

The proxies given pursuant hereto shall not authorize nor shall the voting power of the Company be at any time used or exercised to permit or authorize any lien, 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, or any guarantee 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, except as herein expressly provided; nor shall such proxies authorize nor shall such voting power be used or exercised so as to permit or authorize any increase of the capital stock of any company, the stock of which may be deposited with the Trustee hereunder, unless the increase is authorized upon such terms as shall assure that the proportion of such increase required by the terms of Article Third hereof, 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; nor shall such proxies authorize, nor such voting power be used or exercised to permit or authorize the doing of any act contrary to the covenants in this indenture contained. Express authority is hereby given for the use of such proxies for the creation of such liens, securities and charges and for such increases in the capital stock, subject to the provisions and conditions of Articles Third and Seventh of this Indenture.

ARTICLE SIXTH.- The Trustee shall cause to be transferred into its name as Trustee, or into the name or names of its nominee or nominees, all shares of stock delivered and assigned to it at any time, or which may be delivered or assigned to it as security hereunder. The Trustee may do whatever may be necessary for the purpose of maintaining or preserving the corporate existence of any of the companies, the shares of which shall at any time be pledged hereunder, and for such purposes from time to time the Trustee may sell, assign, transfer and deliver so many shares of the capital stock of any such Company as may be necessary to qualify persons to act as directors of, or in any other official relation to, such company; provided, however, that, under this provision, where two-thirds of the stock of any corporation shall have been deposited with the Trustee, no transfer shall be made which shall reduce the amount of stock in any of the companies held by the Trustee so as to render it less than two-thirds in amount of the stock of such company at the time outstanding; and in any such case the Trustee may make such arrangements as it may deem necessary for the protection of the trusts hereunder.

ARTICLE SEVENTH.- Nothing herein contained shall be construed to prevent the consolidation or merger of either or both the Portland General Electric Company or the Portland Railway Company with the Company, or the sale, conveyance, transfer or lease of the property of either or both of said companies to the Company, but subject to the provisions of Article Third hereof, such consolidation, merger, sale or lease may be made under any laws to which such companies may then be subject, provided the same shall be made only on such terms as shall not in any manner impair or prejudice the value of the security hereby given; provided further, that in the event of the consolidation or merger of either or both of said companies with the Company, or the sale or lease of its or their property to the Company, this Indenture immediately shall become and be a lien subject as to the property of each company only to the lien of its now existing mortgage or mortgages for the use and benefit of the holders of the bonds issued and to be issued hereunder upon the property, franchises, rights and privileges of the company or companies so consolidated or merged with or sold to the Company, or upon the leasehold interest of the Company therein, and upon the rents, earnings, income and profits therefrom, and upon all properties, rights and interest then or thereafter acquired