

MORTGAGE RECORD U

SKAMANIA COUNTY, WASHINGTON

directors of the Company and permitted by this indenture, provided, however, that at the option of the Company from time to time expressed by resolution of its board of directors;

(a) Provision may be made in the bonds of any series permitting exchange thereof for bonds of the same series of different denominations, or for another bond or other bonds of a different series of the same aggregate principal amount, upon such terms and subject to such adjustments as may be set forth in such resolution.

(b) Provision may be made in the bonds of any series for the payment of the principal thereof or interest thereon, or both, without deduction for any taxes whatsoever, or without deduction for certain specified taxes, and for the reimbursement to the holders of the bonds of specified taxes assessed upon and paid by them by reason of their ownership of such bonds or the receipt of income therefrom.

(c) The date of issue, date or dates of maturity and rate of interest of the bonds of each series issued hereunder from time to time and the terms and conditions, if any, of purchase, redemption or convertibility thereof, and provisions in regard to the establishment and application of any sinking, amortization, improvement or other fund for the benefit of the holders of such bonds and such other terms and provisions not in conflict with the forms hereinabove set forth, shall be as fixed and determined in such resolution and provided in the bonds when issued.

Section 3. The bonds to be initially issued hereunder in the aggregate amount of \$400,000 shall be designated First Mortgage Sinking Fund Bonds $4\frac{1}{2}\%$ Per Cent Series, due 1958, and the series shall be unlimited in amount except for the limitations on the issuance of bonds herein contained. The bonds of the $4\frac{1}{2}\%$ per cent Series, due 1958, to be originally issued hereunder, shall be issued as coupon bonds, in denominations of \$1,000; shall be distinguished by appropriate consecutive numbers (herein referred to as "issue numbers") from M-1 upward; shall be dated December 1, 1938; shall mature December 1, 1958, and shall bear interest at the rate of four and one-half per cent ($4\frac{1}{2}\%$) per annum, payable semi-annually on June 1 and December 1 in each year; the principal and interest of each bond shall be payable at the office of Peoples National Bank of Washington in Seattle, in the City of Seattle, Washington, or at the option of the holder or registered owner thereof, at the office of agency of the Company in the City of Chicago, Illinois, in any coin or currency of the United States of America which at the time of payment shall be legal tender for public and private debts.

The bonds of the $4\frac{1}{2}\%$ per cent Series, due 1958, shall be redeemable at any time upon not less than sixty days prior notice, in whole, or in part by lot, at the option of the Company, upon the terms and conditions hereinafter specified in Article IV of this indenture.

The bonds of the $4\frac{1}{2}\%$ per cent Series, due 1958, are entitled to the benefits of a sinking fund to be created, maintained and used for the retirement of bonds each year upon the terms and conditions hereinafter specified in Article V of this indenture.

Section 4. Bonds of the $4\frac{1}{2}\%$ per cent Series, due 1958, in addition to the \$400,000 of such bonds to be initially issued and bonds of other series, may be issued in coupon or fully registered form, in such manner and upon such terms and conditions as may be determined by the board of directors of the Company and set forth in an indenture or indentures supplemental hereto.

Section 5. The holder of any coupon bond issued hereunder may have the ownership thereof registered as to principal only, in the manner and with the effect hereinafter provided. No transfer of any bond thus registered shall thereafter be valid unless made upon the registry books kept for that purpose by Corporate Trustee, at the principal office