

unsecured, of one or more of the Companies or of any other obligor on the Bonds (each of which is hereafter in this § 14.04 called a "Bond party") within four months prior to a default, as defined in § 14.04(c) hereof, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the holders of the Bonds, and the holders of other indenture securities (as defined in paragraph (2) of § 14.04(c) hereof)

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such four-month period and valid as against such Bond party and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this § 14.04(a), or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against such Bond party upon the date of such default; and

(2) all property received by the Trustee in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such four-month period, or an amount equal to the proceeds of any such property, if disposed of, *subject, however,* to the rights, if any, of such Bond party and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee

(A) to retain for its own account (i) payments made on account of any such claim by any person (other than such Bond party) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third person, and (iii) distributions made in cash, securities, or other property in respect of claims filed against such Bond party in bankruptcy or receivership or in proceedings for reorganization pursuant to the National Bankruptcy Act or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four-month period;

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