

Mortgage Sinking Fund Gold Bonds," instead of "Portland Railway, Light and Power Company Five Per Cent. General Mortgage Sinking Fund Gold Bonds" as hereinbefore provided, and any additional bonds to be thereafter certified and issued under any of the provisions of this mortgage may be certified and issued under such new name.

Section 7. The words "extensions, betterments and permanent improvements" as used in this Indenture shall be construed to mean only additional railroad, street railway, water power and electric light and power and other lines and plants which by its charter it is now or many hereafter be authorized to own and operate, and additional property, rights, privileges and appurtenances used in connection with such lines and plants, including additional real estate, additional power houses, sub-stations, car barns, offices and other buildings, structures and improvements for corporate purposes and all additions thereto and enlargements thereof, additional rolling stock, equipment and machinery, boilers and engines tracks, sidings, poles, wires and overhead construction, motors, lamps and electrical equipment, cables, conduits, dams, locks, bridges, viaducts, docks, wharves, boats and ferries, water-wheels, break-waters, flumes, sluices, canals and basins, cribs and bulkheads, fixtures, tools and appliances, rights of way and contract rights, riparian and water rights and water power rights; and the actual cash cost of any such extensions, betterments and permanent improvements, when mentioned in this Indenture, shall include the cost of constructing, laying, erecting and installing the same ready for operation. Whenever under any franchises or municipal requirement or contract or otherwise, any part of the expense of paving any street or highway is paid by the Mortgagor Company, the pavement shall be considered an extension, betterments and permanent improvement within the meaning of this Indenture, excepting only where the work is done in pursuance of a covenant or requirement to keep any pavement in good order and repair, or is occasioned by the reconstruction or repair of the property of the Mortgagor Company.

Whenever old or worn out equipment or other property of the Mortgagor Company, or equipment or other property which in the opinion of the Board of Directors of the Mortgagor Company is unsuitable for its purposes, is replaced by new, the construction or purchase shall be considered an extension, betterment or permanent improvement to the extent of part of its cost, if such cost is greater than the value of the replaced property when estimated as provided below. In order to determine the extent to which such cost shall be considered an extension, betterment or permanent improvement, the value of the property (if it now form a part of the mortgaged property) which has been replaced shall be estimated as of the date of this Indenture by pursuing the following method, to wit: Estimate the cost of replacing such property at the date of this Indenture as if such property were then new, and from this estimated cost deduct a fair annual depreciation charge for the number of years representing the age of such property at the date of this Indenture. Thereupon deduct this balance from the actual cash cost of the replacement, and the difference will represent the amount to be considered an extension, betterment or permanent improvement. If the equipment or property which is replaced by new is constructed or purchased after the date of this Indenture, its actual cash cost shall be taken as the basis instead of its value at the date of this Indenture as above provided; in this case the actual cash cost of the property replaced shall be deducted from the actual cash cost of the replacement, and the difference will represent the amount to be considered an extension, betterment and permanent improvement.

The words "securities of other corporations" as used in this Indenture shall be construed to mean the stocks, bonds and other obligations of other corporations. The words "estates, properties and franchises" as used in this Indenture shall be construed to mean all of the