

**VEDDER HECKBERT
LIVING TRUST AGREEMENT**

This Trust Agreement ("Trust Agreement") is made this 7th day of October, 2016, between NICHOLAS B. VEDDER and SUSAN HECKBERT, as Settlers (the "Settlers"), and NICHOLAS B. VEDDER and SUSAN HECKBERT, as Trustees (collectively, the "Trustee").

FIRST: The Trust Estate.

(A) **Property Transferred.** The Settlers hereby transfer to the Trustee the property listed on the annexed Schedule A, all of which is the Settlers' community property and receipt of which the Trustee acknowledges. Any separate property transferred by the Settlor, NICHOLAS B. VEDDER, to this trust that is to remain his separate property shall be listed on Schedule B. Any separate property transferred by the Settlor, SUSAN HECKBERT, to this trust that is to remain her separate property shall be listed on Schedule C.

(B) **Property Held in Trust.** Such property transferred to the Trustee, and any other property later transferred to the Trustee and deemed acceptable by the Trustee, shall be held in trust according to the provisions of this Trust Agreement.

(C) **Name of Trust.** The trust created under this Trust Agreement may be referred to as the "Vedder-Heckbert Living Trust."

SECOND: Rights Reserved by Settlers.

(A) **During Joint Lives—Community Property.** During the joint lives of the Settlers, they, at any time they both are deemed to have full capacity, or if only one of them has full capacity, the Settlor who has such full capacity, expressly reserve the right, exercisable by their joint direction, or by direction of the Settlor who has such full capacity, to alter, amend and revoke this trust, and to demand the trust property, in whole or in part with respect to the parties' community property that is or may be subject to this Trust Agreement; provided, however, that the duties of the Trustee under this Trust Agreement may not be increased without the Trustee's written consent; and provided further, however, that in all events each Settlor shall at all times, acting alone, have the right to amend those provisions of this Trust Agreement relating to the disposition of such Settlor's share of the community property upon his or her death, but neither Settlor shall have the right at any time acting alone to alter or amend them provisions relating to the disposition of death of the other Settlor's share of the community property.

(B) **During Joint Lives—Separate Property.** During the joint lives of the Settlers, each Settlor, at any time that he or she is deemed to have full capacity, expressly reserves the right, exercisable in his or her sole discretion, to alter, amend and revoke this trust, and to demand the trust property, in whole or in part, with respect to such Settlor's own separate property that is or may become subject to this Trust Agreement, but not the separate property of the other Settlor; provided, however, that the duties of the Trustee under this Trust Agreement may not be increased without the Trustee's written consent.

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925 Fourth Avenue, Suite 2900
Seattle, WA 98104-1158

(C) After First Settlor's Death. After the death of the first Settlor to die, the surviving Settlor shall continue to have the same rights acting alone to alter, revoke and amend this trust as he or she had under this Trust Agreement acting jointly before the death of the first Settlor to die, but only as to that part of the trust representing such surviving Settlor's separate property, share of the community property and any other property distributable to him or her that is added to the surviving Settlor's trust described below. The trust described below as the Pioneer Farm Trust or the Marital Trust shall be irrevocable after the death of the first Settlor to die.

(D) Exercise of Rights by Others. Any right of alteration, amendment or revocation retained under this Trust Agreement by either of the Settlers shall be personal to such Settlor and shall not be exercised by any other person, including a guardian or an attorney in fact, except as may be expressly provided to the contrary in such power of attorney with specific reference to this Trust Agreement.

THIRD: Community Property.

Any community property transferred to this trust by the Settlers, or any community property benefits made payable to the Trustee, is intended to, and shall, remain the Settlers' community property during the joint lives of the Settlers, notwithstanding the fact that such property or such benefits are contained in this trust. To the extent the trust is revoked in whole or in part, any community property assets in this trust distributed to the Settlers shall be their community property. All distributions under this Trust Agreement of community property, or of the income attributable to community property, to either or both Settlers shall be held and administered by the Settlor or Settlers receiving it as community property of the Settlers.

FOURTH: Distribution of Income and Principal During Settlers' Joint Lives.

(A) Power to Direct Income and Principal—Community Property. During the joint lives of the Settlers, they, acting together, at any time they are both deemed to have full capacity as defined herein, may direct that portion of the net income and principal of the community property held in this trust (even to the extent of all of it) which the Trustee is to pay and the manner in which the Trustee is to pay such portion to, or apply it for the benefit of, the Settlers or one of them.

(B) Power to Direct Income and Principal—Separate Property. At any time during which a Settlor is deemed to have full capacity as defined herein, the Settlor owning separate property held in the trust may direct that portion of the net income and principal of that Settlor's separate property (even to the extent of all of it) which the Trustee is to pay and in what manner the Trustee is to pay such property, to, or apply it for, the directing Settlor's benefit. Neither Settlor shall have the power hereunder to direct the distribution of any separate property of the other Settlor which has been transferred to this trust, or the income attributable to such separate property.

(C) Effect of Incapacity. The following provisions shall apply with regard to the powers set forth above in this Article.

(1) During any period in which one of the Settlers has been determined to be incapacitated, the other Settlor (if he or she has not also been so determined to be incapacitated) shall have the right as agent and manager of the marital community to direct that portion of the net income and principal of the community property held in the trust (even to the extent of all of it) which the then serving Trustee is to pay and in what manner the Trustee is to pay such property to or apply it for the benefit of the Settlers or one of them;

(2) Whenever one of the Settlers has been determined to be incapacitated, the Trustee (i) shall disregard any direction given by such Settlor with regard to the property held in this trust, and (ii) may discontinue any payments being made of either income or principal then being made to or on behalf of the Settlers pursuant to the directions of the incapacitated Settlor; (iii) is authorized during such period to distribute to or for the benefit of such Settlor so much of the net income of such Settlor's separate property and share of the community property held in this trust (even to the extent of all of it) as the Trustee determines for the best interests of such Settlor, including, but not limited to, making distributions for such Settlor's comfort, support, maintenance, health and welfare, in accordance with such Settlor's standard of living on the date of execution of this Trust Agreement; and

(3) If both of the Settlers have been determined to be incapacitated, the Trustee (i) shall disregard any direction from the Settlers or either of them with regard to the disposition of the property held in the trust, (ii) may discontinue any payments of trust income or principal then being made to or on behalf of the Settlers or either of them, and (iii) is authorized during such period to distribute to or for the benefit of either or both of the Settlers so much of the trust income and principal (even to the extent of all of it) as the Trustee determines for the best interests of the Settlers, including, but not limited to, making distributions for the Settlers' comfort, support, maintenance, care, health, and general welfare, in accordance with the Settlers' standard of living on the date of execution of this Trust Agreement.

(D) Interests of Settlers of Primary Importance. In making the distributions specified above, the Trustee shall consider the interests of the remaindermen of this trust to be of secondary importance and shall consider of primary importance the interests of the Settlers.

(E) Accumulation of Unpaid Income. Any income of any trust hereunder not paid to the Settlers or either of them shall be accumulated and annually added to and dealt with as principal.

(F) Gifts. The Settlers, acting jointly with regard to their community property, and each of them acting alone with regard to each such Settlor's own separate property, may direct that gifts be made from trust income or principal to relatives of either Settlor, or to any organization, a gift to which qualifies as a charitable contribution under Section 170(c) and for a charitable deduction under Section 2522(a). Whenever one or both Settlers have been determined to be incapacitated, the Trustee is authorized in the Trustee's absolute discretion during such period to make gifts to one or more persons within a class consisting of the then

living issue of the Settlor's respective parents; to close friends and other family members of the Settlor; and to any organization, a gift to which qualifies as a charitable contribution under Section 170(c) and for charitable deduction under Section 2522(a), all in accord with any pattern of making gifts established or clearly contemplated by either of the Settlor's before such Settlor's incapacity; provided, however, that no Trustee shall participate in any determination regarding gifts to himself or herself; and provided further, however, that unless a substantial estate tax planning reason exists for doing otherwise as determined by the Trustee in consultation with the Settlor's tax advisors, no gift to an individual shall exceed the amount that is excluded from being a taxable gift under Section 2503(b) or 2503(e). All determinations of the Trustee with respect to any such gifts shall be final and conclusive on all persons having or claiming any interest in the trust.

FIFTH: Disposition of Trust Upon First Settlor's Death.

(A) **Interim Trust.** Upon the death of the first Settlor to die, all property of this trust, together with any additions made to this trust by reason of the first Settlor's death, shall continue to be held in one interim trust until the composition of the gifts and trusts described and created below has been completely determined and any estate and inheritance taxes arising from the death of the first Settlor to die have been finally determined and paid. The Trustee shall, to the extent provided in the Article of this Trust Agreement entitled "Payments Upon Deaths of Settlor's," pay or provide for all lawful claims and charges, estate and inheritance taxes, funeral and last illness expenses, and expenses of administration of the estate of the first Settlor to die. The period during which the property continues to be held in the interim trust before division and distribution shall not be postponed beyond the period reasonably required for the administration of the probate estate of the first Settlor to die, recognizing the interrelation of this Trust Agreement with the probate estate (if any) of the first Settlor to die. Thereafter, the remaining property of this trust shall be disposed of as directed in the Article entitled "Disposition Following Interim Trust."

(B) **Interim Distributions.** Nothing contained in this Article shall prevent the Trustee from making interim or partial distributions, for the purpose of funding any trust or making any gift described below, or otherwise, should the Trustee deem any such distribution appropriate for any reason, including, but not limited to, assuring the availability of the marital deduction for federal estate tax purposes.

(C) **Rights of Surviving Settlor.** With respect only to the separate property and one-half (1/2) community property share of the trust property belonging to the surviving Settlor, he or she, unless deemed to be incapacitated, shall continue to have the same rights acting alone as he or she had prior to the death of the first Settlor acting jointly with respect to his or her share of the community property.

SIXTH: Disposition Following Interim Trust.

Upon the expiration of the interim trust (or at any prior time if in the Trustee's discretion one or more partial distributions are deemed desirable) the Trustee shall allocate and dispose of the remaining assets of the interim trust as follows:

(A) **Surviving Settlor's Trust.** The surviving Settlor's separate property and one-half (1/2) community property share of the trust property, together with any undistributed income attributable to such property, shall continue to be held in trust (sometimes referred to as the "Surviving Settlor's Trust") as follows:

(1) **Right to Direct Property in Trust.** During the life of the surviving Settlor, he or she shall have the same right acting alone to direct income and principal distributions from this trust as he or she had acting jointly pursuant to Article FOURTH prior to the death of the first Settlor to die. If the surviving Settlor is incapacitated the Trustee shall have the same power to make distributions from this trust to or for the benefit of the survivor Settlor, or gifts from the surviving Settlor's property.

(2) **Right to Alter, Amend or Revoke.** The surviving Settlor, unless deemed incapacitated, shall continue to have the same alteration, revocation, and amendment rights as to this trust acting alone as he or she had acting jointly before the death of the first Settlor.

(3) **Disposition Upon Death of Surviving Settlor.** Upon the death of the surviving Settlor, the Trustee shall continue to hold the property of this trust, together with any additions made to this trust by reason of the surviving Settlor's death, in an interim trust until the composition of the distributions to be made following the surviving Settlor's death have been completely determined. The Trustee shall, to the extent provided in the Article of this Trust Agreement entitled "Payments Upon Deaths of Settlers," pay or provide for all lawful claims and charges, estate and inheritance taxes, funeral or last illness expenses, and expenses of administration of the estate of the second Settlor to die. Thereafter, the Trustee shall distribute the remaining property of this trust as directed in the Article entitled "Distribution at Surviving Settlor's Death."

(4) **Interim or Partial Distributions.** Subparagraph (3) above shall not be construed to prevent the Trustee from making interim and partial distributions from such interim trust of the property of the second Settlor to die to satisfy any distribution to be made pursuant to Article SEVENTH, should the Trustee deem any such distribution appropriate.

(B) **Disposition of Deceased Settlor's Property.** The balance of the trust property, representing the deceased Settlor's separate property and one-half (1/2) share of the community property, as well as any other property of the deceased Settlor directed to be disposed of according to the provisions of this Trust Agreement, shall be disposed of as follows:

(1) **Personal Effects to Survivor.** All items of personal or household use or ornament included in such deceased Settlor's share of the property contained in the interim trust shall become separate property of the surviving Settlor and shall be distributed to him or her; provided, however, that if the surviving Settlor so elects in writing, they shall be added to and disposed of as a part of the trust created under Paragraph (A) of this Article. All costs of packing, shipping and insuring such items for distribution shall be trust and administration costs and shall not be charged to the beneficiaries.

(2) **Pioneer Farm Corporation.** If NICHOLAS B. VEDDER is the first deceased Settlor, all of his interest in Pioneer Farm Corporation, or any successor thereto, shall be distributed upon his death according to the provisions of the Article of this Trust Agreement called "Pioneer Farm Trust".

(3) **Remaining Property.** The balance of the trust property (the "Remaining Property") shall be distributed to the surviving Settlor; provided, however, that if the surviving Settlor so elects in writing, such property shall be added to and disposed of as part of the surviving Settlor's Trust created under Paragraph (A) of this Article.

(4) **Disclaimer; Marital Trust.** Notwithstanding subparagraph (3) above, if the surviving Settlor disclaims all of any part of the Remaining Property otherwise distributable to the surviving Settlor under subparagraph (3) above, the property so disclaimed shall be held by the Trustee in further trust for the surviving Settlor's benefit during his or her life (the "Marital Trust"), as follows:

(a) The Trustee shall pay the surviving Settlor all the net income of the trust in quarterly installments and also may pay the surviving Settlor so much of the principal of the trust as the Trustee determines from time to time is needed for the surviving Settlor's health, support, and maintenance at the level the Settlers were enjoying at the death of the first Settlor to die, taking into consideration all other liquid resources available to the surviving Settlor.

(b) The surviving Settlor may live rent free in any residence which is an asset of the trust.

(c) Upon the death of the surviving Settlor, the Trustee shall pay all the accrued income of the trust to the surviving Settlor's estate subject to administration, shall pay any taxes imposed at the surviving Settlor's death to the extent set forth in the Article of this Trust Agreement entitled "Special Provisions for Marital Deduction Trust," and shall distribute the remaining trust property in equal shares to the Settlers' children; provided, however, that if either of the Settlers' children is deceased but has then living issue, the deceased child's share shall be distributed to his or her then living issue, by right of representation, subject to the provisions of the Article of this Trust Agreement entitled "Trusts for Young Beneficiaries."

(5) **Marital Deduction Gift.** The "Marital Deduction Gift" provisions contained in the definition of the marital deduction in this Trust Agreement shall apply to the property disposition described in subparagraphs (3) or (4) above.

SEVENTH: Distribution at Surviving Settlor's Death.

Upon the death of the surviving Settlor, all property of the Surviving Settlor's Trust created under Paragraph (A) of the preceding Article, any unappointed property of any trusts created from the first deceased Settlor's property, as well as any other property directed to be

disposed of under the provisions of this Article, at the time or times set forth in this Trust Agreement for such disposition, shall be disposed of as follows:

(A) **Personal Effects.** All articles of personal or household use or ornament and boats and automobiles, and all unexpired insurance thereon, shall be distributed according to the surviving Settlor's list of such items signed by him or her and which he or she has left with the original or a copy of this Trust Agreement or with the original or a copy of his or her Will. Such list shall be deemed an amendment to this Trust Agreement. To the extent that any such items are not effectively disposed of by such list the same shall be distributed to the Settlers' then living children, in shares of substantially equal value, or, if none of the Settlers' children is then living, to the Settlers' then living issue, by right of representation. All costs of packing, shipping and insuring such items for distribution shall be trust administration costs and shall not be charged to the beneficiaries.

(B) **Pioneer Farm Corporation.** If NICHOLAS B. VEDDER is the surviving Settlor, all of his interest in Pioneer Farm Corporation, or any successor thereto, shall be distributed upon his death according to the provisions of the Article of this Trust Agreement called "Pioneer Farm Trust".

(C) **Disposition of Remaining Property.** The balance of the property to be distributed under the provisions of this Article, after payment of all estate and inheritance taxes (the "Remaining Property"), shall be distributed to the Settlers' children, in equal shares; provided, however, that if either of the Settlers' children is then deceased but has then living children, the deceased child's share shall be distributed to his or her then living issue, by right of representation.

EIGHTH: Pioneer Farm Trust.

All property directed to be disposed of according to the provisions of this Article shall, at the time or times set forth for distribution, be held in trust by the Trustee as a separate trust, as follows:

(A) **If SUSAN is Living.** If the Settlor, SUSAN HECKBERT, is then living, the Trustee shall pay SUSAN all of the net income of the trust in convenient installments, but at least annually. The Trustee may also distribute to SUSAN so much of the net principal of the trust as the Trustee determines for SUSAN's health, support and maintenance; provided, however, that no interest in Pioneer Farm Corporation, or any successor thereto, shall be distributed to SUSAN without the written consent of the Settlers' then living children.

(B) **Following SUSAN's Lifetime.** Upon SUSAN's death, or if SUSAN is not then living upon the creation of the trust, the Trustee shall divide the trust property into as many equal shares as are necessary to enable one share to be set apart in the name of each of the Settlers' children who is then living and one share to be set apart in the name of each of the Settlers' children who is deceased but then has living issue.

(C) **Provisions for Children.** Each share so set apart for a living child of the Settlers' shall be held as a separate share of the trust for the benefit of such child, as follows:

(1) During the child's lifetime, the Trustee shall pay the child so much of the net income and principal of the share of the trust set apart in his or her name as the Trustee determines from time to time for the child's health, support, maintenance and education.

(2) Upon the death of the child, the Trustee shall distribute the remaining property of the child's share of the trust as the child appoints by the child's Last Will under a limited power of appointment, outright or in further trust, in favor of one or more of the then living issue of B. BLAIR VEDDER, JR. and GERALDINE B. VEDDER (other than the child who is the trust beneficiary or such child's estate), and any spouses, widows or widowers of the issue of BLAIR VEDDER, JR. and GERALDINE B. VEDDER. In default of or subject to such appointment, the Trustee shall distribute the trust property to the child's surviving issue, by right of representation, or if the child has no surviving issue, to the Settlers' other then living issue, by right of representation, or if the Settlers have no other then living issue, to the other then living issue of B. BLAIR VEDDER, JR. and GERALDINE B. VEDDER, by right of representation. Any property so allocated to a beneficiary pursuant to the preceding sentence following the death of a child shall be held in further trust for his or her benefit according to the provisions of Paragraph (E) below.

(D) Provisions for Issue of Deceased Child. Each share so set apart for the then living issue of a deceased child of the Settlers shall be further set apart in subshare for the child's then living issue, by right of representation, and each such beneficiary's share or subshare shall be administered as set forth in Paragraph (E) below.

(E) Administration in Further Trust for Grandchildren and Other Beneficiaries. Any property directed to be administered according to the provisions of this Paragraph shall be held as a separate trust share by the Trustee for the benefit of the beneficiary for whom the property was set apart, as follows:

(1) During the beneficiary's lifetime, the Trustee shall pay the beneficiary so much of the net income and principal of the trust as the Trustee determines from time to time for the beneficiary's health, support, maintenance and education.

(2) Upon the death of the beneficiary, the Trustee shall distribute the remaining property of the beneficiary's trust as a beneficiary appoints by his or her Last Will under a limited power of appointment, outright or in further trust, in favor of one or more of the then living issue of B. BLAIR VEDDER, JR. and GERALDINE B. VEDDER (other than the beneficiary), and any spouses, widows or widowers of the issue of BLAIR VEDDER, JR. and GERALDINE B. VEDDER. In default of or subject to such appointment, the Trustee shall distribute the beneficiary's share of the trust property to the beneficiary's surviving issue, by right of representation, subject to the trust provisions set forth in this Paragraph (E), or if the beneficiary has no surviving issue, the Trustee shall:

(a) Identify the group consisting of B. BLAIR VEDDER, JR. and GERALDINE B. VEDDER who are the beneficiary's ancestors (including adopted persons) and who have issue who survive the beneficiary;

(b) Identify the member of that group who is most closely related to the beneficiary and identify that person's issue who survived the beneficiary; and

(c) Distribute the trust to those issue, by right of representation, subject to the trust provisions set forth above in this Paragraph (E).

(F) Pioneer Farm. The Trustee is expressly authorized to retain any interest in Pioneer Farm Corporation, or any successor thereto, received by the Trustee without liability unless all of the Settlor's then living adult issue notify the Trustee in writing that they want their interest in Pioneer Farm sold. In addition, the Trustee shall not sell or otherwise dispose of any interest in Pioneer Farm unless the beneficiary of the trust has agreed to the sale or disposition of the trust interest in Pioneer Farm. The Trustee shall use its best efforts to ensure that the trust beneficiary, and if appropriate the beneficiary's immediate family, has access to Pioneer Farm for a reasonable amount of time each year.

(G) Termination of Trust. This trust shall terminate on the first to occur of the following events: (i) the sale or liquidation of the trust's interest in Pioneer Farm Corporation, or any successor thereto, and (ii) the death of the survivor of all of the issue of B. BLAIR VEDDER, JR. and GERALDINE B. VEDDER living at the death of the Settlor, NICHOLAS B. VEDDER. Upon the termination of the trust, the remaining property of each share of this trust shall be distributed to the person for whose benefit the trust share was being administered at the date of termination.

NINTH: Trusts for Young Beneficiaries.

Notwithstanding any other provision of this Trust Agreement, if and so often as nondiscretionary distributions of property may become payable after either Settlor's death pursuant to the terms of this Trust Agreement to any beneficiary who has not attained age twenty-five (25), and no trust provisions or further trust provisions for such beneficiary are specified, that beneficiary shall not receive his or her property outright; rather, such property shall be held in trust or further trust as a separate trust by the Trustee, paying so much of the trust's net income and principal as the Trustee in such Trustee's discretion determines from time to time for the beneficiary's health, support, maintenance, and education; when the beneficiary attains age twenty-five (25), his or her trust shall be distributed to him or her, free of all trusts. Should the beneficiary die before attaining age twenty-five (25), his or her trust shall be distributed to his or her estate.

TENTH: Contingent Dispositions.

If at the surviving Settlor's death or at any time thereafter, either before the creation of, during the existence of, or at the termination of any trust created under this Trust Agreement, none of the Settlor's issue is then living, all property not otherwise effectively disposed of by this Trust Agreement shall be distributed as follows:

(A) One-half (1/2) to the BOARD OF REGENTS OF THE UNIVERSITY OF WASHINGTON, to be used by the University of Washington Department of Epidemiology (in the School of Public Health), toward the establishment of the Susan R. Heckbert Endowed Chair in Epidemiology, at the minimum funding level to establish an endowed chair at the time of establishment, and the remainder toward additional endowed Chairs, Professorships, and/or Lectureships in Epidemiology in the University of Washington Department of Epidemiology, or if that is not possible or practicable for other appropriate purposes for the Department of Epidemiology; and

(B) One-half (1/2) to the BOARD OF REGENTS OF THE UNIVERSITY OF WASHINGTON, to be distributed as follows: if, and only if Plastic Surgery is a separate and independent Clinical Department within UW Medicine, to Plastic Surgery at the University of Washington School of Medicine, currently UW Medicine, Department of Surgery, Division of Plastic Surgery, toward the establishment of the Nicholas B. Vedder Chair in Reconstructive Plastic Surgery, at the minimum funding level to establish an endowed chair at the time of establishment, and the remainder toward additional endowed Chairs, Professorships, and/or Lectureships within UW Medicine Plastic Surgery, or if that is not possible or practicable for other appropriate purposes for the Department of Plastic Surgery; or if Plastic Surgery is not a separate and independent Clinical Department within UW Medicine, this one-half (1/2) shall be distributed toward endowed Chairs, Professorships, and/or Lectureships in the University of Washington Department of Epidemiology (in the School of Public Health), as set forth in Paragraph (A) above.

ELEVENTH: Conditions for Exercise of Powers of Appointment.

The holder of any power of appointment granted in this Trust Agreement may exercise it only in the manner specified in RCW 11.95.060, except that exercise of any testamentary power will be effective only if the Trustee knows, within nine (9) months following the holder's death, of the existence of a purported Will exercising the power. No limited power shall extend to any insurance policy on the life of the power holder.

TWELFTH: Spendthrift Provision.

No present or future beneficiary of any trust created under this Trust Agreement that is irrevocable may transfer or encumber his or her interest in the trust. No interest of a present or future beneficiary of any trust shall be subject in any way to the claims of the beneficiary's creditors. This Article shall not limit any beneficiary's right to withdraw, appoint, or disclaim trust property.

THIRTEENTH: Trusts Eventually to Terminate.

Notwithstanding anything to the contrary in the prior provisions of this Trust Agreement, as to each Settlor's respective property, if, upon the expiration date after which continuation of the trust would violate the rule against perpetuities or other similar law limiting the duration of trusts that is applicable to such trust,

(1) Any trust created under this Trust Agreement still exists, it shall terminate on that date and be distributed to the then current income beneficiary; and

(2) Any trust created by exercise of a power of appointment granted under this Trust Agreement still exists, it shall terminate on that date and be distributed between or among the persons then entitled to present or future interests in the appointed property in such proportions as the trustee of such trust shall determine to fairly and reasonably represent such interests on that date.

FOURTEENTH: Successor Trustee.

(A) **Successor Trustees.** If either NICHOLAS B. VEDDER or SUSAN R. HECKBERT resigns, fails, or otherwise ceases to serve as Trustee hereunder and during any period in which he or she is deemed to be incapacitated, the other of them shall serve as Trustee. If both of them resigns, fails, or otherwise ceases to serve as Trustee and during any period in which both Settlers are deemed to be incapacitated, the Settlers' children, KATHERINE ANNE VEDDER and NICHOLAS RUSSELL VEDDER shall serve as Trustees, and if either of them fails or ceases to serve, the other of them shall serve as Trustee.

(B) Incapacity of Settlers.

(1) The Settlers and the initial Trustees are the same persons. This paragraph shall apply to NICHOLAS B. VEDDER and SUSAN R. HECKBERT in their respective capacities both as the Settlers and Trustees, although this Article refers to each of them only as a Settlor.

(2) Each Settlor shall be deemed to have full capacity for purposes of this Trust Agreement from the date of execution of this Trust Agreement until such time or times as a committee consisting of the other Settlor (if not then incapacitated) and the Settlor's primary care physician, unanimously determines pursuant to this Article that such Settlor is incapacitated, as that term is defined in subparagraph (5) below. Should the other Settlor resign from such committee or otherwise fail or cease to serve as a committee member, the parties first designated as successor Trustees shall serve in his or her place as a member of the committee with the Settlor's primary care physician.

(3) Upon any unanimous determination by the committee that a Settlor has become incapacitated, the committee shall notify the Trustee in writing of such determination.

(4) At any time after a Settlor has been determined to be incapacitated, the committee shall, upon such Settlor's written request, upon the written request of the Trustee, or upon the written request of any member of such committee, undertake to determine whether or not such Settlor's capacity to manage his or her own financial affairs has returned. If the committee unanimously determines that such Settlor's capacity has returned, then a written statement shall be prepared, signed, and delivered to the Trustee stating that the capacity of such Settlor has returned. Upon a unanimous determination by the committee that the capacity of such Settlor has returned, he or she shall be deemed to have full capacity for purposes of this Trust Agreement until the committee again determines such Settlor is incapacitated pursuant to subparagraph (3) above.

(5) As used in this Trust Agreement, the term "incapacitated" shall be construed broadly and shall include (without limitation) mental or physical disability, incompetency, or senility, or any combination thereof, which renders a Settlor incapable of managing his or her own financial affairs.

(C) **Trustee Regains Capacity.** Notwithstanding the provisions of Paragraph (A) above, if NICHOLAS B. VEDDER or SUSAN R. HECKBERT is not serving as Trustee because he or she is incapacitated, when he or she again regains his or her capacity as determined pursuant to the provisions of the preceding Paragraph, and upon written notice to the then acting Trustee of his or her desire to again act as a Trustee, he or she shall again serve as Trustee hereunder. Any then acting Trustee (other than the other Settlor) who was serving in such incapacitated Settlor's place shall resign as Trustee until a successor Trustee is again needed.

(D) **Trustees for the Benefit of Surviving Settlor.** After the death of the first Settlor to die, the surviving Settlor shall serve as Trustee of the trust for his or her benefit referred to as the Surviving Settlor's Trust. If the surviving Settlor resigns, fails or otherwise ceases to serve as Trustee of such trust, the successor Trustee or Trustees identified in Paragraph (A) above shall serve in place of the surviving Settlor, subject to the surviving Settlor again serving as Trustee if the failure to serve was due to the incapacity of the surviving Settlor and the surviving Settlor regains his or her capacity, at which time he or she shall again serve as such Trustee.

(E) **Trustee of Pioneer Farm Trust.** Anything in the preceding provisions of this Article to the contrary notwithstanding, SUSAN R. HECKBERT shall serve as Trustee of the Pioneer Farm Trust created under Article EIGHTH following the lifetime of NICHOLAS B. VEDDER. If SUSAN R. HECKBERT fails or ceases to serve as Trustee of the Pioneer Farm Trust, the Settlor's children, KATHERINE ANNE VEDDER and NICHOLAS RUSSELL VEDDER, shall serve as Trustees of the Pioneer Farm Trust. If either of them fails or ceases to serve, the other of them shall serve as Trustee. The last of them to serve as Trustee (as well as any then serving successor Trustee designated from time to time under this Paragraph), shall have the authority to designate, by a signed written instrument filed with the trust records, one or more persons and/or a corporation authorized to do a trust business to serve as further successor Trustee.

(F) **Appointment of Co-Trustee.** At any time, the then serving Trustee of any trust created under this Trust Agreement shall have the authority to appoint one or more persons and/or a corporation authorized to do a trust business to serve as co-Trustee of such trust, without necessity of court approval, provided that all of the beneficiaries of the trust currently eligible to receive income or principal distributions who have attained age eighteen (18) consent in advance to the appointment in writing.

(G) **Corporate Trustee.** At any time during which a corporation authorized to do a trust business is serving as Trustee, the then serving individual Trustee or Trustees shall have the authority, with or without cause, without court approval, to remove the then serving corporate Trustee; provided, however, that the removal shall not be effective unless the individual Trustee appoints a successor Trustee, whose appointment takes effect upon removal of

the outgoing Corporate Trustee. If there is no then serving individual Trustee, this power may be exercised by those beneficiaries of the trust who have attained age eighteen (18).

(H) Contingent Trustee. Subject to the foregoing, the last serving Trustee of any trust created under this Trust Agreement may appoint, by a writing filed with the Trust Agreement, one or more persons and/or a corporation authorized to do a trust business to serve as successor Trustee of such trust.

(I) Ancillary Trustee. If at any time the Trustee determines that it is necessary or advisable to designate an additional Trustee for the purpose of holding title to property in various jurisdictions other than Washington, such additional Trustee may be appointed by the then serving Trustee, but the power of such appointed Trustee shall be limited to the mere holding of trust property, and such ancillary Trustee shall not participate in any decisions regarding the administration of the trust. When it is determined that such appointed ancillary Trustee are no longer needed, such Trustee may be removed by the then serving Trustee who is not an ancillary Trustee appointed hereunder.

(J) Discretion of Trustee; Indemnification and Hold Harmless. Whenever a Trustee is granted discretion to make decisions relating to any trust under this Trust Agreement, the Settlers intend that the discretion of the Trustee shall be sole and unfettered and shall not be subject to the approval of any court, beneficiary or other person unless expressly provided otherwise. Provided that the Trustee acts in good faith and without gross negligence or intentional misconduct, the discretionary determinations of the Trustee shall be final and conclusive on all persons having or claiming any interest in the trust. Further, the Settlers direct that each individual who is serving as Trustee from time to time under this Trust Agreement shall be held harmless by and indemnified by the trust under which such person is serving as Trustee against any liability, damage, loss, charges, claims, fees and expenses, of whatever kind or nature, each such Trustee may at any time incur or sustain by reason of any act or omission, cause, matter or thing relating to or connected with the administration of the trust, other than any such liability, damage, loss, charge, claim, fee or expense arising out of such Trustee's willful misconduct. Further, the Trustee is presumed to have the authority to use trust funds for the purposes of engaging legal counsel and otherwise defraying expenses associated with defending the Trustee against claims of negligence or breach of fiduciary duty prior to any final determination of the Trustee's liability, unless a court of competent jurisdiction affirmatively determines otherwise.

(K) Tax Sensitive Powers Held by Trustee. If an individual serving as Trustee of any trust created under this Trust Agreement is a beneficiary of such trust, such individual shall be authorized to make distributions to himself or herself pursuant to the terms of such trust, but such individual shall not possess or exercise any powers with respect to, nor authorize nor participate in any decision as to: (i) any distribution or any loan to or for the benefit of himself or herself or any other beneficiary, except to the extent that such distributions are limited to the amounts necessary for the person's health, maintenance, support and education; (ii) any discretionary distribution to any other beneficiary, if such distribution would discharge any of his or her legal obligations of support to such beneficiary; (iii) the termination of such trust because of its small size, if such termination would result in a distribution to himself or herself or if the distribution would discharge any of his or her legal obligations; or (iv) any action

to be taken regarding an insurance policy held in such trust insuring the life of such individual unless such action is expressly authorized by other provisions of this Trust Agreement. These decisions shall be made solely by the other then serving Trustee or Trustees of such trust (the "Independent Co-Trustee"). If such individual serving as Trustee desires to engage in any such prohibited action but no Independent Co-Trustee is then serving for such trust, the currently acting Trustee may appoint the individual or entity next designated to act as special Independent Co-Trustee for those purposes. If there is no designated successor Trustee, the Trustee may appoint as a special Independent Co-Trustee for purposes of exercising these powers, a person who is not a related or subordinate party to the beneficiary within the meaning of Section 672(c). However, if an Independent Co-Trustee is appointed under these circumstances, the sole power and responsibility of the Independent Co-Trustee shall be to make decisions reserved to the Independent Co-Trustee. Notwithstanding the foregoing, the provisions of this Paragraph shall not apply to the Settlor during the period when both of them are living and shall not apply to the surviving Settlor following the death of the first Settlor to die with respect to the surviving Settlor's trust composed of the surviving Settlor's share of the community property and any additional property added to that trust by the surviving Settlor.

(L) Succession of Trustee; Bond. Any Trustee may resign and any successor Trustee may act as Trustee without need to comply with the provisions of any state law regarding the resignation or succession of trustees. No successor Trustee under this Trust Agreement shall be liable for any act or omission of a predecessor or obligated to inquire into the validity or propriety of any such act or omission. Any such successor Trustee shall be entitled to accept as conclusive any accounting and statement of assets furnished to such successor by a predecessor or by the personal representative of such predecessor and shall further be required to receipt only for those assets included in such statement. No Trustee serving hereunder need give bond, in any jurisdiction. If a Trustee's bond may not be dispensed with in any jurisdiction, the Settlor request that the bond for the Trustee be accepted without surety and in the lowest possible amount.

(M) Compensation of Trustee. The Settlor intend that each Trustee shall be entitled to reasonable compensation for services provided to the trust as fiduciary, and for reimbursement of all direct expenses incurred in administering the trust.

FIFTEENTH: Administrative Provisions.

(A) Powers. Unless provided otherwise elsewhere in this Trust Agreement, the Trustee shall have all the rights, powers, duties, and responsibilities which now exist or may later be conferred by law (including by RCW Title 11), except as increased or modified by the following powers, rights, duties, and privileges:

(1) Investments. Subject to the prudent person standard under Washington law governing investments by fiduciaries, the Trustee may acquire and retain any kind of real and personal property, including undivided interests in such property, and interests in investment trusts or common trust funds, without need for diversification as to kinds or amount and whether or not income producing, and without being subject to the percentage limitations of RCW 11.100.023 or any similar law of any jurisdiction. Any trust (or portion thereof) that qualifies for the marital deduction, however, shall not

contain any unproductive property for more than a reasonable time, unless with the surviving Settlor's consent.

(2) Other Disposition of Property. Without notice of any kind, the Trustee may sell or otherwise dispose of any real or personal property in any manner whatsoever upon such terms as the Trustee deems advisable.

(3) Distributions. Unless otherwise directed in this Trust Agreement, the Trustee may make distributions in shares which may be composed differently, in cash or in kind, or in both, and in so doing:

(a) shall value any asset distributed in kind at its distribution date value, and

(b) shall, to the extent possible, in satisfying any gift qualifying for the marital deduction, distribute only assets that qualify for the marital deduction.

(4) Investment in Consolidated Funds. Without altering the separate identity of any trust, the Trustee may hold or invest the property of any trust in consolidated funds or investments in which other investors have an interest.

(5) Principal and Income Determination. Except as otherwise specifically provided in this Trust Agreement, the determination of all matters with respect to what is principal and income of the trust estate and the apportionment and allocation of receipts, disbursements and other charges between these accounts shall be governed by the provisions of the Washington Revised Uniform Principal and Income Act from time to time existing. Any such matter not provided for in this Trust Agreement or in the Principal and Income Act shall be determined by the Trustee in the Trustee's discretion; provided, however, that the Trustee's powers shall be subject to the Trustee's duty to treat income and remainder beneficiaries equitably. The Trustee shall have discretion with respect to any partnership or limited liability company interest, to determine from time to time that: income and principal shall be deemed received when received by the Trustee, rather than for the Trustee's account inside the partnership or limited liability company; and the Trustee shall define, in the Trustee's discretion, the character (as income or principal) of any distributions received from a partnership or limited liability company, unless such character is so stated by the general partner or manager thereof.

(6) Trust Merger. The Trustee may merge any trust created under this Trust Agreement with another trust having substantially similar terms and beneficiaries created under this or another instrument, whether or not the trusts have similar trustees, if in the judgment of the Trustee, such a merger is advisable. The Trustee may effect such a merger by making distribution (in part or in whole) to such other trust. Any such merger shall be upon such terms and conditions (if any) as the Trustee determines appropriate and shall not require compliance with any procedure set forth in RCW 11.98.080, or any similar law of another jurisdiction. As used in this

Paragraph, the term "trust" shall also include trust share or subshare. Notwithstanding the foregoing, however, unless a substantial reason exists for doing otherwise, no trust created under this Trust Agreement shall be consolidated with any other trust, whether created under or outside of this Trust Agreement, if either of such trusts has a generation-skipping transfer tax inclusion ratio of zero or is not subject to federal generation-skipping transfer tax and if such consolidation of trusts will cause the consolidated trust to have a generation-skipping transfer tax inclusion ratio of greater than zero or become subject to such tax.

(7) **Specific Real Estate Powers.** The Trustee is authorized to lease or grant options to lease, for periods to begin presently or in the future, without regard to statutory restrictions or the probable duration of any trust and for any purpose, including exploration for and removal of gas, oil, and other minerals; to enter into community oil leases and pooling and unitization agreements; to erect or alter buildings or otherwise improve or modify trust property; to make ordinary and extraordinary repairs; to grant easements and charges; to make party-wall contracts; to dedicate roads; to subdivide; to adjust boundary lines; to partition and convey property or pay money for equality of partition; to encumber; to demolish or abandon improvements; to execute, grant, or create covenants affecting real estate, servitudes, rights-of-way, or other conditions and restrictions, and to release the same; to seek zoning, rezoning, variance or nonconforming use permits; all with respect to trust property.

(8) **Borrow Funds.** The Trustee is authorized to borrow money from any person, including the Trustee, without any Trustee incurring any personal liability to the lender, upon any terms and conditions, for any period, and to give or not to give security therefore and to obtain commercial guaranties of payment of any financial obligations of the trust, all for any purpose connected with the administration, preservation or distribution of the trust, including, without limitation, for the purposes of making investments, exercising options or other rights, making a distribution to a beneficiary, and paying taxes and expenses

(9) **Loan Funds.** The Trustee is authorized to make loans, secured or unsecured, at such interest rate and on such terms as the Trustee may determine, including loans to either Settlor or any beneficiary of the trust, either Settlor's estate subject to administration, and to any other trust created by either of the Settlor, and the Trustee may require such security (including life insurance on the life of the borrowing beneficiary) as the Trustee deems appropriate to secure such loan.

(10) **Pledges.** The Trustee may pledge trust property, upon such terms and conditions as the Trustee deems advisable, for any purpose that the Trustee in the Trustee's discretion determines is beneficial to the trust or the Settlor's.

(11) **Conservation Easements.** The Trustee is authorized to donate a qualified conservation easement, as defined by Section 2031(c), and to amend a previously donated qualified or unqualified conservation easement.

(12) Specific Business Powers. The Trustee has the authority to enter into, modify, renegotiate or terminate agreements with any person governing voting rights, management, operation, retention or disposition of interest in corporations, partnerships, limited liability companies, joint ventures, associations or other businesses of the trust, regardless of whether any agreement is in effect when that business interest is received by the Trustee; to continue to operate or permit the operation of any business, incorporated or unincorporated, received by the Trustee, on the same or different terms which govern when an interest in it is received by the Trustee; to invest additional sums in any such business even to the extent that the trust created under this Trust Agreement may be invested largely or entirely in any such business, without liability for any loss resulting from lack of diversification; and to discontinue any such business in which an interest is received by the Trustee, and to dispose of that interest to any person, on such terms and conditions as the Trustee deems advisable, without liability for loss due to depreciation in value; and to assent to or participate in any reorganization, readjustment, recapitalization, consolidation, merger, dissolution, sale or purchase of asset, lease, mortgage, contract or other action or proceeding by any corporation, partnership, limited liability company, joint venture, association or other business entity; to deposit securities or other property under, or become a party to, any agreement or plan for any such action or proceeding or for the protection of holders of securities; to subscribe to new securities issued pursuant to any such action or proceeding; to delegate discretionary powers to any reorganization, protective or similar committee; to exchange any property for any other property in connection with any of the foregoing; to pay any assessments or any other expenses in connection with the foregoing.

(13) Divide Trusts. The Trustee is authorized to at any time divide any trust or trust share hereunder into two separate trusts or so allocate property in the distribution of the trust estate so as to create separate but otherwise identical trusts for any purposes determined appropriate by the Trustee, including but not limited to for the purposes of assuring that the federal generation-skipping transfer tax inclusion ratio for each such trust or trust share shall either be zero or one; provided, however, that in such case separate trusts shall not be created if the applicable law, United States Treasury Regulations, or Internal Revenue Service revenue rulings provide that the creation of separate trusts will not result in an inclusion ratio of either zero or one.

(14) Facility of Payment. The Trustee shall have the power to apply for the use of any person any property, whether principal or income, vesting in or payable to such person, and in the case of a minor (a) to do so without regard either to the duty of any person to furnish support for such minor or the availability of other funds for such purpose, or (b) to pay or deliver the same to such minor, or to a guardian or custodian under a gifts or transfers to minors act, including a custodian selected by the Trustee, or to a parent of such minor, or to a person with whom such minor resides, or to any person authorized by this Trust Agreement to hold the same, or to the trustees of any trust for the benefit of such person. The Trustee is further authorized to create trusts for any beneficiary and to distribute any property otherwise payable to such beneficiary by a distribution to such trust, even if the term of the new trust extends longer than the term of the trust from which the distribution has been made; provided, however, that nothing in

this paragraph authorizes the Trustee to postpone vesting of property beyond the period permitted by the rule against perpetuities applicable to this Trust Agreement.

(15) Conflict of Interest. The Trustee shall not be disqualified or barred from exercising any power, right or discretion conferred upon the Trustee under law or by this Trust Agreement by reason of any financial involvement in the subject matter of the exercise or the power, right or discretion, or by reason of any conflict of interest between any Individual Trustee and the trust.

(B) Administrative Convenience. If at any time there is more than one Trustee serving hereunder:

(1) Any individual Trustee may, with the consent of all other co-Trustees, delegate any power, right, or duty to another co-Trustee. The delegation shall be effective upon delivery of a signed, written instrument of delegation to the co-Trustee and the co-Trustee's acceptance of the delegation. The delegation may be revoked in the same manner. A right, power, or duty expressly conferred upon only one Trustee may not be so delegated, and any power, right, or duty expressly denied a Trustee shall not be delegated to that Trustee.

(2) One Trustee may give written notice to all other co-Trustees of a proposed action. A co-Trustee's failure to deliver a written objection to such Trustee within fifteen (15) days after receiving notice shall constitute formal approval by such co-Trustee, unless the co-Trustee has previously given written notice (then unrevoked) to such Trustee that this fifteen (15) day notice provision shall not apply.

(3) Any individual co-Trustee may, by written instrument delivered to all other then acting co-Trustees, relinquish his or her powers, rights or duties, to any extent and upon any terms.

(C) General Administrative Provisions. Except to the extent provided otherwise in this Trust Agreement, after the death of the first Settlor to die, the following general provisions as to trust administration shall apply in respect of all trusts (other than the surviving Settlor's Trust):

(1) Unless a specific reason exists for doing otherwise, principal payments shall not be made from any trust or trust share which does not qualify for the marital deduction after the death of the first Settlor to die until all of the principal of any trust which does so qualify has been paid out.

(2) Subject to the provisions of subparagraph (1) above, unless a specific reason exists for doing otherwise, principal payments to a beneficiary shall not be made from any trust or trust share for the beneficiary's benefit that is exempt from federal generation-skipping transfer tax until all of the principal of any trust or trust share for the beneficiary's benefit that is not exempt from federal generation-skipping transfer tax has been paid out.

(3) The Trustee may treat certain discretionary distributions from any trust hereunder that is irrevocable as loans to the beneficiary of the trust rather than as an outright distribution not in the nature of a loan; for example, the Trustee might treat a distribution for purposes of starting a business venture as a loan to a beneficiary, whereas it would probably not be appropriate to treat a distribution to meet hospital and medical expenses as a loan.

(4) The Trustee (other than the Trustee of any trust wherein a distribution could currently be made to the Trustee as beneficiary) who has the power to make discretionary distributions from any trust under this Trust Agreement, may adjust future discretionary distributions of property from any trust hereunder that is irrevocable (other than a trust for either Settlor's benefit) because of prior distributions, and may treat any distributions of property as an advancement to be made to such beneficiary in the future.

(5) Unless the Trustee sees a special reason for continuing the trust, any trust with principal of Twenty-five Thousand Dollars (\$25,000) or less shall be distributed to or for the benefit of the then current income beneficiary, and the trust shall terminate. RCW 11.98.070(32) shall not apply to any trust under this Trust Agreement.

(6) Whenever this Trust Agreement directs that any trust property otherwise to be distributed outright to a beneficiary for whose benefit another trust will continue to exist under this Trust Agreement shall instead be added to and treated for all purposes as part of that trust, no such property shall be added to a trust which is not subject to the federal generation-skipping tax or which has a generation-skipping transfer tax inclusion ratio of zero, if such addition will cause all or part of such recipient trust to become subject to such tax or to have a generation-skipping transfer tax inclusion ratio of greater than zero, and in such circumstances, such property shall be held for the beneficiary in a separate trust having identical provisions and the same trustee as the trust that continues to exist under this Trust Agreement for the benefit of the beneficiary.

(7) The Trustee shall consider primarily the welfare of beneficiaries currently eligible to receive property to the extent that the Trustee deems it prudent and in the best interests of such current beneficiaries to do so, and may consider or ignore, unless otherwise provided in this Trust Agreement, to such extent as the Trustee deems advisable, other liquid resources of such current beneficiaries of which the Trustee may have knowledge.

(8) Any trust's income neither required to be distributed nor distributed in the Trustee's discretion shall be accumulated and annually added to and dealt with as principal of such trust.

(9) Notwithstanding anything to the contrary in this Trust Agreement, the Trustee shall make no distribution of trust income or principal that would result in the discharge of any legal obligation (whether of support or otherwise) of any person (other than the beneficiary receiving the distribution or the fiduciary acting as fiduciary) with

respect to such beneficiary. RCW 11.98.200(3) shall not apply to any trust created under this Trust Agreement.

SIXTEENTH: Situs and Governing Law.

(A) **Situs.** The situs and place of administration (“situs”) of any trust created under this Trust Agreement shall, as to real property held in trust, be the jurisdiction where such property is located. The situs of any trust shall, as to personal property, be (i) the location of the main business office of the Trustee who then has custody of the trust records, wherever the Trustee may locate that office, or (ii) any other situs (designated by the Trustee in a writing filed with the trust) that has sufficient contact with the trust to support jurisdiction of its courts over the trust. These provisions shall apply regardless of the Settlor’s domicile at the execution of this instrument or at either Settlor’s death, or the domicile or residence of any Trustee or beneficiary.

(B) **Governing Law.** Washington law shall govern the execution and construction of this Trust Agreement. The administration of any trust, however, shall, unless otherwise required by law, be governed first by the provisions of this Trust Agreement, including any laws incorporated in this Trust Agreement by reference or otherwise made applicable by this Trust Agreement, and second, to the extent consistent with such provisions, the laws of the trust’s situs. To the extent permitted by law, each trust and Trustee shall be exempt from all registration requirements.

SEVENTEENTH: Payments Upon Deaths of Settlers.

(A) **Payments to Deceased Settlor’s Personal Representative.** From time to time following the death of either of the Settlers and upon the written demand of the personal representative of the deceased Settlor, the Trustee shall pay to such deceased Settlor’s personal representative (or to the recipient or recipients certified in writing by such personal representative to be entitled thereto, whichever the Trustee in his or her discretion deems appropriate), such amounts from principal of the first deceased Settlor’s share of the community property with respect to the first Settlor to die, or the Surviving Settlor’s Trust with respect to the second Settlor to die, as such deceased Settlor’s personal representative demands and certifies in writing to be the amount of all or a portion of: (a) such deceased Settlor’s estate and inheritance taxes; (b) such deceased Settlor’s funeral or last illness expenses; (c) expenses of administration of such deceased Settlor’s estate; and (d) any other lawful claims and charges against such deceased Settlor’s estate. Such payments shall be charged as provided in Paragraph (B) below.

(B) **Allocation of Items Other Than Taxes Paid from Trust Property.** Upon the death of the first Settlor to die, the surviving Settlor’s share of all items described in subdivisions (c) and (d) of the preceding Paragraph shall be paid from the surviving Settlor’s share of the property held in this trust or by such surviving Settlor directly from assets held outside of this trust. At the death of the first Settlor to die, the deceased Settlor’s share of the items described in subdivisions (b) through (d) of the preceding Paragraph shall be paid first from and charged to the assets deceased Settlor’s share of the property of this trust. At the death of the surviving Settlor, the items described in subdivisions (b) through (d) of Paragraph (A) are to be paid from the Surviving Settlor’s Trust. Nothing herein contained shall be construed to

make any asset held hereunder liable for any expense or claim for which it would not otherwise be liable.

(C) Special Provisions Relating to Allocation of Taxes. Notwithstanding any other provision of this Trust Agreement, at the death of the first Settlor to die, such deceased Settlor's estate and inheritance taxes that are paid from the property of this trust shall not be charged to or apportioned among the beneficiaries hereunder but shall be paid from and charged to principal of the deceased Settlor's Remaining Property.

At the death of the surviving Settlor, subject to the provisions of the Article of this Trust Agreement entitled "Special Provisions Regarding Marital Deduction Trusts," the surviving Settlor's estate and inheritance taxes that are paid from the property of this trust shall not be charged to the beneficiaries hereunder but shall be charged to principal and shall be paid from and charged against the remaining property of the Trust passing under the provisions of the Article entitled "Distribution Upon Surviving Settlor's Death" that was included in the Surviving Settlor's estate for state tax purposes.

(D) Transactions with Personal Representative. The Trustee is authorized to purchase from the personal representative of the estate of either Settlor securities or other property, real or personal, and also to make loans or advancements, secured or unsecured, to such personal representative, even though the Trustee is the personal representative.

(E) Payments if No Probate Estate If either Settlor has no probate estate, the Trustee is authorized to apply for or demand, and to receive, hold, administer, and distribute as provided herein, any debt, claim, refund, rebate, premium, dividend, or other thing of value belonging to or accruing to such Settlor or his or her estate. Further, if no personal representative has been appointed and qualified with regard to the estate of either Settlor, then the Trustee may in the Trustee's discretion, but is not obligated, to give non-probate notice to creditors as defined in RCW Chapter 11.42. The Trustee shall not incur liability based on the giving or not giving of such notice.

EIGHTEENTH: Special Provisions Regarding Marital Deduction Trusts.

(A) Election to Qualify Assets for Marital Deduction. The personal representative of the estate of the first Settlor to die may elect to qualify assets passing in trust upon the Settlor's death for the estate tax marital deduction. If an election is made to qualify only a portion of such assets for the marital deduction, the elected and nonelected portion of such assets may, in the Trustee's discretion, be held either in separate trusts, or as separate shares of a single trust. Segregation of such assets between such shares or trusts may be made before or after the marital deduction election. The Settlor's personal representative may make different elections for federal estate tax purposes than for state estate tax purposes.

(B) Payment Upon Death of Surviving Settlor. Notwithstanding any prior provisions of this Trust Agreement, upon the death of the surviving Settlor, unless the surviving Settlor directs otherwise by his or her Last Will making specific reference to this Paragraph of the Trust Agreement, if all or any portion of the assets of the Marital Trust is subject to estate or inheritance taxes in the surviving Settlor's estate, the Trustee shall pay all such taxes from such

assets to the extent they exceed the taxes that would have been payable if such assets were not subject to tax. The Trustee shall cooperate with the personal representative of the surviving Settlor's estate for purposes of determining the amount of such tax to be paid from such trust. The Trustee may make payments either to the surviving Settlor's personal representative or directly to the recipient entitled to such tax payments, in the Trustee's discretion.

NINETEENTH: Allocation of Generation-Skipping Transfer Tax Exemption.

(A) Allocation of GST Exemption. Each Settlor grants to the Trustee (as well as to his or her executor) the power, exercisable without court approval, to allocate his or her available GST exemption to any property with respect to which the Settlor is the transferor for purposes of such tax (including any property transferred by the Settlor during life as to which the Settlor did not make an allocation prior to his or her death) and to exclude any such property from any such allocation. In allocating such exemption, the Settlers anticipate that the Trustee (or their executors, as the case may be) will take into consideration the factors as the Trustee (or the Settlor's executor) deems appropriate to obtain the most effective use of such exemption in light of the circumstances known or reasonably foreseeable to the Trustee or executor at the time of making such allocation. Although equality of treatment among the Settlor's beneficiaries should be an important consideration in allocating the Settlor's exemption, it shall not be the sole consideration, and the Trustee (or the Settlor's executor) may consider the health and ages of the Settlor's beneficiaries, the probability that one disposition is more likely than another to result in a transfer causing a generation-skipping transfer tax, and any other considerations the Trustee (or the Settlor's executor) determines to be relevant. The decision of the Trustee (or the Settlor's executor) shall be conclusive. The Trustee (or the Settlor's executor) shall have no liability to any person based upon such decision, even if such decision may affect the interest of the Trustee (or the Settlor's executor) in the Settlor's estate or in any trust created under this Trust Agreement. The Trustee (or Settlor's executor) is authorized, but not directed, in the distribution of the Settlor's estate, or in the allocation of any nonprobate assets payable upon the death of the Settlor to a particular trust under this Trust Agreement, at any time to sever any trust hereunder into two or more separate trusts or to so allocate property in the distribution of the trust estate so as to create separate trusts under which the federal generation-skipping transfer tax inclusion ratio for each such trust shall be as close as possible to either zero or one. Any severance shall occur within such time period and subject to such further terms and conditions as are required under the Internal Revenue Code and regulations to assure that each trust shall have an inclusion ratio of either zero or one, and shall require that the terms of the new trust provide for the same succession of interests and beneficiaries as are provided in the original trust. Any severance shall be made on a fractional basis, and the separate trusts need not be funded with a pro rata portion of each asset available for distribution, provided finding is made based upon the fair market value of the assets on the date of funding. If the Settlor leaves a probate estate requiring the appointment of an executor, the Settlor anticipates that this allocation of exemption will be made by the Settlor's executor, rather than by the Trustee, unless the executor fails to make such an election. In the event of any disagreement between the Settlor's executor and the Trustee regarding allocation of this exemption, the determination of the Settlor's executor shall prevail.

(B) Creation of General Power of Appointment. Anything to the contrary notwithstanding in the provisions of any trust created under this Trust Agreement for the benefit of any of the Settlers' issue if the federal generation-skipping transfer tax inclusion ratio for a

beneficiary's trust under any of such Articles is greater than zero, the Trustee (other than the beneficiary of the trust) is authorized in the Trustee's discretion, in respect of all or any part of the principal of such trust (including a pecuniary amount), by an instrument filed with the trust records:

(1) to grant to the beneficiary the power to dispose of such trust property if he or she dies before attaining the age set for final distribution, as the beneficiary may appoint by the beneficiary's Last Will under a general power of appointment in favor of the beneficiary's estate, the beneficiary's creditors or creditors of his or her estate, or any other appointee or appointees, or in default of or subject to the exercise of which such trust property shall be disposed of as provided in such Article;

(2) to eliminate such general power of appointment for all or any part of the principal of the beneficiary's trust as to which the power was previously granted by the trustee;

(3) to irrevocably release the right to grant or eliminate such power of appointment; and

(4) to divide the principal of the beneficiary's trust into two fractional shares based upon the then portion of the trust that would be includible in the gross estate of the beneficiary holding such power if he or she died immediately before such division (in which case the power shall be over the entire principal of one share and over no part of the other share) and each such share shall be administered as if it were a separate trust, unless the Trustee shall in the Trustee's discretion thereafter combine such separate trust shares into a single trust share, which the Settlers hereby authorize the Trustee to do.

In authorizing the foregoing action, the Settlers request but do not direct that a general power of appointment will be kept in effect when the Trustee (other than the beneficiary) believes the inclusion of the property affected thereby in the beneficiary's gross estate for federal estate tax purposes may achieve a significant savings in transfer taxes by having an estate tax rather than a generation-skipping transfer tax imposed on the property subject to the general power of appointment. Nothing in the preceding sentence, however, shall impose upon the Trustee any obligation at any time to inquire into the transfer tax consequences of granting, keeping in effect, or eliminating such a general power. The acts and decisions of the Trustee regarding the granting, keeping in effect, and elimination of such a general power shall be conclusive, and the Trustee shall have no liability to any person based upon such acts and decisions, even if the Trustee's decision may affect the Trustee's interest in any trust created hereunder. The Trustee shall give notice, preferably written, to the trust beneficiary in respect of each granting or elimination of a power hereunder.

TWENTIETH: Definitions and Interpretive Provisions.

As used in this Trust Agreement, unless some other meaning or intent is apparent from the context:

(A) **Accrued Income.** "Accrued income" shall refer to (a) income which, on the termination date of an income beneficiary's interest, has been received by the Trustee but not

distributed or is due but has not been received, and (b) periodic payments (other than corporate distributions to stockholders) including, but not limited to, interest and rents, not due on the termination of the income beneficiary's interest to the extent that such payments would be attributable to the period preceding such termination if such payments were apportioned on a daily basis between the income beneficiary or his or her estate and the taker of the next eventual interest or estate.

(B) Available GST Exemption. A person's "available GST exemption" refers to such person's federal generation-skipping transfer tax exemption under Section 2631(a), reduced by any portion of such exemption that was in fact allocated by such person during his or her life for which such person was deemed to be a transferor for purposes of such tax, and further reduced by any portion of such exemption that was deemed allocated by such person during his or her life under Section 2632(b).

(C) Children and Issue. The Settlers have two children, KATHERINE ANNE VEDDER and NICHOLAS RUSSELL VEDDER, and they have no deceased children. All references in this Trust Agreement to the Settlers' "child" or "children" shall include only the Settlers' children named above. All references herein to the "issue" of any person shall include (a) any lineal descendants of such person, (b) any persons lawfully adopted by such person or by any of his or her lineal descendants, and (c) any lineal descendants born to, and any persons adopted by, any such adopted person; "issue" shall include lineal descendants and adopted persons as herein provided without regard to whether an issue's birth or adoption occurred prior to or subsequent to the execution of this Trust Agreement.

(D) Estate and Inheritance Taxes. "Estate and inheritance taxes" shall include all such taxes payable as a result of a Settlor's death with regard to all transfers of assets (whether or not under this Trust Agreement), all interest and penalties on such taxes; and all direct or indirect interest on any borrowing for payment of such taxes. Notwithstanding the preceding sentence, a Settlor's estate and inheritance taxes shall not be deemed to include any federal generation-skipping transfer tax imposed as a result of such Settlor's death, except for federal generation-skipping transfer tax imposed as a result of a transfer at such Settlor's death under this Trust Agreement or under such Settlor's Will that is a direct skip from such Settlor under Section 2612(c).

(E) Estate Tax Purposes. In this Trust Agreement reference is made to the value of assets and the amount of deductions as finally determined for federal estate tax purposes. If a federal estate tax return is filed, but no audit or other administrative review is conducted, such values and deductions shall be as reported in the federal estate tax return. If no federal estate tax return is required to be filed, the value of any assets shall be determined based upon any state death tax return for a Settlor's estate or, if no state death tax return is required, then as reported in the inventory signed under oath by the Settlor's executor. Estate administration expenses shall be deemed finally allowed as a deduction for federal estate tax purposes only if claimed on the Settlor's federal estate tax return.

(F) Liquid Resources. A beneficiary's "liquid resources" shall include but not be limited to the following: the income of anyone who has a legal obligation to support such beneficiary, the income of such beneficiary's spouse (if any), any income or assets such

beneficiary may have outside of a trust created hereunder for his or her benefit, and the beneficiary's ability (considering training, experience, education, age, health, and current responsibilities) to realize income. Tangible personal property, residences, and unproductive property should generally not be considered as liquid resources, nor should a beneficiary be required to exhaust all liquid resources before distributions may be made to the beneficiary.

(G) Marital Deduction. "Marital deduction" refers to the federal estate tax marital deduction under Section 2056 relating to a Settlor's estate. Qualified terminable interest property, as defined in Section 2056(b)(7), shall not be deemed to qualify for the marital deduction except to the extent elected to qualify under Section 2056(b)(7). It is each Settlor's intent that disposition of property to which this "marital deduction gift" provision is made specifically applicable (unless the disposition is deemed not to qualify due to nonelection) qualify for the marital deduction, notwithstanding any other provision in this Trust Agreement or the deceased Settlor's Will that might be considered inconsistent with this objective, and any questions regarding the disposition shall be resolved accordingly. The powers and discretions of a Settlor's personal representative and the Trustee with respect to administration of the deceased Settlor's estate and any trust created hereunder (or portion thereof) intended to qualify for the marital deduction shall not be exercised or exercisable except in a manner consistent with such Settlor's intent as expressed in this provision. To the extent that any other provision of this Trust Agreement or such Settlor's Will conflicts with each Settlor's intent as expressed in this provision, giving rise to an ambiguity, the ambiguity shall be resolved as directed in this provision. Should there be an ambiguity as to whether any provision necessary for qualification for the marital deduction is included in this Trust Agreement or the deceased Settlor's Will, the ambiguity shall be resolved as directed in this provision.

(H) Plurals and Gender. Unless some other meaning and intent is apparent from the context, the plural shall include the singular and vice versa, "Trustee" shall include "co-Trustee," and masculine, feminine, and neuter words shall be used interchangeably.

(I) RCW/Section. All references in this Trust Agreement to "RCW" are to the Revised Code of Washington and shall also include corresponding provisions of subsequent Washington laws. All references to "Section" or "Sections" are to such Section(s) of the Internal Revenue Code of 1986 and shall be deemed to refer to corresponding provisions of subsequent federal tax laws.

(J) Residence. "Residence" shall include a house, condominium, cooperative, apartment, or life tenancy in a retirement facility.

(K) Titles and Headings. The titles, headings, or captions in this Trust Agreement are inserted only for convenience. They in no way define, limit or extend the Settlor's intention or the scope of this Trust Agreement or any of its provisions. They shall not be considered in any question of interpretation of this Trust Agreement.

IN WITNESS WHEREOF, the Settlers and the Trustees have executed this Trust Agreement as of the date first above written.

SCHEDULE A
TO
LIVING TRUST AGREEMENT
COMMUNITY PROPERTY

SCHEDULE B
TO
LIVING TRUST AGREEMENT
SEPARATE PROPERTY OF NICHOLAS B. VEDDER

SCHEDULE C
TO
LIVING TRUST AGREEMENT
SEPARATE PROPERTY OF SUSAN R. HECKBERT