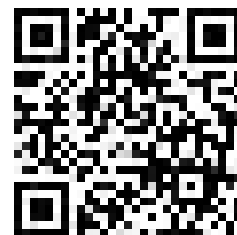
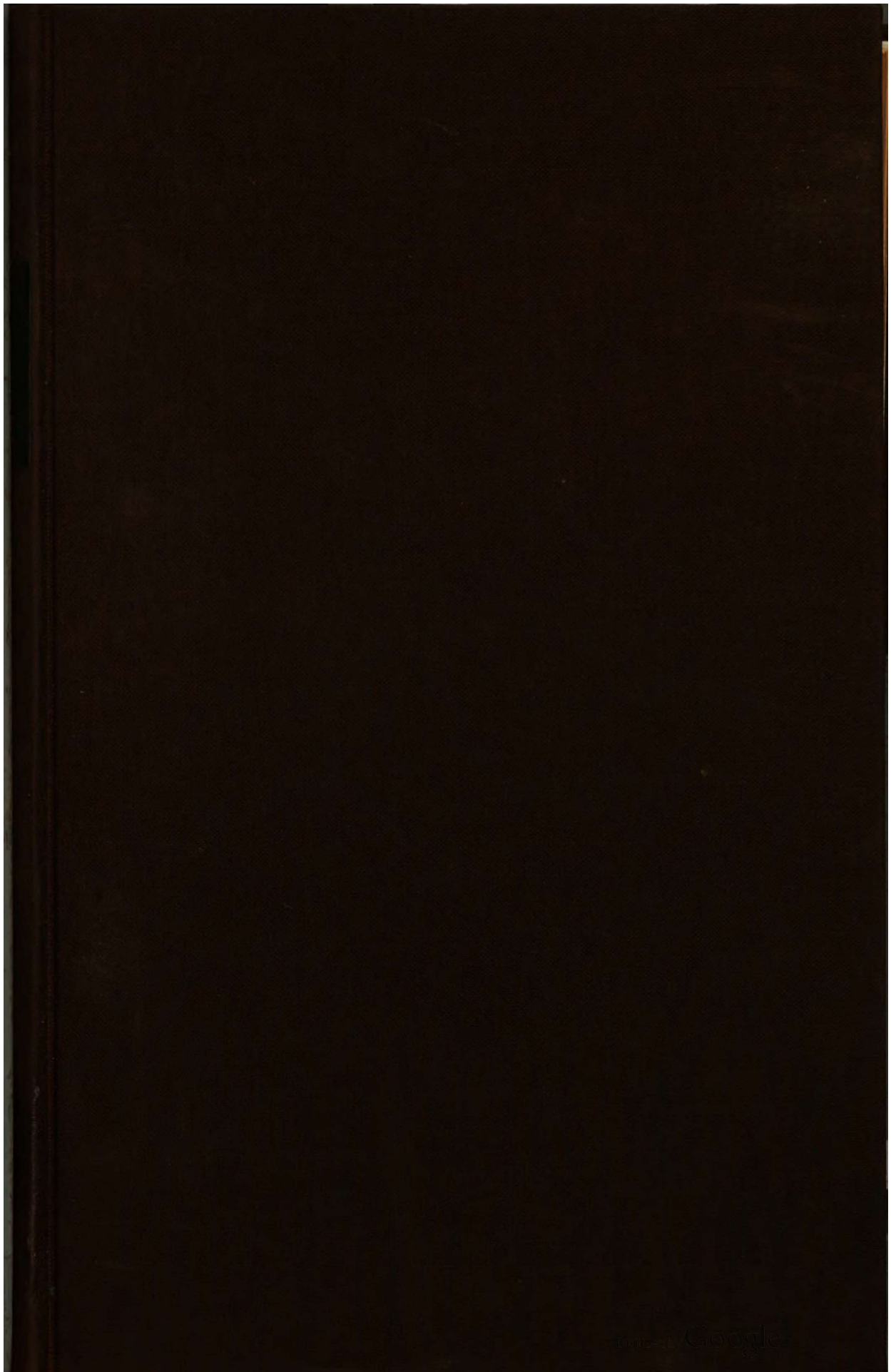

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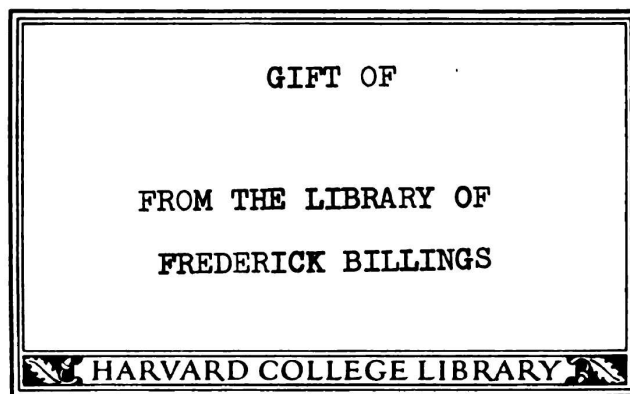
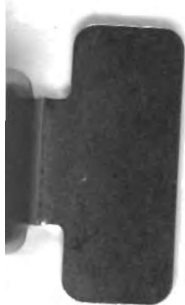
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NORTHERN PACIFIC RAILROAD.

BOOK OF REFERENCE.

FOR THE USE OF THE
DIRECTORS AND OFFICERS
OF THE COMPANY.

COMPILED BY E. V. SMALLEY.

NEW YORK :
E. WELLS SACKETT & RANKIN, PRINTERS AND STATIONERS,
56 & 58 WILLIAM STREET.
1883.

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AGREEMENT

Between the Northern Pacific Railroad Company and a Syndicate of Bankers.

This Agreement, made this 30th day of November, A. D. 1880, between the "NORTHERN PACIFIC RAILROAD COMPANY," of the one part, and DREXEL, MORGAN & Co., WINSLOW, LANIER & Co. and A. BELMONT & Co., of the second part,

Witnesseth: 1. That the Northern Pacific Railroad Company have agreed and do hereby agree with the parties of the second part, to make, execute and deliver to such Trustee as may be named by the parties of the second part a mortgage upon the entire road of the Company, constructed and to be constructed, and authorized to be built and constructed under the Charter of the Company, together with all lands now owned, and all such as may hereafter be acquired by the Company by virtue of extending and constructing its road under the Charter of the Company and any supplements thereto, or in any other manner, and also all property and rights of property, privileges and franchises of the Company (including its franchise to be a corporation), now owned or that may hereafter be owned or acquired; but subject, nevertheless, as to the lands of the Company east of the Missouri River, in the State of Minnesota, and in the Territory of Dakota, to all the rights of the holders of the preferred stock of the Company as to the power of the conversion of the stock into lands, and also as to the proceeds of sales of such lands as may be sold, and also to dividends out of the "net earnings" of the Company as is particularly mentioned and set out in the plan of the "Reorganization of the Northern Pacific Railroad Company," a copy of which is annexed to this agreement.

2. The mortgage shall contain the clauses for further assurances if required, and the default clauses and pro-

visions for the payment of interest, sinking fund and taxes usual in such mortgages, and also such other stipulations for the security and protection of the bonds to be issued under and secured by the mortgage as may be usual.

Bonds to
amount of \$25,-
000 per mile.

3. The mortgage shall be made to secure an issue of bonds not to exceed an average of \$25,000 per mile of road, as the same has been or may hereafter be actually completed and accepted by the President of the United States.

Description of
bonds.

4. The bonds shall be first mortgage, sinking fund bonds, bearing six per cent. interest, payable semi-annually on the 1st days of January and July in each year, in the City of New York, and both principal and interest shall be payable in gold coin of the United States of the present standard of weight and fineness, and free from all United States, State and Municipal taxes that may be required by law to be deducted by the Company from said interest; the Company assuming to pay the same.

But it is understood that there are now, upon certain sections of the road and certain lands and land grants of the Company, mortgages given to secure bonds amounting to not exceeding \$6,500,000, and that the existence of these divisional mortgages shall not be held or taken to be a violation of this agreement.

Reservation
for divisional
bonds

5. The mortgage shall provide that bonds shall be reserved by the Trustee sufficient in amount to equal the divisional bonds issued and outstanding, so that the amount of bonds actually issued secured by mortgage shall not exceed the \$25,000 per mile of road, as the same has been or may hereafter be actually completed and accepted by the President of the United States.

6. Both the mortgage and bonds to be created and issued, shall conform to the terms of the plan of reorganization above mentioned, and their form and provisions shall be satisfactory to the counsel of the parties of the second part.

\$10,000,000 at 90.

7. The Company agree to sell and the parties of the second part agree to buy (\$10,000,000) ten millions of

dollars of said bonds at the rate of ninety cents on the dollar for cash as of January 1st, 1881, and interest shall accrue to the parties of the second part from that date upon the said bonds whether delivered or not. In case the bonds are not delivered on the 1st of January, the Company shall issue their receipts for the purchase money, promising to deliver the bonds as soon as they are ready for delivery.

8. The parties of the second part shall also have the following options:

I. To take (\$10,000,000) ten millions of dollars more of the said bonds at the rate of ninety-two and a half (92½) cents on the dollar, and the accumulated interest, at any time during the year 1881; the bonds shall be delivered after they shall be called for, as fast as they can be issued by the Company, and any portion thereof which cannot be issued in 1881 shall be issued and delivered as soon thereafter as the Company shall have the power or be able to do so. Option of \$10,000,000 at 92½, in 1881.

If the parties of the second part exercise this option, they shall give notice to the Company of their purpose to take the bonds on or before the 31st day of December, 1881.

II. To take (\$10,000,000) ten millions of dollars more of said bonds at the price of ninety-two and a half cents on the dollar, and accrued interest, at any time during the year 1882. But this option must also be exercised by the giving of notice on or before the 1st day of July, 1882, of their purpose to take \$5,000,000 of the said bonds, and on or before the 1st day of October, 1882, of their purpose to take the remaining \$5,000,000 of said bonds. Option of \$10,000,000 at 92½, in 1882.

III. To take (\$10,000,000) ten millions of dollars more of said bonds at the price of ninety-two and a half cents on the dollar, and accrued interest, at any time during the year 1883. This option must in like manner be exercised by the giving of notice on or before the 1st day of July, 1883, of their purpose to take \$5,000,000 of said bonds, and on or before the 1st day of October, 1883, of Option of \$10,000,000 at 92½, in 1883.

their purpose to take the remaining \$5,000,000 of said bonds.

Conditions of
options.

9. It is understood and agreed that the parties of the second part have the right to exercise their several options by calling for and taking the whole of the bonds included in any option at any one time, or any part or parts thereof at different times, and within the limits of time allowed for the exercise of any option they may from time to time give notice and take parts of the amounts of such bonds when and as often as they may see fit, and the partial exercise of any option shall not in any manner prejudice or affect their right to call at another time or other times for other bonds to which such option may apply, or make them responsible for any bonds except such as may be included in such notice or notices. But it is also understood and agreed, that if, by reason of the provisions in the plan of reorganization or any provisions in the Charter, or other cause over which the Company cannot have control, the delivery of the bonds according to the terms of this agreement should be prevented, then the options applicable to such bonds respectively shall be extended so as to cover the full length of time during which such disability may continue, and shall apply to all the bonds to which such disability shall apply. It is further understood and agreed that if the parties of the second part shall fail or decline to exercise their options, or either of them, then they shall lose their right to the bonds not already taken by the exercise of previous options, and the Company shall be free to negotiate the sale thereof to any other party or parties.

Right of calls.

10. The parties of the second part shall also have the right to call for the bonds included in the option for the year 1883, or any part or parts of the amount thereof, during the year 1882, if they see fit so to do, and give notice of such call or calls on or before the 31st day of December, 1882.

Road to be finished in 1883.

11. The Company further agree with the parties of the second part, that the line of railroad, as contemplated, shall and will be built, constructed and equipped in such

a way and to such an extent as will furnish and provide a through railroad route to the Pacific Ocean, without any unnecessary delay, and as rapidly as it can be done with judicious regard for economy and business-like construction, and they now express the expectation that it can be completed to the extent above mentioned by the end of the year 1883.

12. The Company further agree with the parties of the second part, to make, execute and deliver any and all instruments of writing, and to do and perform all acts that may be requisite or proper to enable the Company to deliver the bonds in accordance with this agreement. Instruments of writing.

13. The Company also agrees not to sell or offer for sale any of the bonds secured by said mortgage, until the full time shall have elapsed within which the options above provided for can be exercised.

14. Should the Company, at any time after the sale of the \$40,000,000 bonds above mentioned, sell any more of the bonds issued under and secured by the above mentioned mortgage, such bonds shall be first offered to the parties of the second part at the lowest price which the Company will accept for them, and the parties of the second part shall have a reasonable time allowed them for the acceptance or rejection of the proposition. Bonds in excess of \$40,000,000.

15. The Company also agrees to pay to the parties of the second part, in consideration of the purchase of said bonds, five per cent. upon the amount of the bonds which may be taken under this agreement in the preferred stock of the Company. The shares of preferred stock so earned shall be issued to the parties of the second part from time to time, when and as often as the same or any part thereof shall accrue to or be earned by the parties of the second part under this agreement. Five per cent. on preferred stock.

16. The bonds and mortgage shall be prepared by the Company, and executed with all reasonable dispatch, and the first \$10,000,000 of bonds shall be delivered as speedily as may be possible, the 1st day of January, 1881, being the date upon which they should be delivered under this agreement. Delivery of bonds.

17. The mortgage shall contain some proper provisions for the delivery of the bonds to the Company by the Trustee, upon being furnished with the certificates of the Chief Engineer or other proper officer of the Company, stating the number of miles of road constructed, completed and accepted by the President of the United States, as provided in the plan of reorganization, and it shall also contain a provision that the money received for the sale of the bonds shall and will be applied to the building, constructing and equipping of the said railroad and interest on the bonds issued under and secured thereby, and to no other purposes.

Direct contract
for building road

18. The Company hereby agrees and stipulates that the building and constructing of the road shall be done by direct contracts on the most advantageous cash terms only, and that no Construction Company shall be formed under its auspices for that purpose.

Retirement of
divisional bonds

19. The mortgage shall contain provisions whereby any bonds, secured by the divisional mortgages above referred to, that shall be taken up by any sinking fund, or by conversion into lands, or by the proceeds of sales of lands, shall be canceled, and also that thereupon a corresponding amount of the bonds secured by the mortgage to be made shall likewise be canceled. The bonds of the latter class so to be canceled shall be taken out of the bonds reserved in the hands of the Trustee on account of the bonds secured by the divisional mortgages hereinbefore mentioned. When this cancellation shall take place, no issue shall at any time be made of bonds to take their place.

Exchange of di-
visional bonds.

20. The divisional bonds may be exchanged into the bonds reserved in the hands of the Trustee as above provided, and when so exchanged they shall be canceled; but for five years from January 1st, 1881, no such exchange shall be made except with the consent of the parties of the second part, and the mortgage shall be so drawn that the Company may be able to comply with this agreement to secure this right of exchange to the parties of the second part for five years.

21. The mortgage shall also provide that the bonds, ^{Payment for} issued under and secured thereby shall be receivable in ^{lands in bonds.} payment for lands of the Company at par, with ten per cent. added thereto, and accrued interest to date of payment, and also that any cash received for the sale of lands, and also any funds derived from the payments on account of the sinking fund, shall be invested by the Trustee in the said bonds at the best rate at which they can be obtained, but if they cannot be purchased below above price of par, with ten per cent. added thereto, and accrued interest, then a drawing shall take place as is usual in the case of sinking funds, and the bonds so drawn shall be paid at par, with ten per cent. added thereto, and accrued interest, and then canceled by the Trustee. The bonds shall be so purchased or drawn only out of the bonds previously sold and then outstanding, and no bonds shall afterwards be issued in the place of those so paid and canceled, whether paid for lands or purchased or drawn as above provided.

22. The mortgage shall provide for the application of the proceeds of the sales of lands east of the Missouri River, in the State of Minnesota and Territory of Dakota, to the extinguishment of the preferred stock in accordance with the plan of reorganization. But if the holders of the preferred stock will not receive the money and surrender their stock for cancellation, then some proper provision shall be made for investing the money in the bonds of the Company, secured by the mortgage. A restriction shall also be inserted in the mortgage, whereby no dividend shall be made upon the preferred or common stock at any time, until the funds have been provided out of the "net earnings" to pay the current interest and sinking fund on the bonds as provided in the plan of reorganization. ^{Extinguish-} ^{ment of preferred}

23. It is further distinctly understood, that in entering into this agreement, the parties of the second part are ^{Respective in-} ^{terests of bank-} ^{ing firms.} acting severally, and each is bound only in the proportion of the respective interests as set out below, viz.:

Drexel, Morgan & Co., $\frac{6.5}{100}$,
 Winslow, Lanier & Co., $\frac{2.5}{100}$,
 A. Belmont & Co., $\frac{1.0}{100}$,

and that the Company can only hold each one responsible for the fulfillment of the contract to the extent above stated—no one of them being responsible for either of the others, and there being no right on the part of either to call upon the others for contribution.

Two Directors
to be named by
bankers.

24. The parties of the first part further agree and bind themselves, that for and during the period of five years from this date, they will procure the stockholders of the Company to elect as Directors of the Company two persons, who may be named by the parties of the second part, from year to year, for that purpose.

DREXEL, MORGAN & Co.

WINSLOW, LANIER & Co.

AUGUST BELMONT & Co.

(Signed) NORTHERN PACIFIC R. R. Co.,

By FREDERICK BILLINGS,
President.

Accrued inter-
est—how com-
puted.

It is understood by and between the parties to the foregoing contract, that whenever the words "accrued interest" are used as regards the options therein provided for, that said accrued interest shall be computed until such time as (owing to completed road being accepted by the President of the United States) the Company shall have the right to deliver the bonds called for; and from that time the interest accruing on the bonds shall belong to the purchaser.

(Signed) NORTHERN PACIFIC R. R. Co.,

By FREDERICK BILLINGS,
President.

The originals were also signed by the three firms.