

November 1, 1907, to November 1, 1909, inclusive, shall be increased by a sum equal to five-twelfths of one per cent. of the amount of bonds outstanding in excess of \$5,982,000, and the annual sinking fund payments due from November 1, 1910, to November 1, 1919, inclusive, shall be increased by a sum equal to two-thirds of one per cent. of such excess, and the annual sinking fund payments due after November 1, 1920, shall be increased by a sum equal to one per cent. of such excess.

The Trustee shall from time to time, by private purchase from brokers, or otherwise, invest the moneys in the sinking fund in the purchase of First and Refunding Bonds at such prices as the Railway Company shall deem reasonable, not exceeding the face value of said bonds, plus five per cent. premium and accrued interest. If at any time an accumulation of not less than twenty thousand dollars (\$20,000) shall have remained in the hands of the Trustee for a period of three months or upwards, then, and in that case, the Trustee shall, at its office, and on a date whereof not less than ten days' previous notice in writing shall have been given to the Railway Company, and in the presence of any officer or representative of the Railway Company who may attend for that purpose, select or draw by lot from the whole number of First and Refunding Bonds then outstanding so many of such bonds as the moneys in the sinking fund will suffice to pay off at five per cent. Premium and accrued interest, and shall give notice, specifying the serial numbers of the said bonds so drawn, to the effect that the same will be paid off at five per cent. premium and accrued interest on the next ensuing semi-annual interest day, being not less than, sixty days thereafter.

Such notice shall be published in one or more newspapers of general circulation in the City of New York and in the City of Portland, Oregon, twice in each week, for eight consecutive weeks; the first publication to be not less than sixty days nor more than seventy-five days before the date prescribed for payment. Upon the surrender of any such bonds to the Trustee on or after such date, the holder thereof shall be paid therefor the interest thereon accrued to the date so prescribed for payment and one hundred and five per cent (105%) of the face value of the said bond. Interest upon said bonds so called for redemption shall cease from and after the date so fixed in said notice.

All bonds so purchased or drawn for the sinking fund, and the interest on such bonds shall be paid by the Railway Company as it shall become due, in addition to the annual payments for the sinking fund herein required; and such interest, when and as paid, shall be held and invested in like manner as the other moneys in said sinking fund.

The expenses and costs of the Trustee in making such purchase or giving and advertising and such notices as provided in this article shall be paid to the Trustee by the Railway Company on demand, and the Trustee shall have a lien upon any amount of cash in the sinking fund at any time to secure such payment.

ARTICLE FIVE.

Remedies of Trustee and Bondholders.

Section I, The Railway Company covenants, and agrees that it will not, directly or indirectly, extend or assist to the extension of the time for payment of any coupon upon any First and Refunding Bonds, and that it will not, directly or indirectly, be a party to or approve any arrangement therefor by purchasing or funding said coupons or in any other manner. In case the payment of any such coupon should be so extended by, or with the consent of, the Railway Company, such coupon so extended shall not be entitled, in case of default hereunder, to the benefit or security of this indenture, except subject to the prior payment in full of the principal of all the First and Refund Bonds outstanding, and of all coupons on such bonds the payment of which has not been so extended; the intention of this