

MORTGAGE RECORD—W

SKAMANIA COUNTY, WASHINGTON

YAKIMA BINDERY, P.T.O., CO., 187927

and on all bonds and/or other obligations which are secured by underlying mortgages, said aggregate sum being sometimes herein referred to as the "annual bond interest requirements".

For the purposes of such net operating earnings certificate, net operating earnings of the Company shall also include for such twelve month period net operating earnings computed in the same manner as are those of the Company from

(1) all fixed property owned by the Company at the end of such twelve months period irrespective of whether or not the same was owned throughout such twelve months period; and

(2) all purchased property about to be acquired by the Company, gross expenditures for which are included in the certificate of net bondable expenditures in connection with which such net operating earnings certificate is being filed.

D-Net Income:

The term "net income" as applied to any period shall mean the aggregate during such period of

(1) the excess of net operating earnings over the total of (i) Federal and State taxes based directly or indirectly on net income; (ii) interest on all outstanding obligations of the Company; (iii) amortization of debt discount and (iv) all other non-operating expenses, and

(2) investment and other non-operating income,

all as computed in accordance with the uniform system of accounts prescribed by the governmental authority having jurisdiction in the premises.

SECTION 4.03. Additional bonds executed pursuant to the provisions of this Article and Articles Five and Six hereof shall be authenticated by the Trustee and delivered to or upon the order of the Company upon the receipt by the Trustee of the following documents in addition to the documents elsewhere in said Articles specified:

(a) The documents specified in Section 2.07 hereof;

(b) A resolution authorizing the execution and authentication of such bonds together with a stockholders resolution authorizing the issuance of such bonds under the provisions hereof or, in the alternative, an opinion of counsel to the effect that no such stockholders resolution is necessary for the issue or validity of such bonds or to entitle the same to the security and lien hereof;

(c) A certified copy of an order issued by each such commission or other body or official as at the time shall, under any pertinent law, have power or authority over the issuance of bonds hereunder or over the subjection of the mortgaged property or any part thereof to liens, authorizing the issuance of such bonds, together with an opinion of counsel to the effect that any order or orders tendered are sufficient in the connections aforesaid, or, in the alternative, an opinion of counsel to the effect that no such order is requisite in respect of such additional bonds or in respect of the lien hereof for the security of such bonds to render such bonds the valid obligations of the Company and the lien hereof effective for the security thereof;

(d) A receipt or other evidence satisfactory to the Trustee establishing the payment of any stamp, recording or other tax required by law to be paid in connection with the issuance of such additional bonds or for the effectiveness of the lien of this indenture for the security thereof, together with an opinion of counsel to the effect that the taxes paid constitute all taxes of either nature aforesaid, or, in the alternative, an opinion of counsel to the effect that payment of no such tax is requisite in this connection or for the purposes aforesaid.

SECTION 4.04. If the net operating earnings of the Company, as shown by the net operating earnings certificate required by subparagraph (3) of Section 4.05 hereof, equal at least twice the annual bond interest requirements stated in such net operating earnings certificate, additional bonds of any series may be issued hereunder to the extent of 60% of net bondable expenditures for property additions as shown by the certificate of net bondable expenditures for property additions required by subparagraph (1) of said Section 4.05.

SECTION 4.05. When requesting the authentication of bonds pursuant to this Article the Company shall deliver to the Trustee:

(1) A certificate of net bondable expenditures for property additions dated as of a date within sixty (60) days of the date on which said bonds are to be issued;