

provisions of paragraph 7 on page 44 of this Indenture required or caused by the issue of additional underlying bonds and in which the Trustee herein shall join in pursuance of the provisions hereof, shall be delivered only upon certification and delivery of such additional bonds to the Mortgagor Company by the proper Trustee. The Trustee shall be subject to no liability for its action in joining in any such supplemental mortgages upon the faith of the affidavits, copies of resolutions and papers to be filed with it as in this section provided. Extensions, betterments and permanent improvements used by the Mortgagor Company as the basis for the issue of reserved bonds under the provisions of this Indenture, shall not be again used by the Mortgagor Company as the basis for the issue of additional Portland General Electric Company First Mortgage Bonds or Portland Railway Company First and Refunding Bonds or additional bonds of any other company such as described in paragraph 6 on page 43 of this Indenture.

Section 4. No part of said five million one hundred and twenty-five thousand dollars (\$5,125,000) of bonds secured by this Indenture shall be issued to reimburse the Mortgagor Company for the actual cash cost of extensions, betterments or permanent improvements, anything in this Article or Indenture to the contrary notwithstanding, where the extension, betterment or permanent improvement consists of property purchased or acquired by the Mortgagor Company from another corporation, where any of the stock of such other corporation is held by the Trustee under the terms hereof, except to the extent of the same proportion of such actual cash cost as the stock of such corporation outstanding and not held by the Trustee under the terms of this Indenture bears to the total amount of such capital stock issued and outstanding nor in any case where the bonds or other obligations of such other corporation are so held by the Trustee, unless the purchase price paid therefor by the Mortgagor Company shall be appropriated to the payment of such bonds or other obligations, and any moneys that may be received by the Trustee in payment of the same shall be held, used and paid over as provided in Section 7 of Article Three of this Indenture.

Section 5. Bond No. A1 for one million five hundred thousand dollars (\$1,500,000) may at any time, at the option of the owner, be converted into fifteen hundred (1,500) bonds for one thousand dollars (\$1,000) each upon surrender of Bond No. A1 for cancellation, said fifteen hundred (1,500) bonds to be of the same tenor and effect as the other bonds for one thousand dollars (\$1,000) each issued and to be issued hereunder and secured hereby. So long as said bond A1 is outstanding, the registered owner thereof shall, in respect of the interest thereon be entitled to all of the rights, privileges and remedies and be subject to all of the burdens and liabilities in this Indenture given to or imposed upon the holders of the coupons attached to the remainder of the bonds secured hereby.

Section 6. When the five hundred thousand dollars (\$500,000) of bonds of the Portland City and Oregon Railway Company and the four million four hundred and thirty-one thousand dollars (\$4,431,000) of bonds of the Oregon Water Power and Railway Company hereinbefore referred to, including the five hundred thousand dollars (\$500,000) of said bonds held to retire the aforesaid five hundred thousand dollars (\$500,000) of Portland City and Oregon Railway Company bonds, shall have been retired and cancelled by exchange for bonds secured by this mortgage or by purchase or redemption or payment or otherwise and the mortgages which secure said two series of bonds shall have been cancelled and released, so that this Indenture shall become a first lien upon the railway and water power properties now owned and possessed by the Mortgagor Company, new bonds may be issued by the Mortgagor Company in exchange for the bonds theretofore issued under and secured by this Indenture, which bonds may be designated "Portland Railway, Light and Power Company Five Per Cent. First and General