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principal sum becomes due and payable or when such event of default occurs, shall become due and payable. Accumulations of interest on this Bond shall not bear interest. Except as aforesaid, no interest shall be required to be paid on this Bond on any interest payment date if the amount then payable would be less than 1% of 1% of the principal sum hereof, and any unpaid accumulations of interest not payable hereof, this provision shall be reversed and added to the amount available for, or payable on account of, interest on the next date on which interest shall be paid.

The principal of, premium if any, and interest on this Bond are payable at the office or agency of the Company in the City of Chicago, State of Illinois, or, at the option of the registered holder hereof, at the office or agency of the Company in the Borough of Manhattan, City and State of New York.

This Bond is one of the General Mortgage Bonds of the Company (herein referred to as the "Bonds"), not limited in aggregate principal amount except as provided in the Mortgage issued and to be issued under, and all equally and ratably secured by, a mortgage and deed of trust dated as of January 1, 1918 (herein referred to as the "Mortgage"), duly executed and delivered by the Company to The Northern Trust Company and Gale F. Johnston, as Trustees; and their successors in trust (which Trustees and their successors in trust are hereinafter referred to as the "Trustees"), in which Mortgage and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the rights and restrictions upon the Company and the holders of the Bonds, and covenants in respect of such security, the rights, duties and immunities of the Trustees and the terms and conditions under which the Bonds are, and may be, issued and secured. By the terms of the Mortgage, the Bonds may be for various principal sums and are issuable in series, and the Bonds of any series may differ from the Bonds of any other series as to denomination, date, maturity, interest rate, redemption, sinking fund provisions and otherwise, all as in

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the Mortgage provided. Bonds of Series A, of which this is one, are designated as the "General Mortgage Bonds". Convertible Income Bonds, Series A, dated January 1, 1918, and the Aggregate principal amount thereof is limited to \$80,000,000.

Bonds of any other series bearing any interest payable unconditionally at a fixed rate, either from a date stated therein or from some fixed or determinable date thereafter, may be issued under the Mortgage; but in the event of the issuance of any such Bonds the accumulations of unpaid interest on this and all other Bonds of Series A shall become immediately due and payable and the interest on this and all other Bonds of Series A shall become fixed and unconditionally payable at the rate of 4½% per annum for the full calendar year during which the interest on such Bonds of any other series becomes fixed and for all succeeding calendar years until the principal sum becomes due and payable, and shall be payable semi-annually on each date as may be determined by the Board of Directors of the Company and as shall be provided in the supplemental indenture creating such other series. In each year the Company will make provision for the issuance of new Bonds of Series A in exchange and substitution for the Bonds of Series A then outstanding.

If an event of default as defined in the Mortgage shall occur, the principal of this Bond may be demanded and may become due and payable prior to the stated date of maturity hereof in the manner, with the effect and subject to the conditions provided in the Mortgage.

The Mortgage contains provisions permitting the Company and the Trustees at any time or times, with the consent of the holders of not less than 66⅔% of aggregate principal amount of the Bonds then outstanding and to be directly affected thereby, exercised as in the Mortgage provided, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, to modify or alter in any manner any of the provisions of the Mortgage or of any indenture supplemental thereto, or the rights of the holders of the Bonds and covenants to be directly

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affected thereby or the rights and obligations of the Company; provided, however, that without the consent of the holder of this Bond, as evidenced by an appropriate legend endorsed hereon (such consent to be conclusive and binding upon such holder and upon all future holders of this Bond), no such modification or alteration, shall (i) permit the creation by the Company of any mortgage or other lien in the nature of a mortgage ranking prior to or on a parity with the lien of the Mortgage or of any indenture supplemental thereto, with respect to any property covered thereby, otherwise than as permitted by the Mortgage, or (ii) effect a reduction of the percentage required for any action authorized to be taken by the holders of the Bonds, or (iii) alter or impair the obligation of the Company to pay the principal amount or the interest specified in this Bond at the places and in the manner specified in this Bond or (iv) alter or impair the obligation of the Company to pay the principal or the interest specified in this Bond at the time specified in this Bond, unless the holders of at least 75% in aggregate principal amount of all of the Bonds at the time outstanding, evidenced as in the Mortgage provided, and with the approval of the Interstate Commerce Commission or other public regulatory body having jurisdiction in the premises, shall have consented to extend to any fixed or determinable date the time or times of payment of the principal of, or the time or times of payment of any fixed interest or unpaid accumulations of, or contingent interest on, all of the Bonds of Series A then outstanding for a period of not exceeding 25 years beyond the original date of maturity of the principal amount hereof.

This Bond, or portions thereof amounting to \$1,000 or multiples of \$1,000, is subject to redemption on any interest payment date prior to maturity at the option of the Company, or on April 1 of any year, beginning with the year 1919, through the operation of the Series A Sinking Fund herein after mentioned, in each case upon publication of notice of such redemption once each week for four successive weeks in a newspaper printed in the English language and customarily published on each business day and of general circulation in

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the City of Chicago, State of Illinois, and in a live newspaper published on each business day and of general circulation in the Borough of Manhattan, City and State of New York, the first publication to be not less than 60 days and not more than 90 days before the date fixed for redemption, all as provided in the Mortgage, at a redemption price equal to the principal sum to be redeemed, plus all unpaid interest on such principal sum that has accumulated for prior years, interest that has been reserved as hereinabove provided, and interest (to the extent not otherwise payable) on such principal sum from January 1 of the preceding calendar year to the date fixed for redemption calculated at the rate of 4½% per annum.

As provided in the Mortgage, this Bond is convertible, at the option of the holder hereof, at any time prior to maturity (or, if this Bond be at any time called for prior redemption, then at any time on or before the date fixed for redemption, or in case said date shall be a legal holiday, then on or before the first business day thereafter) upon surrender of this Bond for that purpose at the office or agency of the Company in the City of Chicago, State of Illinois, or in the Borough of Manhattan, City and State of New York, into Series B Preferred Stock or Common Stock of the Company, upon the basis of one fully paid and non-assessable share of such Series B Preferred Stock or Common Stock for each \$100 of the principal sum hereof, subject to the provisions of the Mortgage as to interest on Bonds converted and dividends on stock received thereafter, as to issuance of scrip in lieu of fractional shares, and as to change in the conversion basis or substitution of other stock, securities or property in the event of consolidation, merger, conveyance of assets, recapitalization or the issuance of additional shares.

The Bonds of Series A are entitled to the benefits of annual payments into the Series A Sinking Fund out of Available Net Income, if any, as defined and made applicable for such purposes under the terms of the Mortgage, and are subject to redemption through the operation thereof.

This Bond is transferable by the registered holder hereof in person (or by his attorney duly authorized in writing) at