

enants hereunder may use and dispose of the rents, income and profits so received free from the lien of this mortgage. The Trustee shall give to the Company proper dividend orders covering the dividends on said stocks, and interest orders covering the interest on said notes, bonds and other evidences of indebtedness which may be rescinded and revoked, however, by the Trustee upon default at maturity in the payment of any interest due upon any of the bonds secured hereby or default in the payment of any instalment that may have fallen due to the sinking fund as herein provided, or upon the happening of any of the other events of default as provided in this Indenture; and during such default all dividends and interest shall be paid to the Trustee and held by it as additional security under this mortgage; provided, however, that the Company shall not be entitled to receive, and the Trustee shall not authorize the payment over to the Company of any interest on any notes or indebtedness which may be pledged or assigned to the Trustee hereunder, which shall be collected or paid out of the proceeds of the sale of the property of either the Portland General Electric Company or the Portland Railway Company or any dividends declared in respect of any stocks pledged or assigned to the Trustee hereunder which shall be collected or paid out of such proceeds, but the Trustee shall retain any such dividends or interest as a part of the principal of the trust estate hereby conveyed and they shall be treated and applied by the Trustee in the same manner as is hereinafter provided in respect to payment on account of the Sinking Fund.

Any notes, bonds or other evidences of indebtedness of the Portland Railway Company or of the Portland General Electric Company which may be deposited by the Company under this Indenture as herein provided, may at any time, so long as there is no default as hereinafter specified, be extended at the option of the Company, and from time to time re-extended or converted at its option into new bonds or new stock of such company notwithstanding any of the provisions of this Indenture; provided, however, that all such new bonds and stock of such company shall be forthwith deposited with the Trustee to be held under the provisions hereof, and provided further that there shall be no such conversion into stock unless such company shall at the time be free from indebtedness, other than current operating expenses, bonds secured by mortgages now existing and the indebtedness, subject to the lien hereof, to be converted under this provision. In case any of the bonds, notes or other evidences of indebtedness pledged and assigned to the Trustee pursuant to the provisions hereof are paid to the Trustee by the company issuing the same, out of its earnings or out of the proceeds of its bonds issued pursuant to the provisions of paragraph 6 of Article Third hereof, or with the proceeds of other notes or bonds pledged, assigned and delivered to the Trustee pursuant to the provisions hereof and such company is free from indebtedness other than current operating expenses, bonds secured by now existing mortgages, and indebtedness pledged to the Trustee pursuant to the provisions hereof, the amounts so paid to the Trustee shall forthwith be paid over to the Company and the bonds, notes or other evidences of the indebtedness so paid shall be cancelled, provided, however, the Company is not in default in the performance of any of the covenants or conditions of this Indenture. Otherwise, any amounts paid to or collected by the Trustee on account of the principal amount of any such bonds, notes or other evidences of indebtedness shall be retained by the Trustee and treated and applied as is hereinafter provided in respect to payments on account of the sinking fund. The Trustee shall not be bound to inquire the source from which any moneys received by it shall have been derived, and shall incur no liability by any payment made to the Company in contravention of the provisions of this Article, unless at the time of such payment the Trustee shall have had knowledge of facts making it obligatory upon the Trustee to retain such moneys. Should either the Portland General Electric Company or the Portland Railway Company pay dividends in the form of stock or in any form other than in money, the Trustee shall also