

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 shall be the lesser (such cost to be exclusive of brokerage and accrued interest), or partly in cash and partly in such bonds, and may be anticipated. Sinking fund money shall be applied by the Trustee to the purchase, as instructed by the Railway Company, of General Mortgage Bonds of Series P or Series Q at prices not exceeding the then current redemption price applicable for the sinking fund for the respective series, exclusive of brokerage and accrued interest, or to the purchase of General Mortgage Bonds of any other series (provided that, if the purchase price of such bonds, exclusive of brokerage and accrued interest, shall exceed the lower of the then current redemption prices applicable for the sinking fund for the bonds of Series P or Series Q, sinking fund monies shall be used to pay only that part of the purchase price equal to such then current lower redemption price and the balance of such purchase price will be otherwise provided by the Railway Company and paid to the Trustee), or to the redemption of any of the bonds of Series P or Series Q, 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 January 1, 1946. The holder of any coupon bond for \$1,000 at his option may surrender the same for cancellation, with all unmatured coupons thereunto appertaining, in exchange for a registered bond without coupons of the same series, and registered bonds of the denomination of \$1,000, or any authorized multiple thereof, may be exchanged for coupon bonds of the same series as provided in said indenture. For such transfer or exchange a charge may be made as provided in said indenture.

No recourse shall be had for the payment of the principal of or the interest upon this bond, or for any claim based hereon, or otherwise in respect hereof or of said indenture and supplements, against any incorporator, stockholder, officer or director, past, present or future, of the Railway Company or of any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof, and as part of the consideration of the issue hereof, expressly released as provided in said indenture.