

loss from any cause, sale, taking under power of eminent domain or other disposition of fixed property of the Company shall constitute a retirement of such property.

As applied to any period, the term "retirements" shall mean the aggregate cost of all fixed property retired by the Company during such period. For the purposes of this definition cost shall mean, in the case of property additions, the gross expenditures made therefor at the time they became property additions and, in the case of fixed property not constituting property additions, gross book value as shown on the books of the Company.

E-Net Retirements:

The term "net retirements" as of any specified date shall mean the aggregate amount of all retirements made during the period from January 1, 1946 to such date, both inclusive, in excess of the aggregate amount of all moneys paid to the Trustee during such period as the proceeds of insurance policies covering fixed property damaged or destroyed by fire or other hazard and as the proceeds of fixed property sold or taken through the exercise of the power of eminent domain.

F-Net Expenditures for Property Additions, Net Expenditures:

The term "net expenditures for property additions", herein sometimes referred to as "net expenditures", as of any specified date shall mean the excess of the gross expenditures made by the Company for property additions during the period from January 1, 1946 to the date as of which such net expenditures for property additions are to be determined both inclusive, over the greater of

(a) the aggregate of all gross expenditures for property additions certified to the Trustee pursuant to (iii) of Section 9.02 in each maintenance certificate filed with the Trustee during such period, and

(b) the aggregate amount of net retirements made during such period.

G-Bonded:

The term "bonded" as applied to net expenditures for property additions shall mean such of said expenditures as have been used as the basis for the issuance of bonds, the withdrawal of cash or the taking of credit under any provision of this Indenture.

H-Net Bondable Expenditures for Property Additions, Net Bondable Expenditures:

The term "net bondable expenditures for property additions", herein sometimes referred to as "net bondable expenditures", shall mean as of any specified date the excess of the net expenditures for property additions as of that date over those which theretofore have been bonded.

I-Certificate of Net Bondable Expenditures for Property Additions, New Gross Expenditures for Property Additions, New Gross Expenditures, New Property Additions:

The term "certificate of net bondable expenditures for property additions" shall mean a certificate signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company in substantially the form hereinafter contained, setting forth for the period from January 1, 1946 to the date of said certificate, both inclusive, the matters called for by such form of certificate and computing the Company's net bondable expenditures for property additions as of the date of such certificate. There shall also be included therein:

(i) a statement of the aggregate amount of gross expenditures for property additions (herein sometimes called "new gross expenditures for property additions" or "new gross expenditures") which have not been included in any previous such certificate, a description in reasonable detail of the property additions (sometimes herein called "new property additions") for which such expenditures were made; a statement that none of such new gross expenditures should have been included in maintenance expenditures; and a statement as to whether or not any of such new property additions constitute purchased property and, if so, a statement of the new gross expenditures made therefor;

(ii) a statement of the aggregate amount of retirements not included in any previous such certificate and, in so far as they represent specific physical property, a description in reasonable detail of such property.

(FORM OF CERTIFICATE)

OREGON-WASHINGTON TELEPHONE COMPANY