain, use, manage, control and employ the same in accordance with the provisions of this indenture, and shall receive and apply the income and revenues thereof as provided in section 2 of this Article.

SECTION 18. No holder of any bond or coupon hereby secured shall have any right to institute any action, suit or proceeding at law or in equity for the foreclosure or sale of the mortgaged premises, or for the execution of any trust of this indenture, or for the appointment of a receiver, or for any other remedy, hereunder, unless such holder shall have previously given to the Trustee written notice of such default and of the continuance thereof as hereinbefore provided; nor unless the holders of a majority in value of the bonds shall in writing have requested the Trustee to proceed to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name, and the Trustee shall have had a reasonable opportunity thereafter to take such action; nor unless also, there shall have been offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this indenture and to any action or cause of action for foreclosure or sale, or for the appointment of a receiver or manager, or for any other remedy hereunder; it being understood and intended that no holder or holders of bonds shall have any right in any manner whatever to affect, disturb or prejudice the lien created by this indenture by his or their action, or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall

be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of such outstanding bonds.

SECTION 19 Except as herein expressly provided to the contrary, no remedy herein conferred upon, or reserved to the Trustee, or to the holders of the bonds hereby secured, is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

SECTION 20 No delay or omission of the Trustee, or of any holder of the bonds hereby secured to exercise any right or power accruing upon any default continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given to the Trustee or to the holders of bonds may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the bondholders respectively.

ARTICLE NINE.

CONCERNING THE TRUSTEE.

SECTION 1. The Pacific Company shall pay all costs, charges and expenses necessarily and properly incurred by the Trustee in performing the trusts herein contained, including therein remuneration of the Trustee, and remuneration, salary or fees necessarily and properly paid by the Trustee to any counsel, solicitors, attorneys, agents or other persons employed by it, and also (in addition to any right of indemnity by law given to the Trustee) shall at all times keep indemnified the Trustee against all actions, proceedings, costs, claims and demands in respect of any matter or thing lawfully done or omitted in any wise relating to the trusts hereby created. The Trustee may retain and pay to itself out of any moneys in its hands, subject to the trusts hereof, the amount of such remuneration as for the time being may be due to it, and of such costs, charges and expenses as aforesaid.

SECTION 2. All costs, charges and expenses incurred and payments made by the Trustee or by its agents, attorneys or servants, in the lawful exercise of the powers hereby conferred, including such remuneration, salary or fees as shall necessarily and properly be paid to any counsel, solicitor, attorney, agent or other person employed by it, shall be payable by the Pacific Company on demand, and all such costs, charges, expenses and payments, and any interest thereon, and all remuneration payable to the Trustee hereunder shall be a charge on the mortgaged premises.

SECTION 3. The Trustee shall not be bound to take any step to enforce the performance of any of the covenants on the part of the Pacific Company in these presents contained unless upon request in writing by the holders of a majority in value of the bonds hereby secured, and then only upon being indemnified to its satisfaction against all actions, proceedings, claims, and demands to which it may render itself liable, and all costs, charges, damages and expenses which it may incur by so doing.

SECTION 4. Except as herein otherwise provided, the Trustee, may, with the consent of the Grand Trunk Company, from time to time and at any time waive, on such terms and conditions as to it shall deem expedient, any breach by the Pacific Company of any of the covenants in these presents contained, and no waiver by the Trustee of any breach of any covenant or condition of this indenture shall affect or impair the right of the Trustee to enforce such covenant or condition in case of any subsequent breach thereof.

SECTION 5. The Trustee shall not be liable for or by reason of any failure or defect of title to, or any encumbrance upon, the mortgaged premises, or for or by reason of the statements of fact or recitals in this mortgage or in the bonds contained, or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Pacific Company only.

SECTION 6. The Trustee shall not be responsible for any neglect or default on the part of any servant or agent appointed by it, if selected with reasonable care, nor for any error or mistake made in good faith.

SECTION 7. The Trustee may be removed at any time and a successor appointed by written notice delivered to the Trustee and to such successor, signed by or on behalf of the holders of a majority in value of the bonds issued hereunder; but no such removal shall be made before default hereunder without the written consent of the Pacific Company and the Grand Trunk Company.

SECTION 8. The Trustee or any trustee hereafter appointed may resign from the trusts created by this indenture, by giving notice in writing of such resignation to the Pacific Company and to the Grand Trunk Company and by publication of such notice at least once a week for four successive weeks in the "Canada Gazette," and in a newspaper published in the city of Montreal.

SECTION 9. In case the Trustee or any trustee hereafter appointed shall at any time resign, or otherwise become incapable of acting, or in case there shall be at any time a vacancy in the office of the trustee hereunder, the Pacific Company and the Grand Trunk Company shall forthwith by instrument in writing, appoint a trustee to fill such vacancy: Provided that if at any time within six months after such appointment the holders of a majority in value of the bonds issued hereunder shall in writing appoint another trustee, any trustee previously appointed by the Pacific Company and the Grand Trunk Company shall immediately and without further act be superseded by the Trustee so appointed by such holders of bonds.

SECTION 10. Any new trustee appointed as hereinbefore provided shall execute, acknowledge and deliver to the trustee last in office, and also to the Pacific Company, an instrument accepting such appointment hereunder, and thereupon such new trustee, without any further act, deed or conveyance, shall become

vested with all the estates, properties, rights, powers, trusts, duties and obligations of the trustee under this indenture with like effect as if originally named as trustee herein, but the trustee ceasing to act shall, nevertheless, on the written request of the new trustee, execute and deliver an instrument transferring to such new trustee, upon the trusts herein expressed, all interest in the said estates, properties, rights, powers and trusts of the trustee so resigning or removed, and upon the request of any such new trustee the Grand Trunk Company and the Pacific Company shall make, execute, acknowledge and deliver any and all deeds, conveyances or instruments in writing, for more fully and certainly vesting in and confirming to such new trustee all such estates, properties, rights, powers and trusts.

Upon every such appointment of a new trustee as aforesaid, the trust property shall, if and so far as the nature of the property and other circumstances shall require or admit, be deemed to be transferred, so that the same shall without further or other conveyance or assignment be vested in such new trustee for the time being.

ARTICLE TEN.

ACCEPTANCE OF TRUST, EXECUTION AND DEPOSIT OF MORTGAGE.

SECTION 1. The Royal Trust Company, party hereto of the second part, hereby accepts the trusts in this indenture declared and provided, as herein set forth.

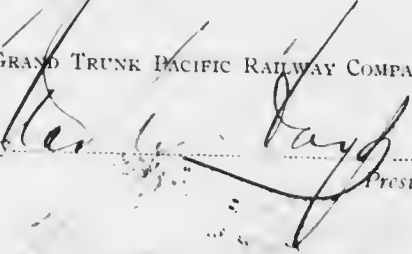
SECTION 2. This indenture may be executed in five counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

SECTION 3. One of the counterparts of this indenture when executed shall be deposited by the Pacific Company in the office of the Secretary of State for the Dominion of Canada, and notice

thereof shall be given by the Pacific Company in the "Canada Gazette" immediately after such deposit, and this indenture is not required to be registered elsewhere or in any other manner.

In witness whereof the parties hereto of the first, second, and third parts have duly caused these presents to be executed and their respective corporate seals to be hereunto affixed the day and year first above written.

THE GRAND TRUNK PACIFIC RAILWAY COMPANY

By  _____

President.

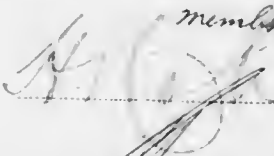
Secretary.

THE ROYAL TRUST COMPANY

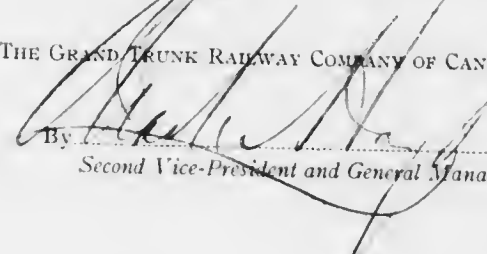
By  _____

Vice-President.

member Executive Committee.

 _____
General Manager.

THE GRAND TRUNK RAILWAY COMPANY OF CANADA

By  _____

Second Vice-President and General Manager.

