

available therein, at the following prices (expressed in percentages of the principal amount): to and including , %; thereafter to and including , %; etc.

(For redemption prices see page 15 hereof)

(accrued interest to the date fixed for redemption being payable in each case out of other than sinking fund moneys), and upon the notice and in the manner hereinabove set forth for optional redemption, all as provided and contained in said Supplemental Indenture dated as of July 1, 1944, establishing and defining said sinking fund. Sinking fund payments shall be made to the Trustee annually on July 1 of each year, commencing with the year 1946, and shall amount in each year to the sum of \$1,000,000, unless the aggregate principal amount of the Railway Company's General Mortgage Bonds issued and outstanding on any such July 1 shall be not more than \$225,000,000, in which event the payment to the Trustee on such July 1 shall be the sum of \$1,000,000, or the amount by which the Railway Company's net income (as defined by the Accounting Classification of the Interstate Commerce Commission) for the year ending on December 31 next preceding shall exceed \$10,000,000, whichever shall be the lesser and in such event the payment shall be non-cumulative. Such payments shall be made in cash or in General Mortgage Bonds of any series (other than bonds held in the treasury of the Railway Company or pledged by the Railway Company and which have never been otherwise issued, and other than bonds which have been converted into stock of the Railway Company) in each case of a delivery of bonds at the principal amount thereof or at the cost thereof to the Railway Company, whichever is less (such cost to be exclusive of brokerage and accrued interest) or partly in cash and partly in bonds. Sinking fund money shall be applied by the Trustee to the purchase, as instructed by the Railway Company, of bonds of Series K, L or M at prices not exceeding the then current redemption price applicable for the sinking fund for the respective series, or General Mortgage Bonds of any other series at prices not exceeding the then lowest current redemption price applicable for the sinking fund for any of the bonds of Series K, L or M, in each case exclusive of brokerage and accrued interest, or to the redemption of any of the bonds of Series K, L or M, or upon the request of the Railway Company, to the payment of the principal of any General Mortgage Bond at its stated maturity, all as more fully provided in said Supplemental Indenture. All bonds acquired by or delivered to the Trustee pursuant to the provisions of the sinking fund will be cancelled and no bonds will be issued in place thereof.

In case of certain defaults specified in said indenture, the principal of this bond and all of the bonds issued under said indenture may be declared and may become due and payable in the manner and with the effect provided in said indenture.

This bond shall pass by delivery, unless registered as to principal in the owner's name either at the office of the Railway Company in the City of St. Paul, State of Minnesota, or at its office or agency in the Borough of Manhattan, The City of New York, such registry being noted on the bond by the Railway Company. After such registry no transfer shall be valid unless made by the registered owner in person or by attorney and similarly noted on the bond, but the same may be discharged from registry by like transfer to bearer noted on the bond, whereupon ability to transfer by delivery shall be restored; but this bond may again from time to time be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the coupons for interest on the bond, which shall continue to be payable to bearer and transferable by delivery, and payment thereof to the bearer shall fully discharge the Railway Company in respect to the interest therein mentioned whether or not the bond be registered as to principal.

The Series Bonds in coupon form are issuable in the denomination of \$1,000 as provided in said Supplemental Indenture dated as of July 1, 1944. The holder of any coupon