

said taxes or assessments shall be respectively due or payable; provided, however, that the Company shall not be required to pay any such taxes or assessments so long as it shall in good faith contest the validity thereof; and will not suffer any lien superior to the lien of this mortgage to attach to any part of the property hereby mortgaged or which may be subject to the lien hereof, except as herein provided, and will not suffer any waste thereof. Should the Company fail to pay any such tax, assessment or other charge, or suffer any such lien to attach, the Trustee may pay and discharge the same.

4. And if either the Portland General Electric Company or the Portland Railway Company shall at any time while this Indenture is in force fail to pay all such taxes, assessments and charges lawfully imposed or to be imposed upon the property of such company, or upon the income or profits thereof, then the Company will itself pay and discharge the same; provided, however, that such taxes, assessments or charges need not be paid as long as the validity thereof shall in good faith be contested.

5. The Company will not allow any security or charge to be created or imposed upon the respective properties or franchises of the Portland General Electric Company or the Portland Railway Company, nor will it allow any guaranty to be created or entered into, or any indebtedness other than for current operating expenses, to be created or incurred by either of said companies, provided, however, that either of said Companies may issue or guarantee notes or other obligations for the payment of money and may secure payment thereof by a charge upon its properties on condition that a proportion of any notes or obligations issued or guaranteed by it, at least equal in amount to the proportion that all of its stock deposited hereunder bears in amount and value to its total stock, is assigned and transferred to and deposited with the Trustee hereunder as additional security for the payment of the bonds secured hereby, with the same force and effect and subject to all the conditions and provisions hereof, as if originally mortgaged hereby.

6. It is, however, understood that further bonds of either of said companies secured by their respective mortgages referred to in the preambles hereof may be issued without assigning, transferring or depositing them with the Trustee, to the total authorized amount thereof, provided said bonds be issued in accordance with the terms of said respective mortgages hereinbefore referred to; provided, further, that at all times all properties, rights and interests which may be or become subject to the lien of either of said mortgages, shall be vested in the company whose mortgage shall be or become a lien thereon and whose stock is then pledged hereunder; or, subject only to the lien of said existing mortgage, shall be subjected to the lien of this mortgage; and it is also further understood that either of said companies may at its option extend the time of payment of any bond which may now or hereafter be issued under any of its mortgages above referred to.

7. The principal of all bonds of either the Portland General Electric Company or the Portland Railway Company, secured by any mortgage or deed of trust on the property of either of said companies, unless the time of payment thereof be extended as above provided, and the interest accruing thereon, and the installments, as they become due, of any Sinking Fund created under any such mortgage or deed of trust, shall be punctually paid, and all the covenants and agreements of said bonds and of the respective mortgages or deeds of trust securing the same shall be well and faithfully observed and performed.

8. The Company will enter into no contract or agreement with either the Portland General Electric Company or the Portland Railway Company, which by its terms shall impose any undue hardship upon either of said companies, and either of said companies shall be the provisions of such contract have the option of terminating it upon the happening of any of the events of default herein specified; provided, however, that the provisions of this paragraph shall not prevent the purchase or lease by the Company without such right of termination of the properties