

pany or Cities Service Transportation and Chemical Company on December 31, 1944), shall have been worn out, abandoned or destroyed, or released from the lien of this Indenture or taken by eminent domain, or purchased by any public authority pursuant to the right reserved to or vested in it by any license or franchise, or otherwise disposed of by the Company or Cities Service Transportation and Chemical Company, or permanently retired from service for any reason, whether or not renewed or replaced, and (b) all Bonded Property, except land owned in fee simple, which at the time has permanently ceased to be used or useful in the business of the Company, and whether or not the cost of any such property shall have been written off or eliminated from the books of the Company, *except* that, when a minor item of property has been replaced by other property of equal value and efficiency and the cost of such replacement has been charged to maintenance, repairs or other operating expense account, the property replaced shall not be considered as a Retirement. The 'amount' of all Retirements shall be computed as follows:

(1) As to property owned by the Company or Cities Service Transportation and Chemical Company on December 31, 1944, the book value on that date, (estimated, if necessary as to particular property) of such property without deducting therefrom applicable reserves for depreciation and/or retirements as of that date;

(2) As to Property Additions, the Cost to the Company or the Fair Value thereof (whichever is less), as certified to the New York Trustee at the time said Property Additions became Bonded Property, estimated, if necessary, as to particular property, or, if no such certification shall have been required hereunder, then the Cost of such Property Additions;

*provided, however, that in computing the 'amount' of all Retirements of property owned by the Company or*