

PIONEER, INC., TACOMA—156789

ditions have been previously used in lieu of or in reduction of any payments required to be made into the Sinking Fund, and shall also show the balance, if any, at the time such certificate is made which may then be used as the basis for the authentication and delivery of bonds or for the withdrawal of cash or as a credit to the Depreciation Fund, or may be used in lieu of or in reduction of any payment required to be made into said Sinking Fund and the extent to which said balance is to be used under the application and certificate then made.

Section 6. No new property and/or permanent additions, as the same are defined in Section 13 of Article I of said Indenture, shall be used as the basis for the authentication or delivery of bonds or the withdrawal of cash or as a credit to the Depreciation fund, or shall be used in lieu of or reduction of any payment to the Sinking Fund, to the extent that such new property and/or permanent additions have theretofore been used for any of such purposes.

Section 7. Any cash held by the Corporate Trustee in the Sinking Fund shall, so long as so held, constitute additional security for the bonds issued under the Indenture and then outstanding. So long as the Company is not in default as defined in Section I of Article VI of the Indenture, 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 one hundred twenty (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 that if it then be not in default, as defined in Section 1 of Article VI of the Indenture, promptly to redeem, in the manner provided in Article V of the Indenture, 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 in the 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, and the premium, if any, as provided for in the form of such bonds for the redemption of bonds from funds in the Sinking Fund. The Company agrees to deposit with the Corporate Trustee such sums as may be necessary to pay the accrued interest and premium, if any, on any bonds purchased or redeemed pursuant to this Article.

Section 8. Whenever the Company shall have taken proceedings in accordance with the provisions of Article V of the Indenture to redeem all the bonds of any series outstanding hereunder and, prior to or simultaneously with the issuance of bonds of another series, shall have deposited with the Corporate Trustee the amount required to effect such redemption, then for purposes of this Article the bonds so called for redemption shall be deemed to be not outstanding.