

# MORTGAGE RECORD T

SKAMANIA COUNTY, WASHINGTON

Section 27. Bonds of any one or more series shall be authenticated and delivered under the provisions of this Article V upon the basis of property additions for a principal amount not exceeding seventy-five per centum (75%) of the cost or the fair value thereof to the Company (whichever shall be less) and for a principal amount not exceeding seventy-five per centum (75%) of the cost or the fair value thereof to any other corporation or any individual or co-partnership subjecting such property additions to the lien of this Indenture (whichever shall be less) and upon the basis of subsidiary property additions of a subsidiary company for a principal amount not exceeding seventy-five per centum (75%) of the cost or the fair value thereof to a subsidiary company (whichever shall be less). The cost of any such property additions or of any such subsidiary property additions shall be deemed to be the sum of (1) any cash forming a part of such cost, (2) an amount equivalent to the fair market value in cash (as of the date of issue or delivery) of any securities issued or delivered in payment therefor or for the acquisition thereof and (3) the principal amount of any outstanding prior lien bonds secured by lien upon such property additions or such subsidiary property additions (as the case may be) at the time of their acquisition unless the engineer's certificate hereinafter in subdivision (3) of Section 31 hereof provided for shall show that the principal amount of such prior lien bonds has theretofore been deducted when other property additions or subsidiary property additions (as the case may be) subject to the same prior liens shall have been made the basis of the authentication and delivery of bonds under this Article V, or of the withdrawal of cash, or of the release of property or of the disposition by a subsidiary company of property under any of the provisions of this Indenture.

Whenever, under any of the provisions of this Indenture, there is in question the cost of subsidiary property additions owned by a subsidiary company at the time it shall have become a subsidiary company, such cost shall be deemed to be (a) the sum of (1) any cash forming a part of the cost to the Company of all of the outstanding shares of stock (except directors' qualifying shares) and indebtedness of such subsidiary company pledged or covenanted to be pledged hereunder as herein provided at the time such subsidiary company shall have become a subsidiary company to make it such (2) an amount equivalent to the fair market value in cash (as of the date of delivery) of any securities issued or delivered by the Company in payment for such shares of stock and indebtedness or for the acquisition thereof; (3) the principal amount of any outstanding prior lien bonds (except prior lien bonds pledged or covenanted to be pledged hereunder as contemplated in clause (1) of this paragraph) secured by prior lien on such subsidiary property additions at the time such subsidiary company shall have become a subsidiary company, unless the engineer's certificate hereinafter in subdivision (3) of Section 31 hereof provided for shall show that the principal amount of such prior lien bonds has theretofore been deducted when other property additions or other subsidiary property additions (as the case may be) subject to the same prior liens shall have been made the basis of the authentication and delivery of bonds under this Article V, or of the withdrawal of cash, or of the release of property, or of the disposition by a subsidiary company of property, under any of the provisions of this Indenture; and (4) the cost (determined as provided in the preceding paragraph of this Section 27) of subsidiary property additions acquired or constructed by such subsidiary company through the use of earnings of such subsidiary company accumulated after the Company shall have acquired and shall have continued to own that number of shares of stock of such subsidiary company which would entitle the Company upon liquidation of such subsidiary company which would entitle the Company upon liquidation of such subsidiary company to seventy-five per centum (75%) of the assets thereof distributable to stockholders on liquidation; minus (b) the fair