

JOHNSON-COX COMPANY, PRINTERS, TACOMA 42255

If any property additions and/or subsidiary property additions made the basis (as aforesaid) of the withdrawal of cash under this Section are subject to any prior liens, then in order to ascertain (a) the cost or fair value to the Company (whichever shall be less) and/or (b) the cost or fair value 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/or (c) the cost or fair value to a subsidiary company (which ever ^{shall be} is less) of such property additions and/or of subsidiary property additions as the case may be so constituting a part or all of such basis there shall be deducted from (a) the cost or fair value to the Company (whichever shall be less) and/or (b) the cost or fair value 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/or (c) the cost or fair value to such subsidiary company (whichever shall be less) of such property additions and subsidiary property additions, as the case may be, an amount equal to one hundred thirty-three and one-third per centum (133 1/3 %) of the principal amount of outstanding prior lien bonds secured by such prior liens (exclusive of any such outstanding prior lien bonds which may concurrently with such withdrawal be pledged with the Corporate Trustee to be held under the provisions of Article IX hereof and with respect to which deposit the Company shall certify that it elects not to have any bonds authenticated hereunder) unless other property additions and/or subsidiary property additions subject to the same prior liens shall theretofore have been made the basis of the authentication and delivery of bonds under Article V hereof or the withdrawal of cash, or the release of or the disposition by a subsidiary company of property under any of the provisions of this indenture and unless in such connection the principal amount of such prior lien bonds has been deducted in determining such basis.

Any purchase money mortgage received or to be received under Sections 62 and 75 hereof by the Corporate Trustee in consideration of the release of any property by the Trustees or the consent to the disposition by a subsidiary company of property and/or the obligations secured by such purchase money mortgage may be released upon payment by the Company to the Corporate Trustee of all or any unpaid portion of the principal of such purchase money mortgage and/or of the obligations thereby secured. The principal ^{of} and interest on any such purchase money mortgage and/or of the obligations thereby secured, shall be collected by the Corporate Trustee as and when the same become payable, and the Corporate Trustee may take any action which in its judgment may be desirable or necessary to avail of the security of such purchase money mortgage. So long as none of the completed defaults specified in Section 82 hereof shall have occurred and be continuing the interest received by the corporate trustee on any such purchase money mortgage or the obligations thereby secured shall be paid over to the Company.

Any property acquired by the Company by exchange or purchase to take the place of any property released under any provisions of this Article XII shall forthwith and without further conveyance become subject to the lien of and be covered by this Indenture as a part of the mortgaged and pledged property, subject to no lien except the lien of taxes for the then current year, and taxes and assessments and governmental charges not then due and any liens existing thereon just prior to the acquisition thereof; but the Company shall, if requested by the Corporate Trustee, convey the same or cause the same to be conveyed to the Trustees as may be ^{so} requested by appropriate instruments of conveyance upon the trust and for the purposes of this Indenture.

Any bonds issued under this indenture deposited with the Corporate Trustee pursuant to the provisions of this Section shall forthwith be cancelled and at the request of the Company may be cremated by the Corporate Trustee and a certificate thereof delivered