

bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other analogous fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of January 1, 1946 (herein called the Indenture) duly executed and delivered by the Company to Peoples National Bank of Washington in Seattle, of Seattle, Washington (herein called the Trustee) and E. L. Blaine, Jr. of Seattle, Washington (herein called the Individual Trustee), as trustees, to which Indenture and to all indentures supplemental thereto reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustees and of the Company in respect to such security. Subsequent series of said bonds may vary as to date, date of maturity, rate of interest and in other ways as in the Indenture provided or permitted.

Bonds of this series are redeemable in whole or in part at the option of the Company at any time, at the principal amount thereof plus interest accrued to the date fixed for redemption, plus a premium equal to the then applicable percentage of the principal amount thereof:

If redeemed on or before January 1, 1947.....	13 3/4%
Thereafter and on or before January 1, 1948.....	13 1/2%
Thereafter and on or before January 1, 1949.....	13 1/4%
Thereafter and on or before January 1, 1950.....	12 7/8%
Thereafter and on or before January 1, 1951.....	12 5/8%
Thereafter and on or before January 1, 1952.....	12 3/8%
Thereafter and on or before January 1, 1953.....	12 %
Thereafter and on or before January 1, 1954.....	11 1/2%
Thereafter and on or before January 1, 1955.....	11 1/4%
Thereafter and on or before January 1, 1956.....	10 7/8%
Thereafter and on or before January 1, 1957.....	10 1/2%
Thereafter and on or before January 1, 1958.....	10 1/8%
Thereafter and on or before January 1, 1959.....	9 5/8%
Thereafter and on or before January 1, 1960.....	9 1/4%
Thereafter and on or before January 1, 1961.....	8 7/8%
Thereafter and on or before January 1, 1962.....	8 3/8%
Thereafter and on or before January 1, 1963.....	8 %
Thereafter and on or before January 1, 1964.....	7 1/2%
Thereafter and on or before January 1, 1965.....	7 %
Thereafter and on or before January 1, 1966.....	6 1/2%
Thereafter and on or before January 1, 1967.....	6 %
Thereafter and on or before January 1, 1968.....	5 1/2%
Thereafter and on or before January 1, 1969.....	4 7/8%
Thereafter and on or before January 1, 1970.....	4 3/8%
Thereafter and on or before January 1, 1971.....	3 3/4%
Thereafter and on or before January 1, 1972.....	3 1/8%
Thereafter and on or before January 1, 1973.....	2 5/8%
Thereafter and on or before January 1, 1974.....	2 %
Thereafter and on or before January 1, 1975.....	1 1/4%
Thereafter and prior to maturity.....	5/8%

all on the conditions and in the manner provided in the Indenture.

On the conditions and in the manner provided in the Indenture, Series A bonds may become subject to redemption in whole or in part at any time by the use of moneys deposited with or paid to the Trustee (a) as the proceeds of property sold; or (b) as the proceeds of property taken under power of eminent domain or as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of property or out of moneys deposited with or paid to the Trustee by the Company because of a failure on the part of the Company to meet certain requirements of the Indenture respecting the replacement of property. Series A bonds so redeemed shall be redeemed at their principal amount plus interest accrued to the date fixed for redemption plus, in the case of bonds of such series redeemed with moneys referred to in (a) above, the then applicable premium set forth in the preceding paragraph and, in the case of bonds of such series redeemed with moneys referred to in (b) above, the then applicable premium set forth in the succeeding paragraph.