

permanent improvements or the securities of other corporations for which the Mortgagor Company has already received reimbursement to any extent under the provisions of this section or in bonds secured by this Indenture under the provisions of Article I, section 2, or in Portland General Electric Company bonds, or Portland Railway Company Bonds, or bonds of any other company, such as described in paragraph 6, page 43 of this Indenture, under and in accordance with the provisions of any mortgage or mortgages which secure the payment of such bonds. All bonds secured by this Indenture, purchased under the provisions of this section, shall be held uncanceled and become and remain in all respects a part of the Sinking Fund for which Article Five provides, and the interest thereon shall be paid, held and invested as therein provided, and the bonds shall be stamped as therein provided.

Section 8. Any bonds or other obligations issued by any company, the greater part of the capital stock of which may at the time be pledged hereunder and held by the Trustee, may at any time and from time to time, at the option of such company and with the consent of the Mortgagor Company, be extended and re-extended as to time of payment or converted into new bonds or other obligations or new stocks of the debtor company, any provision in this Indenture to the contrary notwithstanding; provided that,

1. No such indebtedness shall be converted into capital stock unless the debtor company shall at the time be free from other indebtedness, except for current operating expenses or upon bonds or other obligations secured by mortgages or other liens which take precedence over the indebtedness which it is proposes to convert; and

2. That all such new stock and bonds or other obligations shall be forthwith deposited with and held by the Trustee as additional collateral under this Indenture.

Section 9. A certificate, signed by the President or a Vice-President and the Chief Engineer of the Mortgagor Company, may be received by the Trustee as conclusive evidence of any of the facts mentioned in this article required to be established in order to authorize any action hereunder and shall be full warrant and protection to the Trustee for any action taken by it on the faith thereof; but the Trustee in its discretion may require such further and additional evidence as to it may seem reasonable.

ARTICLE FOUR.

Redemption of Bonds.

The Mortgagor Company shall have the right to prepay and to redeem and cancel at any interest period any or all of the bonds secured by this Indenture, by paying for such bonds so redeemed one hundred and seven and one-half per cent. (107½%) of the par value thereof and all accrued interest thereon. In case the Mortgagor Company elects so to prepay and redeem the said bonds or any part thereof, it shall give written notice to the Trustee of the amount of such bonds that it desires to redeem and prepay. If less than all of the bonds are to be redeemed, the Trustee shall, within ten days after such notice, at its office and in the presence of any officer or representative of the Mortgagor Company who may attend for that purpose, select or draw by lot from the whole number of said bonds then outstanding so many of such bonds as the Mortgagor Company may have elected to pay off and redeem, and shall give notice specifying the serial numbers of said bonds so drawn, to the effect that the same will be paid off at seven and one-half per cent. (7½%) premium and accrued interest on the next ensuing semi-annual interest day, being not less than sixty (60) 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