

47477

REAL AND CHATTEL MORTGAGE

THIS REAL AND CHATTEL MORTGAGE (hereinafter referred to as "this Indenture") dated for convenience as of the first day of August, 1954, although executed and delivered at a later date, between ST. HELENS PULP AND PAPER COMPANY, an Oregon corporation (hereinafter called the "Mortgagor"), and CROWN ZELLERBACH CORPORATION, a Nevada corporation (hereinafter called the "Mortgagee"):

WHEREAS, the Mortgagor is a majority-owned subsidiary of the Mortgagee; and

WHEREAS, the Mortgagee has unconditionally guaranteed obligations of the Mortgagor in the aggregate principal amount of \$4,000,000 (described in Section 1.03 hereof as the "Guaranteed Obligations of the Mortgagor"), which obligations were incurred by the Mortgagor to finance, in part, its modernization and expansion program; and

WHEREAS, it is necessary for the Mortgagor to borrow substantial additional funds to complete its modernization and expansion program, the balance of which is included in the description of "New Facilities" in Section 1.04 (i) hereof, and it has also been determined that the Mortgagor will construct and install a tissue machine and related facilities; and

WHEREAS, it is estimated that the Mortgagor may require new funds to the extent of approximately \$15,000,000 in order to complete the New Facilities and to reimburse, in part, the treasury of the Mortgagor for funds expended by it in carrying on a portion of said modernization and expansion program; and

WHEREAS, the Mortgagor deems it necessary, for the purposes hereinabove mentioned, from time to time to borrow money, and to issue its promissory notes therefor (hereinafter referred to as the "Notes") and to mortgage and pledge its property hereinafter described to secure the payment of all Notes issued pursuant to this Indenture, and other indebtedness of the Mortgagor to the Mortgagee hereinafter incurred, and to that end the Mortgagor has duly authorized the issuance of its Notes limited to the aggregate principal amount of \$15,000,000, to be dated as of the dates of the respective issue of such Notes, to mature January 31, 1963, to bear interest on the unpaid balances thereof from the date thereof until the principal thereof shall

