

Upon the payment of the first mortgage bonds of the Oregon Railway and Navigation Company, and the satisfaction of the said mortgages of the said Company to the Farmers' Loan and Trust Company, securing said bonds the Trustee is hereby authorized to obtain and shall obtain from the said Farmers' Loan and Trust Company the certificates of capital stock of the Cascade Railroad Company held by said Farmers' Loan and Trust Company under said mortgages and shall obtain a proper transfer of said stock; and so long as no default shall be made by The Railroad Company in the payment of the principal or interest of the bonds secured by this indenture The Trustee shall take all steps necessary to enable The Railroad Company to vote or cause to be voted at all corporate meetings of said Cascade Railroad Company the capital stock of said Cascade Railroad Company. It is expressly understood, anything herein to the contrary notwithstanding that The Railroad Company shall not be obliged to operate or to cause the Cascade Railroad Company to operate the said railroad of said Cascade Railroad Company; and that the property of said Company may be sold at any time on such terms as may be approved by the Board of Directors of The Railroad Company, provided, however, that the proceeds of such sale be received by the Trustee and be by it under the instructions of the Board of Directors of The Railroad Company, applied to the purchase and retiring of said first mortgage bonds of the Oregon Railway and Navigation Company or to the purchase or acquisition of new equipment for the use of the Railroad Company and subject to the lien hereof or applied in the betterment of the railroad of The Railroad Company. And The Railroad Company at any time when it can legally be done may take any action necessary or proper to cause said Cascade Railroad Company to convey all of its property to The Railroad Company subject to the lien hereof, after which conveyance the stocks of said Cascade Railroad Company shall be held by The Trustee in the same manner and for the same purposes as hereinabove in this article provided with respect to the stocks of the Mill Creek Flume and Manufacturing Company, the Walla Walla and Columbia River Railroad Company and the Columbia and Palouse Railroad Company.

Article Four

Section I. The Railroad Company covenants that it will punctually