

MORTGAGE RECORD U
SKAMANIA COUNTY, WASHINGTON

Fund, an amount equal to one and one-eighth per cent (1 1/8%) of the maximum principal amount of bonds of said 4% Series due 1964 which shall have been at any one time outstanding pursuant to the provisions of this Indenture.

Section 2. While any of the bonds of the 4% Series due 1964 shall remain outstanding, the Company covenants and agrees that in the event it creates and issues under the provisions of this Indenture bonds of any new series, it will pay into said Sinking Fund in addition to any payments required to be made under Section 1 hereof, annually at the time set forth in Section 1 hereof, an amount not less than one and one-eighth per cent (1 1/8%) of the maximum principal amount of bonds of such other and new series which shall have been at any one time outstanding under the provisions of this Indenture. Subject to the provisions of this section, Sinking Fund provisions applicable to any series of bonds, other than the 4% Series due 1964, shall be fixed and determined by the resolution of the Board of Trustees of the Company pertaining to any of such remaining bonds.

Section 3. All sums so paid to the Corporate Trustee pursuant to the provisions of this Article shall constitute a Sinking Fund for the further security of the bonds issued hereunder and then outstanding and shall be held and disbursed by the Corporate Trustee as in this Article provided.

At the option of the Company such payments may be made either in legal tender money of the United States or in bonds issued hereunder at their principal amount or partly in cash and partly in bonds. The Company, at its option, may at any time anticipate Sinking Fund payments by making payments into said Sinking Fund greater than that required at any specified time and shall receive credit for the amount of such excess payment against any subsequent installment required to be paid into the Sinking Fund.

Section 4. Any cash held by the Corporate Trustee in the Sinking Fund shall, so long as so held, constitute additional security for the bonds issued hereunder and then outstanding. So long as the Company is not in default as defined in Section 1 of Article VI hereof, any cash held by the Corporate Trustee in the Sinking fund shall be used by the Corporate Trustee to purchase bonds issued hereunder and then outstanding at the best price or prices at which they may be offered to the Corporate Trustee, but not in excess of their principal amount; provided, however, that with the consent of the Company, and upon payment by the Company to the Corporate Trustee of such additional amount as may be necessary, the Corporate Trustee may pay in excess of the principal amount for bonds so purchased. The Corporate Trustee in its absolute discretion may make such purchases in the open market, at public or private sale, upon public or other invitations for tenders, or in such other manner as it may determine. The Corporate Trustee shall be under no duty to accept any tender of bonds if at the time of such tender it is otherwise able to obtain bonds at a lesser cost.

If within 120 days after the deposit of cash in the Sinking Fund provided for in Section 1 of this Article, such cash, or any part thereof exceeding \$10,000, shall not have been so used by the Corporate Trustee for the purchase of bonds, the Corporate Trustee shall notify the Company in writing of the amount of cash so held, and the Company hereby covenants and agrees promptly to redeem, in the manner provided in Article V hereof, such number of bonds as will, as nearly as may be, exhaust the money so held in the Sinking Fund, and, pending such call, no further bonds shall be purchased by the Corporate Trustee from such moneys. Notwithstanding any other provisions of this Indenture, the redemption price of any bonds redeemed pursuant to the provisions of this Article shall be the face amount of such bonds, together with accrued interest thereon, but without