Both principal and interest of this bond are payable without deduction for any tax or taxes which the Railroad Company may be required to pay or retain therefrom by any present or future law of the United States or of any State or Territory thereof, The Railroad Company hereby agreeing to pay such tax or taxes.

This bond is one of a series of consolidated mortgage bonds, all of like tenor, date and amount, numbered consecutively from one upwards, and not exceeding in the aggregate twenty-four million five hundred thousand dollars ($24,500,000) issued and to be issued in pursuance of and all to be equally secured by a mortgage dated the seventeenth day of August 1896, executed by the Railroad Company to the New York Security and Trust Company, of New York, as Trustee, covering the property and franchises of the Railroad Company, as therein described to which mortgage or deed of trust reference is hereby made for the description of the property and franchises mortgaged and the rights of the holders of said bonds under the same and the terms and conditions upon which said bonds may be issued.

This bond shall pass by delivery, unless registered in the owner's name upon the bond transfer books of the Railroad Company, such registration being noted on the bond by the Registrar of the Railroad Company. After such registration no transfer of this bond shall be valid unless made on said books by the registered owner or his attorney and similarly noted on the bond; but the same may be discharged from registry by being transferred to bearer, after which transferability by delivery shall be restored and it shall continue subject to successive registrations and transfers to bearer as before. Such registration however, shall not affect the negotiability of the coupons but the same shall continue to be transferable by delivery notwithstanding registration of the bond.

This bond shall not be valid for any purpose unless authenticated by the certificate hereon endorsed of the Trustee under said mortgage or deed of trust.

In Witness Whereof, the Oregon Railroad and Navigation Company has hereunto affixed its corporate seal and has caused these presents to be signed by its President and its Assistant Secretary and Coupons with the engraved signature of its Treasurer to be affixed hereto this seventeenth day of August 1896.

The Oregon Railroad and Navigation Company

By

President

Attest:

Assistant Secretary