

the amount of debt which will take precedence over the bonds secured by this mortgage will be thereby increased; and the holders of all bonds issued under this mortgage hereby agree that as between themselves and the holders of said Portland General Electric Company bonds and said Portland Railway Company bonds respectively, issued and to be hereafter issued as aforesaid, the liens of the mortgages and said supplemental mortgages, which secure or may be hereafter executed in order to secure said Portland General Electric Company bonds and said Portland Railway Company bonds respectively, shall have priority over the lien of this mortgage upon all properties and franchises covered or purporting to be covered thereby.

3. That the Mortgagor Company as successor to the Portland General Electric Company proposes to execute and deliver a supplemental mortgage in favor of the United States Mortgage and Trust Company in order to further secure the payment of the ten million dollars (\$10,000,000) of Portland General Electric Company First Mortgage Five Per Cent. Gold Bonds, including such of said bonds as are now outstanding and such as are, as hereinbefore set forth, reserved for issuance hereafter in accordance with the terms of the First Mortgage or Deed of Trust of the Portland General Electric Company, dated July 1st, 1905, and may or shall hereafter at any time be issued by the Mortgagor Company in accordance with the provisions of said mortgage and of this Indenture. Said supplemental mortgage shall cover and shall create and constitute a lien upon (a) all of the properties and franchises which are now owned and possessed by the Portland General Electric Company and are to be transferred to and acquired by the Mortgagor Company as hereinbefore set forth, and also, (b) all of the real and personal property, rights, interests and franchises which may be or may hereafter become subject to the lien of the aforesaid First Mortgage or Deed of Trust of the Portland General Electric Company, dated July 1, 1905, and also (c) all of the equipment and other property that may be purchased or acquired by the Mortgagor Company for the purpose of complying with the terms and provisions of the aforesaid First Mortgage or Deed of Trust of the Portland General Electric Company, dated July 1st, 1905, as therein provided, and also (d) all additional property and additions, extensions and permanent improvements that may be actually constructed, purchased or otherwise acquired by the Mortgagor Company and used by it as the basis for the issue of additional Portland General Electric Company First Mortgage Five Per Cent. Gold Bonds under and in accordance with the terms and provisions of Article Second, section (2) of said Mortgage or Deed of Trust of the Portland General Electric Company, dated July 1st, 1905, and also, (e) any and all property purchased or constructed with the proceeds of the sale or other disposition of any property which, at the time of such sale or other disposition, is subject to the lien of said Mortgage or Deed of Trust of the Portland General Electric Company and is sold or otherwise disposed of free and clear of the same. And said supplemental mortgage shall in all respects conform to the requirements of said Mortgage or Deed of Trust of the Portland General Electric Company.

4. That the Mortgagor Company, as successor to the Portland Railway Company, proposes after the supplemental mortgage referred to in paragraph 3 above shall have been executed, acknowledged, delivered and recorded, to execute and deliver another supplemental mortgage, in favor of The New York Trust Company, in order to further secure the payment of the ten million dollars (\$10,000,000) of Portland Railway Company First and Refunding Bonds, including such of said bonds as are now outstanding and such as are, as hereinbefore set forth, reserved for issuance hereafter in accordance with the terms of the First and Refunding Mortgage of the Portland Railway Company, dated November 1st, 1905, and may or shall hereafter at any time be issued by the Mortgagor Company in accordance with the provisions of said mortgage and of this Indenture.