

SECTION 6. The Railway Company covenants to pay the compensation and expenses of the Trustee in administering said sinking fund as provided herein, including the costs of advertisement of redemption notices and any other advertisements.

SECTION 7. No sinking fund moneys shall be applied by the Trustee to the purchase or redemption of bonds during the continuance of an event of default under the Mortgage of which the Trustee shall have notice; but any moneys in such sinking fund at the time when such notice shall have been received by the Trustee shall be held as additional security for the payment of Series K, L and M Bonds.

ARTICLE FOUR

LIMITATION UPON THE ISSUANCE OF BONDS

The Railway Company covenants that until all of the Series K, L and M Bonds shall have been paid or retired in full, or adequate provision satisfactory to the Trustee shall have been made for their payment,

(a) the Railway Company will not have outstanding (including bonds held or pledged by the Railway Company) at any one time in addition to the Series K, L and M Bonds, in excess of an aggregate of \$75,000,000 (including the General Mortgage Bonds, Series F and Series J now pledged or held in the Railway Company's treasury) principal amount of General Mortgage Bonds falling within any one or more of the following categories: (1) bonds not previously authenticated which the Railway Company shall have, or can obtain by subjecting to the lien of the Mortgage property of any kind now owned by the Railway Company but which is not now subject thereto, the fully enforceable right under the provisions of Article Three of the Mortgage (without any further action on the Railway Company's part other than the procurement, and furnishing of copies, of governmental orders and procedural matters such as the adoption and furnishing of copies of resolutions and the furnishing of opinions of counsel and certificates of fact) to request the Trustee to authenticate on or prior to the date hereof, and (2) bonds as to which the Railway Company subsequent to the date hereof shall acquire the right under said provisions to request the Trustee actually to authenticate in respect of General Mortgage Bonds Series F, G, H or J, the Railway Company's First and Refunding Mortgage 4½% Gold Bonds or Eastern Railway Company of Minnesota, Northern Division Mortgage 4% Bonds, -the foregoing limitation not to apply to any bonds other than those falling within the categories (1) or (2) above; and

(b) the Railway Company will not after the date hereof have authenticated any bonds which would otherwise be issuable under the provisions of Article Three, Section 7, Paragraphs (a), (b) or (c) of the Mortgage in respect of expenditures made subsequent to July 1, 1944 in any aggregate principal amount or amounts exceeding 75% of the Railway Company's net expenditures (as hereinafter defined) for any one or more of the purposes set forth in said paragraphs (a), (b) and (c), the term "net expenditures" to mean capital expenditures charged to investment in Road and Equipment Accounts of the Railway Company (as those accounts are presently or from time to time may be prescribed by the Interstate Commerce Commission) made subsequent to July 1, 1944, after deducting therefrom the total amount of credits to such accounts for property retired after said date and replaced by the additions, betterments, facilities, equipment or property for which such capital expenditures are made.

At such time as all of the Series K, L and M Bonds shall have been paid or retired in full or adequate provision satisfactory to the Trustee shall have been made for their payment, the covenants contained in this Article Four shall become null and void and of no further effect.