

and franchises of either the Portland Railway Company or the Portland General Electric Company, or both, in the manner and upon the terms and conditions hereinafter set forth.

9. From time to time as additional shares of the preferred or common stocks of either the Portland General Electric Company or the Portland Railway Company shall be acquired by or for the Company, or whenever the Company shall receive notes or other evidences of indebtedness of either the Portland General Electric Company or the Portland Railway Company, for loans made by it to such company or otherwise, said shares of notes or other evidences of indebtedness shall, immediately upon such acquisition thereof, be assigned and delivered to the Trustee to be held under the terms of this indenture.

10. The Company will cause all repairs, renewals and replacements necessary to keep the railways structures, cars, machinery, electric plants, pole lines, dams, locks, and other works, equipment, tools and other property belonging to the said Portland General Electric Company and the Portland Railway Company, or that may be or become subject to the lien of this mortgage, in as good order and condition as they now are, to be made out of the earnings of the respective companies then owning the same and will not permit or suffer any of said properties to be so used as to impair or injuriously affect the value of the same, or of the stock pledged hereunder.

11. The Company will not sanction or permit the sale or lease by either the Portland General Electric Company or the Portland Railway Company of any of the respective properties, franchises, rights and privileges so sold, or the leasehold interest in those so leased, shall be subjected to the lien of this mortgage, as hereinafter provided, in such wise that this mortgage shall, subject only to the lien of the now existing mortgage or mortgages hereinbefore referred to upon the properties, franchises, rights and privileges of such company constitute a valid first lien upon the properties, franchises, rights and privileges sold or on the leasehold interest in those leased and on the earnings, rents, issues and profits therefrom, and then only upon such terms as shall not in any manner impair or prejudice the value of the security hereby given; any properties, however, which may no longer be necessary or expedient to be retained for use in carrying on the business of either of said companies, or any tools, machinery, equipment or implements which may have become obsolete or otherwise unfit for use by either of said companies, may be sold by such company at a fair value, provided such sale or sales be made and the proceeds thereof be applied in accordance with the terms of such one of the respective mortgages above referred to as may be a lien upon the property so sold.

12. The Company will not allow or authorize any further issue or increase of either the preferred or common capital stock of either the Portland General Electric Company or the Portland Railway Company, unless there shall be deposited with and transferred and assigned to and retained and held by the Trustee, as additional security for the bonds issued hereunder, with the same effect and subject to all the conditions and provisions hereof, as if originally mortgaged hereby, such portion of the increased stock and of each class thereof that neither the proportion of the total stock of such company deposited to the total issue of stock of that company, nor the proportion of any class of stock deposited to the total issue of that class of stock shall be diminished by reason of such further issue or increase.

ARTICLE FOURTH.- All stocks, notes, bonds and other evidences of indebtedness pledged and assigned to the Trustee hereby or pursuant to the covenants herein contained, shall be retained by the Trustee in its possession, except as herein otherwise provided. Until the happening of one of the events of default hereinafter specified, the Company, its successors and assigns shall be entitled to retain possession of any of the other property or premises that may be or become subject to the lien of this mortgage, except as hereinafter provided, and to receive the rents, income, and profits thereof, and if it is not in default in the performance of any of its cov-