

SECTION 3. THE COMPANY SHALL HAVE THE RIGHT TO REDEEM ALL OF THE BONDS THEN OUTSTANDING UNDER THIS INDENTURE, ON ANY INTEREST DATE, BY THE PAYMENT OF THE PRINCIPAL THEREOF AND ACCRUED INTEREST THEREON, TOGETHER WITH A PREMIUM ON THE PRINCIPAL THEREOF, AS FOLLOWS:

ON BONDS MATURING FIVE YEARS OR MORE FROM THE DATE OF SUCH REDEMPTION, TWO AND ONE-HALF PER CENTUM.

ON BONDS MATURING FOUR OR FOUR AND ONE-HALF YEARS FROM THE DATE OF SUCH REDEMPTION, TWO PER CENTUM:

ON BONDS MATURING THREE OR THREE AND ONE-HALF YEARS FROM THE DATE OF SUCH REDEMPTION, ONE AND ONE-HALF PER CENTUM.

ON BONDS MATURING TWO OR TWO AND ONE-HALF YEARS FROM THE DATE OF SUCH REDEMPTION, ONE PER CENTUM.

ON BONDS MATURING ONE OR ONE AND ONE-HALF YEARS FROM THE DATE OF SUCH REDEMPTION, ONE-HALF OF ONE PER CENTUM.

THE COMPANY SHALL GIVE TO THE TRUSTEE NOT LESS THAN FIFTY (50) DAYS' WRITTEN NOTICE OF ITS INTENTION TO REDEEM ALL BONDS THEN OUTSTANDING. THEREUPON NOTICE OF INTENTION TO REDEEM SHALL BE GIVEN TO THE BONDHOLDERS BY THE COMPANY BY PUBLICATION TWICE IN EACH WEEK FOR TWO CONSECUTIVE WEEKS, THE FIRST PUBLICATION TO BE NOT LESS THAN THIRTY OR MORE THAN FIFTY DAYS IMMEDIATELY PRECEDING THE DATE FIXED FOR REDEMPTION, IN ONE DAILY NEWSPAPER OF GENERAL CIRCULATION PUBLISHED IN EACH OF THE CITIES OF PORTLAND, OREGON, TACOMA AND SEATTLE, WASHINGTON, AND SAN FRANCISCO, CALIFORNIA. THE NOTICE SHALL STATE THAT INTEREST ON THE BONDS SO DESIGNATED WILL CEASE AT THE NEXT INTEREST PAYMENT DATE AND SHALL DIRECT SAID BONDS TO BE PRESENTED TO THE TRUSTEE FOR PAYMENT AT THE OFFICE OF THE TRUSTEE AT PORTLAND, OREGON, OR TACOME OR SEATTLE, WASHINGTON, OR SAN FRANCISCO, CALIFORNIA, OR AT THE OFFICE OF THE SECUTIRY SAVINGS AND TRUST COMPANY AT PORTLAND, OREGON. SUCH NOTICE SHALL ALSO BE MAILED BY THE COMPANY TO THE OWNERS OF REGISTERED BONDS NOT LESS THAN THIRTY (30) DAYS BEFORE THE NEXT INTEREST PAYMENT DATE. NOTICE HAVING BEEN GIVEN AS ABOVE PROVIDED, THEY SHALL ON THE DAY DESIGNATED BY SUCH NOTICES BECOME DUE AND PAYABLE WITH THE PREMIUM THEREIN SPECIFIED AND WITH ACCRUED INTEREST THEREON TO THE DESIGNATED DATE OF REDEMPTION. INTEREST ON THE BONDS MENTIONED IN THE NOTICES SHALL CEASE AFTER SUCH INTEREST PAYMENT DATE. THE PRINCIPAL OF THE BONDS THEREIN MENTIONED, TOGETHER WITH THE PREMIUM APPLICABLE THERETO AND THE ACCRUED INTEREST TO SUCH DATE OF REDEMPTION, SHALL BE PAID BY THE TRUSTEE. PROVIDING THE COMPANY SHALL HAVE MADE THE NECESSARY DEPOSIT WITH THE TRUSTEE AS HEREINAFTER PROVIDED. ALL BONDS REDEEMED AND PAID SHALL BE CANCELLED AND NO BONDS SHALL BE ISSUED IN SUBSTITUTION THEREFOR.

PROVIDED, HOWEVER, THAT NOT LESS THAN FIVE DAYS PRIOR TO SUCH INTEREST PAYMENT DATE THE COMPANY SHALL DEPOSIT WITH THE TRUSTEE WHATEVER AMOUNT OF MONEY MAY BE NECESSARY FOR THE REDEMPTION OF BONDS MENTIONED IN THE NOTICE SO GIVEN TO THE TRUSTEE BY THE COMPANY. IF THE COMPANY SHALL FAIL SO TO DEPOSIT SUCH MONEY FOR THE REDEMPTION OF SUCH BONDS SUCH FAILURE SHALL CONSTITUTE AN EVENT OF DEFAULT UNDER THIS INDENTURE, AND SUCH BONDS SO CALLED FOR REDEMPTION SHALL IMMEDIATELY BECOME DUE AND PAYALBE AS IF THEY THEN WERE PAYABLE BY THEIR TERMS AND THE HOLDERS THEREOF SHALL BE ENTITLED TO RECEIVE AND THE COMPANY SHALL BE OBLIGATED TO PAY THE REDEMPTION PRICE OF SUCH BONDS, AND IF THE COMPANY SHALL FAIL TO COMPLAY WITH SUCH OBLIGATION, THEREUPON AND WITHOUT THE LAPSE OF ANY PERIOD OF TIME ALL THE REMEDIES HEREIN PROVIDED IN CASE OF THE HAPPENING OF AN EVENT OF DEFAULT SHALL BE AVAILABLE TO AND ENFORCEABLE BY THE TRUSTEE.