

Voice | Data | Internet | Wireless | Entertainment



EMBARQTM

Embarq
Mailstop: ORHRA0412
902 Wasco
Hood River, OR 97031
embarq.com

October 31, 2008

Public Utility Commission of Oregon
Attn: Filing Center
550 Capitol St, NE, Ste #215
PO Box 2148
Salem, OR 97308-2148

Re: Application of United Telephone Company of the Northwest d/b/a Embarq
for Authority to Sell a Building Located in Hood River, Oregon per OAR 860-
027-0025

Please find enclosed one original and one copy of the Application of United Telephone Company of the Northwest d/b/a Embarq, filed pursuant to OAR 860-027-0025. Embarq respectfully requests that the Commission consider this Application on an expedited basis, within 60 days of the date upon which it is filed, so that the parties can ensure a smooth transition of the building ownership.

A portion of these documents are being submitted as confidential.

Please do not hesitate to contact me if you have any questions at 541-387-9850 or by email at barbara.c.young@embarq.com

Sincerely,

Barbara C. Young

enclosures

Barbara C. Young
STATE EXECUTIVE OR/WA
Voice: (541) 387-9850
Fax: (541) 387-9753
barbara.c.young@embarq.com

BEFORE THE
OREGON PUBLIC UTILITY COMMISSION

Application of United Telephone Company of the Northwest d/b/a Embarq
for Authority to Sell a Building Located in Hood River, Oregon
per OAR 860-027-0025

1. Application

(a) The exact name and address of the utility's principal business office:

United Telephone Company of the Northwest d/b/a Embarq
5454 110 West 110th Street
Overland Park, KS 66211-1204

(b) The state in which incorporated, the date of incorporation, and the other states in which authorized to transact utility operations:

Incorporated in Oregon on July 18, 1907, United Telephone Company of the Northwest is authorized to transact utility operations in Oregon and Washington. Parent Embarq Corporation, a Delaware corporation, also has subsidiaries that transact utility operations in Florida, Indiana, Kansas, Minnesota, Missouri, Nebraska, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Virginia and Wyoming.

(c) Name and address of the person on behalf of applicant authorized to receive notices and communications in respect to the applicant:

Barbara C. Young, State Executive – Oregon, Washington
Embarq
Mailstop: ORHDRA0412
902 Wasco
Hood River, OR 97031

(d) The names, titles and addresses of the principal officers:

See Attachment A

(e) A description of the general character of the business done and to be done, and a designation of the territories served, by counties and states:

Telecommunications. United Telephone Company of the Northwest serves the following exchanges in Oregon:

Arlington
Bay City
Beaver
Butte Falls
Carlton
Cascade Locks
Cloverdale
Crater Lake
Diamond Lake
Fish Lake
Garibaldi
Grand Ronde
Grass Valley
Hood River
Lincoln City
Moro
Mosier
Odell
Pacific City
Parkdale
Prospect
Rockaway
Rufus
Shady Cove
Sheridan
The Dalles
Tillamook
Wasco
White City
Willamina

These exchanges are located in the following counties in Oregon:

Jackson
Douglas
Klamath
Lincoln
Polk
Yamhill
Tillamook
Washington
Multnomah
Hood River
Wasco
Sherman
Gilliam

(f) A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount owned by affiliated interests; and amount held in any fund;

Figures provided as of December 31, 2007:

Preferred stock, par value \$100 per share.

10,000 shares authorized, 6,000 shares issued and outstanding.

Common stock, no par value. 500,000 shares authorized, 324,278 shares issued and outstanding.

Paid in Capital \$6,361,000.

Retained Earnings \$107,349,000.

Accumulated other comprehensive loss (\$3,817,000).

No treasury stock, no amount held as reacquired securities, no amount pledged, no amount owed to affiliate interests, no amount held in any fund.

(g) A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt and notes: brief description (amount, interest rate and maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount held by affiliated interests; and amount in sinking and other funds;

Figures provided as of December 31, 2007:

6.89% First Mortgage Bond in the amount of \$8,150,000 maturing July 1, 2008 (paid in full July 1, 2008)

8.77% First Mortgage Bond in the amount of \$29,000,000 maturing August 1, 2017

(h) Whether the application is for disposition of facilities by sale, lease, or otherwise, a merger or consolidation of facilities, or for mortgaging or encumbering its property, or for the acquisition of stock, bonds, or property of another utility, also a description of the consideration, if any, and the method of arriving at the amount thereof;

The application is for disposition of a building located at 902 Wasco St., Hood River, Oregon, by sale to the Port of Hood River, a municipal corporation governed by a Board of Port Commissioners. The consideration is an earnest money deposit with the remaining due at closing. The method to arrive at the purchase price resulted from an appraisal conducted September 2007.

(i) A statement and general description of facilities to be disposed of, consolidated, merged, or acquired from another utility, giving a description of their present use and of their proposed use after disposition, consolidation, merger, or acquisition. State whether the proposed disposition of facilities or plan for consolidation, merger, or acquisition includes all the operating facilities of the parties to the transaction;

The sale includes a 209,000 sq. ft. administrative office building on a 6.58 acre parcel. United Telephone Company of the Northwest will retain ownership of the western half of the west parking lot and grant property rights to the Port Authority by a perpetual easement. United Telephone Company of the Northwest will continue occupancy in the building with a leaseback of 35,717 sq. ft. of office and 6,148 sq. ft. warehouse space, as well a separate leaseback of a 284 sq. ft. space for telecommunications equipment and existing tenant leases will be assigned to the Port Authority at Closing. The Port Authority intends to use the remainder of the space for their own purposes or lease as a multi-tenant office building.

(j) A statement by primary account of the cost of the facilities and applicable depreciation reserve involved in the sale, lease, or other disposition, merger or consolidation, or acquisition of property of another utility. If original cost is not known, an estimate of original cost based, to the extent possible, upon records or data of the applicant or its predecessors must be furnished, a full explanation of the manner in which such estimate has been made, and a statement indicating where all existing data and records may be found;

See Exhibit J

(k) A statement as to whether or not any application with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body;

This transaction will be submitted to the Washington Utilities & Transportation Commission

(l) The facts relied upon by applicants to show that the proposed sale, lease, assignment, or consolidation of facilities, mortgage or encumbrance of property, or acquisition of stock, bonds, or property of another utility will be consistent with the public interest;

- 1) The Waucoma building is only 20% occupied at this time.
- 2) Embarq engaged a qualified, third-party appraiser to value the property.
- 3) Embarq engaged a qualified broker experienced in the sale of this type of real estate.
- 4) Embarq received multiple bids on the building and the bid accepted is consistent with the appraised value.
- 5) Embarq will lease back a portion of the building to house employees.
- 6) The building does not contain switches, cables, or network assets required for the company to operate its network in Oregon. The building houses primarily network planning, management, call center and other administrative personnel.
- 7) The sale will result in a substantial reduction in the expense that Embarq incurs to maintain the building and property.

(m) The reasons, in detail, relied upon by each applicant, or party to the application, for entering into the proposed sale, lease, assignment, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, and the benefits, if any, to be derived by the customers of the applicants and the public;

The high vacancy rate in the Waucoma building makes the asset no longer used and useful in Embarq's performance of its duties as a telecommunications utility. Embarq engaged a qualified, third-party appraiser and broker experienced in real estate transaction similar to this one. Embarq also received six (6) offers on the property. Embarq therefore submits that the sale price is fair and consistent with market conditions. In addition, selling the building and leasing back space will reduce unneeded, vacant space, reduce the expense associated with that space. The sale is therefore consistent with the public interest and will not harm customers.

(n) The amount of stock, bonds, or other securities, now owned, held or controlled by applicant, of the utility from which stock or bonds are proposed to be acquired; and

Not applicable

(o) A brief statement of franchises held, showing date of expiration if not perpetual, or, in case of transfer, that transferee has the necessary franchises.

Oregon Franchise Agreements

Arlington	352	No Expiration Date
Bay City	620	2/13/2011
Butte Falls	268	4/18/2020
Carlton	610	6/15/2011
Cascade Locks	295	No Expiration Date
Eagle Point	3-31	5/12/2018
Garibaldi	175	9/13/2010
Grass Valley	97-1	Indefinite term from 7/1/96 subject to termination clause
Hood River	1639	12/22/2011
Lincoln City	90-23	No Expiration Date
Moro	245	7/1/2011
Mosier	125	6/4/2007
Rockaway Beach	04-386	5/12/09
Rufus	85-2	1/4/2006
Shady Cove	231	12/1/2015
Sheridan	4	3/20/2011
The Dalles	96-453	No Expiration Date
Tillamook	1203	12/1/2015
Wasco	303	7/19/10
Willamina	597	5/11/2007

(2) Required Exhibits (see attached Exhibits)

(a) EXHIBIT A. A copy of the charter or articles of incorporation with amendments to date;

(b) EXHIBIT B. A copy of the bylaws with amendments to date;

(c) EXHIBIT C. Copies of all resolutions of directors authorizing the proposed disposition, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, in respect to which the application is made and, if approval of stockholders has been obtained, copies of the resolutions of the stockholders should also be furnished;

The real estate contract is signed in compliance with Embarq's fiscal policy. The proposed sale does not require board of director or stockholder approval.

(d) EXHIBIT D. Copies of all mortgages, trust, deeds, or indentures, securing any obligation of each party to the transaction;

(e) EXHIBIT E. Balance sheets showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report, which applicant(s) is required, or will be required, to file with the Commission;

(f) EXHIBIT F. A statement of all known contingent liabilities, except minor items such as damage claims and similar items involving relatively small amounts, as of the date of the application;

(g) EXHIBIT G. Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report which applicant(s) is required, or will be required, to file with the Commission;

(h) EXHIBIT H. An analysis of surplus for the period covered by the income statements referred to in Exhibit G;

(i) EXHIBIT I. A copy of each contract in respect to the sale, lease or other proposed disposition, merger or consolidation of facilities, acquisition of stock, bonds, or property of another utility, as the case may be, with copies of all other written instruments entered into or proposed to be entered into by the parties to the transaction pertaining thereto;

(j) EXHIBIT J. A copy of each proposed journal entry to be used to record the transaction upon each applicant's books; and

(k) EXHIBIT K. A copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts as required by subsection (1)(l) of this rule and the reasons as required by subsection (1)(m) of this rule.

ATTACHMENT
A

Officers and Directors of
United Telephone Company of the Northwest
As of June 2, 2008

Directors: Michael J. Eason
Leslie H. Meredith
William E. Cheek

Officers:	William E. Cheek	President
	Leslie H. Meredith	Vice President and Treasurer
	Michael J. Eason	Secretary
	Daniel A. Alcazar	Vice President
	Harry S. Campbell	Vice President
	Kelly M. Carnago	Vice President
	Louis Carrion	Vice President
	Stephen S. Carter	Vice President
	Dana L. Chase	Vice President
	Brad Clark	Vice President
	Byron C. Clymer	Vice President
	Melanie K. Coleman	Vice President
	Patrick M. Davis	Vice President
	Essie G. Eisenfeld	Vice President
	Linda K. Gardner	Vice President
	Richard B. Green	Vice President
	James A. Hansen	Vice President
	E. J. Holland	Vice President
	Dennis G. Huber	Vice President
	Mark R. Kenyon	Vice President
	Jeffrey S. Lynch	Vice President
	Ellen S. Martin	Vice President
	James C. Mayfield	Vice President
	Thomas J. McEvoy	Vice President
	David F. Platt	Vice President
	Susan S. Sarna	Vice President
	Christopher D. Schneider	Vice President
	Michael L. Seitz	Vice President
	Nancy L. Shelledy	Vice President
	Robert H. Sloboda	Vice President
	Loren V. Sprouse	Vice President
	Patrick W. Stutzman	Vice President
	Richard K. Summers	Vice President
	Claudia S. Toussaint	Vice President
	Kenneth D. Wyatt	Vice President
	David W. Zesiger	Vice President
	Thomas C. Apel	Assistant Secretary
	ZsuZsanna E. Benedek	Assistant Secretary
	Gayle G. Hickman	Assistant Secretary
	Harold L. Holmquist	Assistant Secretary
	Richard A. Hrip	Assistant Secretary
	Jeffrey M. Johns	Assistant Secretary
	Tracy D. Mackey	Assistant Secretary
	Wayne C. Mathisen	Assistant Secretary
	Joseph R. Stewart	Assistant Secretary



Office of the Secretary of State Corporation Division

I, **Jack H. Graham**, *Director of the Corporation Division*,

DO HEREBY CERTIFY:

UNITED TELEPHONE COMPANY OF THE NORTHWEST was incorporated under the Oregon Business Corporation Act on July 18, 1907, and is an existing corporation on the records of the Corporation Division as of the date of this certificate.

Jack H. Graham

Director

By *Amelia Lewis*

Date *September 28, 1988*



Department of Commerce
Corporation Division

Certificate of
Restated Articles of Incorporation

OF

UNITED TELEPHONE COMPANY OF THE NORTHWEST

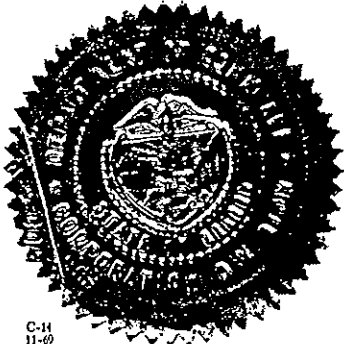
The undersigned, as Corporation Commissioner of the State of Oregon, hereby certifies that duplicate originals of Restated Articles of Incorporation, duly signed and verified pursuant to the provisions of the Oregon Business Corporation Act, have been received in this office and are found to conform to law.

Accordingly, the undersigned, as such Corporation Commissioner, and by virtue of the authority vested in him by law, hereby issues this Certificate of Restated Articles of Incorporation, and attaches hereto a duplicate original of the Restated Articles of Incorporation, of the above corporation.

In Testimony Whereof, I have hereunto set my hand and affixed hereto the seal of the Corporation Division of the Department of Commerce of the State of Oregon this 6th day of August, 19 82.

Frank J. Healy
Corporation Commissioner

By Mellie Pitts
Chief Clerk





Office of the Secretary of State Corporation Division

I, **Jack H. Graham**, *Director of the Corporation Division*,

DO HEREBY CERTIFY:

That the attached copy of the Restated Articles of Incorporation filed on August 06, 1982 for:

UNITED TELEPHONE COMPANY OF THE NORTHWEST

is a true copy of the original document that has been filed with this office.

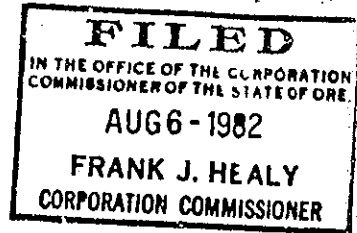
Jack H. Graham

Director

By *Amelia Lewis*

Date *November 14, 1988*

FILE NO. 11991



RESTATED ARTICLES OF INCORPORATION
OF
UNITED TELEPHONE COMPANY OF THE NORTHWEST

Pursuant to the provisions of ORS 57.385, United Telephone Company of the Northwest adopts the following restated articles of incorporation which supersede the heretofore existing articles of incorporation and all amendments thereto:

ARTICLE I

The name of this corporation is United Telephone Company of the Northwest, and its duration shall be perpetual.

ARTICLE II

The purposes for which the corporation is organized are:

A. The ownership, operation, acquisition, improvement, and development of a general telephone system and business, to include ownership, operation, and development of all means and systems, now known and hereafter to be established, for the origination, transmission, delivery, and receipt of messages, images, and other signals, data, and means of communication, for the account of the public generally, individuals, corporations, public bodies and agencies, and other entities of all descriptions;

B. The conduct of any other lawful activity for which corporations may be organized under ORS Chapter 57.

ARTICLE III

The aggregate number of shares which the corporation shall have authority to issue is 500,000 shares of common capital stock without nominal or par value, and 10,000 shares of 5% cumulative non-voting and non-participating first preferred capital stock of the par value of \$100.00 per share. Preferred capital stock shall have terms of preference as follows:

The 5% cumulative non-voting and non-participating first preferred capital stock of this corporation shall be preferred over the common capital stock, both as to dividends and as to assets of said corporation upon dissolution, and shall be entitled to receive from the net earnings or surplus of the corporation an annual dividend of 5% of the face value thereof before any dividends shall be paid upon the common capital stock and said dividends shall be paid semiannually on the first day of January and July of each year, when and as determined. In the event of any one or more dividends not being paid when due, the deficiency shall be fully paid or set apart for payment, but without interest, before any dividends shall be paid upon or set apart for the common capital stock. The holders of such preferred capital stock shall be entitled to receive no more than the face value thereof, plus accrued and unpaid dividends, upon dissolution. Such preferred capital stock shall be subject to redemption at the option of the Board of Directors in whole or in part, at any time, at the price of \$104.00 per share, plus accrued and unpaid dividends, after first giving thirty days' notice of such proposed redemption by mailing a copy thereof to each stockholder whose stock is to be redeemed, at his address as it appears upon the books of the corporation, stating the date of the proposed redemption, and by publishing such notice for at least two successive weeks within thirty days in some newspaper of general circulation, printed and published in Hood River County, Oregon, not less than once each week. If less than all of the outstanding shares of said preferred capital stock shall be redeemed at any time, those to be redeemed shall be decided by drawing lots in the customary manner and the notice of redemption shall, in such event,

state the numbers of the certificates and the names of the record owners of the shares to be redeemed. No shares shall bear interest after the date so fixed for redemption and all rights of the holders thereof as stockholders of the corporation, except the right to receive the redemption price, shall cease and determine. Such preferred capital stock shall not entitle the holders thereof to any right to vote at any meeting of the stockholders.

ARTICLE IV

The amount of stated capital of United Telephone Company of the Northwest at the time of adoption of these restated articles of incorporation is \$17,307.418.

* * * * *

The foregoing restated articles of incorporation were duly adopted at a meeting of shareholders held on June 2, 1931. The number of shares outstanding at the time of adoption of the restated articles of incorporation was 330,278, of which 324,278 shares were entitled to vote thereon. No shares were entitled to vote as a class. The number of shares voted for adoption of the restated articles of incorporation was 324,278; the number of shares voted against adoption was 0.

The restated articles of incorporation do not provide for an exchange, reclassification, or cancellation of issued shares.

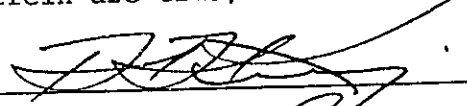

The restated articles of incorporation do not effect a change in the amount of stated capital of the corporation.

UNITED TELEPHONE COMPANY OF THE
NORTHWEST

By 
D. D. King, President

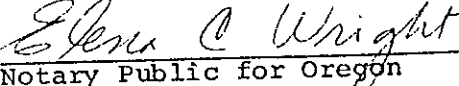
By 
Betty L. Sieverkropp, Secretary

On this 6th day of August, 1982, we, D. D. King and Betty L. Sieverkropp, the undersigned, declare under penalties of perjury that we, in our respective corporate capacities, have examined the foregoing and to the best of our knowledge and belief, the statements therein are true, correct and complete.

STATE OF OREGON)
County of Hood River) ss

I, Elena C. Wright, a notary public, do hereby certify that on this 6th day of August, 1982, personally appeared before me D. D. King, who, being by me first duly sworn, declared that he is the President of the corporation, who signed the foregoing document as such officer of said corporation, and that the statements therein contained are true.


Notary Public for Oregon

My Commission Expires: 2-19-84

UNITED TELEPHONE COMPANY OF THE NORTHWEST

BYLAWS

ARTICLE IName and Location

SECTION 1. The name of the corporation is UNITED TELEPHONE COMPANY OF THE NORTHWEST.

SECTION 2. The principal office of the Corporation is located at 902 Wasco Street, Hood River, OR 97031. (Amended 4/27/93)

SECTION 3. Other offices for the transaction of business of the Corporation may be located at such place as the Board of Directors may, from time to time, determine.

ARTICLE II

SECTION 1. All certificates of stock shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary, and sealed with the corporate seal.

SECTION 2. Transfers of stock shall be made only on the books of the Corporation upon the surrender of the old certificate properly endorsed, and said old certificate shall be canceled and affixed to the appropriate stub in the stock book before a new certificate is issued.

SECTION 3. A new certificate of stock may be issued in the place of any certificate theretofore issued, alleged to have been lost or destroyed; and the directors may, in their discretion, require the owner of the lost or destroyed certificate, or his legal representative, to give a bond sufficient to indemnify the Corporation against any claim that may be made against it on account of the alleged loss of any certificate.

ARTICLE III

SECTION 1. The annual meeting of the stockholders of the Corporation shall be held in February of each year at the time prescribed in the notice of the meeting. At such meeting, the stockholders shall elect directors to serve for one year and until their successors shall be elected and shall qualify. The stockholders may transact such other business at such annual meeting as may properly come before the meeting. (Amended 8/25/81 and 4/27/93)

SECTION 2. A special meeting of the stockholders may be called at any time and place by the holders of ten percent or more of the voting stock of the Corporation or by the President, or in his absence, by a Vice President, or by a resolution duly passed by the Board of Directors.

SECTION 3. Unless waived in writing, notice of the time and place of all annual meetings and of the time, place, and purpose of all special meetings shall be mailed by the Secretary to each stockholder at his last known post office address at least ten days but not more than 50 days before the date set for such meeting.

SECTION 4. The President, or, in his absence or inability to act, a Vice President shall preside at all stockholders' meetings.

SECTION 5. At each meeting of the stockholders, each stockholder shall be entitled to cast one vote for each share of stock standing of record, on the books of the Corporation, in his name, and may cast such vote either in person or by proxy. The proxies shall be in writing, filed with the Secretary of the meeting, and by him entered or recorded in the minutes of such meeting.

SECTION 6. Each stockholder shall have the right to vote, in person or by proxy, a number of votes equal to the number of shares of stock owned by him for each director to be elected.

SECTION 7. A quorum for the transaction of business at any such meeting shall consist of a number of stockholders owning a majority of the issued and outstanding stock, but the stockholders present at any meeting thereof, less than a quorum, may adjourn the meeting from day to day or to a future date.

SECTION 8. At each of the annual stockholders' meetings, one of the executive officers of the company shall submit a statement of the business done during the preceding year, together with a report of the general financial condition of the Corporation and of the condition of its tangible property.

ARTICLE IV

Directors

SECTION 1. The business, property, and affairs of the Corporation shall be managed by a Board of not less than three nor more than 20 Directors, who shall be elected by the stockholders. The Board of Directors may elect one of their number to act as Chairman of said Board. Each director shall be elected for the term of one year, and shall hold office until his successor has been elected and qualified.

SECTION 2. Each director, upon his election, shall qualify by filing his written acceptance with the Secretary or an Assistant Secretary.

*deleted
11/26/96*

SECTION 3. The annual meeting of the directors shall be held immediately after the adjournment of each annual meeting of the stockholders; and, in the event a quorum is not present, said meeting shall be held within ten days after adjournment upon proper notice by the President or a Vice President.

SECTION 4. Special meetings of the Board of Directors may be called at any time or place by the Chairman of the Board or by the President, and, in the absence or inability of either of them to act, by a Vice President, and may also be called by any two members of the Board. By unanimous consent of the directors, special meetings of the Board may be held without notice, at any time and place.

SECTION 5. Notice of all regular and special meetings shall be mailed to each director by the Secretary at least ten days previous to the time fixed for such meeting. All notices of special meetings shall state the purpose thereof and the place where the meeting is to be held, except that no notice shall be required if all of the directors consent to the holding of such meeting.

SECTION 6. A quorum for the transaction of business at any meeting of the directors shall consist of a majority of members of the Board; but the directors present, although less than a quorum, shall have the power to adjourn the meeting from day to day, or to some future date.

SECTION 7. The directors shall elect or appoint the officers of the Corporation and fix their salaries. Such election or appointment shall be made at the directors' meeting following each annual stockholders' meeting.

SECTION 8. Vacancies in the Board of Directors may be filled by the remaining directors at any regular or special directors' meeting.

SECTION 9. The Board of Directors, from time to time as they may deem proper, shall have authority to appoint a general manager, a general auditor, counsel or attorneys, and other employees for such length of time and upon such terms and conditions and at such salaries as they may deem necessary and/or advisable.

SECTION 10. The members of the Board of Directors shall receive commission for their services in such amount as may be reasonable and proper and consistent with the time and service rendered. The members of the Board of Directors shall receive the reasonable expenses necessarily incurred in the attendance of meetings and in the transaction of business for the Corporation.

*amended
11/26/96
sec consent*

SECTION 11.

(a) Limitation of Liability. No person shall be liable to the Corporation for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a director, officer, employee, or agent of the Corporation in good faith, if such person (1) exercised or used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his own affairs, or (2) took or omitted to take such action in reliance upon advice of counsel for the Corporation or upon statements made or information furnished by officers or employees of the Corporation which he had reasonable grounds to believe. No spouse of a director or officer of the Corporation shall be liable to the Corporation for any loss or damage suffered by it on account of any action taken or omitted to be taken by the director or officer as long as the director or officer would not be liable to the Corporation. (Amended 4/27/93)

(b) Indemnification.

(1) Actions Other Than Those by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another Corporation, partnership, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amount paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation (or such other corporation or organization), and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(2) Action by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation (or such other corporation or organization) and except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation (or such other corporation or organization) unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(3) Successful Defense of Action. Notwithstanding, and without limitation of, any other provision of this SECTION 11, to the extent that a director, officer, employee, or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Paragraph (1) or (2) of this sub-Section (b), or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(4) Determination Required. Any indemnification under Paragraph (1) or (2) of this sub-Section (b) (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in said paragraph. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the particular action, suit, or proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, a

quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders.

(5) Advance of Expenses. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the Board of Directors in the specific case upon receipt of a satisfactory undertaking by or on behalf of the director, officer, employee, or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this sub-Section (b).

(6) Spouses of Directors and Officers. Any indemnification under paragraph (1), (2), or (3) of this sub-Section (b) shall be available to the spouse of a director or officer of the Corporation if (1) the spouse is subject to liability because of the director or officer and not independently, and (2) the director or officer would have the right to be indemnified. (Adopted/amended 4/27/93)

(c) Insurance. The Corporation may, when authorized by the Board of Directors, purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Corporation, or is or was the spouse of any such director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would be required to indemnify him against such liability under the provisions of sub-Section (b). The risks insured under any insurance policies purchased and maintained on behalf of any person as aforesaid or on behalf of the Corporation shall not be limited in any way by the terms of the SECTION 11 and, to the extent compatible with the provisions of such policies, the risks insured shall extend to the fullest extent permitted by law, common or statutory. (Amended 4/27/93)

(d) Nonexclusivity; Duration. The indemnifications, rights, and limitations of liability provided by this SECTION 11 shall not be deemed exclusive of any other indemnifications, rights, or limitations of liability to which any person may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors, or otherwise, either as to action in his official capacity or as to action in another capacity while holding office; and they shall continue although such person has ceased to be a director, officer, employee, or

agent and shall inure to the benefit of his heirs, executors, and administrators. The authorization to purchase and maintain insurance set forth in sub-Section (c) shall likewise not be deemed exclusive.

SECTION 12. The President, together with two additional directors selected by the Board at the regular annual meeting of directors, shall constitute an Executive Committee of the Board of Directors. A majority of such Executive Committee, whenever the Board of Directors is not in session, shall have power to direct or to authorize any officer or agent of the Company to make any purchase, sale, offer, conveyance, or transfer, to authorize and direct the doing of any act by an officer or agent of the Company relating to the management; to consider and then recommend to the Board of Directors action upon any matter whatsoever within the authority of the Board of Directors; provided, the Executive Committee shall not act (other than to make recommendations) in those cases where it is provided by law or by the charter of the Company that any vote or action shall be taken by a majority or more of the directors then in office. The Executive Committee shall keep a record of its proceedings. Any vote or resolution signed by a majority of the members of the Executive Committee or consented to by telegraph shall be valid for all purposes as a vote or resolution passed at a meeting.

ARTICLE V

Officers

SECTION 1. The officers of this Corporation shall be a President, as many Vice Presidents as the Board may from time to time deem advisable and one or more of which may be designated Executive Vice President and/or Senior Vice President, a Controller, a Secretary, a Treasurer, and such Assistant Secretaries and Assistant Treasurers as the Board of Directors may from time to time deem advisable, and such other officers as the Board of Directors may from time to time deem advisable and designate. The Chairman of the Board of Directors and the President shall be members of and be elected by the Board of Directors. All officers shall hold office until their respective successors are elected and shall have qualified. Any two of said offices may be held by one person except the office of President and Secretary.

SECTION 2. The Chairman of the Board shall preside at all meetings of the directors unless the Chairman designates that authority to another officer.

SECTION 3. The President shall be the Chief Executive Officer of the Corporation, shall have general supervision of the affairs of the Corporation, and shall perform such other duties as are

authorized by the Board of Directors. The President shall sign contracts, certificates, and other instruments of the Corporation as authorized by the Board of Directors.

SECTION 4. A Vice President shall have right and power to perform all duties and exercise all authority of the President, in case of absence of the President or upon vacancy in the office of president, and shall have all power and authority usually enjoyed by a person holding the office of Vice President.

SECTION 5. The Secretary shall issue notices of all directors' and stockholders' meetings, and shall attend and keep the minutes of the same; shall have charge of all corporate books, records, and papers; shall be custodian of the corporate seal; shall attest with his signature and impress with the corporate seal all stock certificates and written contracts of the Corporation; and shall perform all other duties as are incident to his office. An Assistant Secretary may perform the duties of the Secretary, as the Board of Directors may direct.

SECTION 6. The Treasurer shall have custody of all money and securities of the Corporation and shall give bond in such sum and with such sureties as the directors may specify, conditioned upon the faithful performance of the duties of his office. An Assistant Treasurer, in the absence or inability of the Treasurer, shall perform all the duties of the Treasurer and such other duties as may be required.

SECTION 7. The Controller shall keep regular books of account and shall submit them, together with all his vouchers, receipts, records, and other papers to the directors for their examination and approval annually; and semi-annually, or when directed by the Board of Directors, he shall submit to each director a statement of the condition of the business and accounts of the Corporation; and shall perform all such other duties as are incident to his office. An Assistant Controller, in the absence or inability of the Controller, shall perform all the duties of the Controller and such other duties as may be required.

SECTION 8. Any officer or employee of the Corporation shall give such bond for the faithful performance of his duties in such sum as and when the Board of Directors may direct.

ARTICLE VI

Dividends and Finance

SECTION 1. Dividends shall be paid out of the net income or earned surplus of the Corporation, determined after making proper provision for required sinking fund deposits for debt obligations and proper provisions for working capital and such reserves as may

be required by good and generally accepted accounting practice, when declared from time to time by resolution of the Board of Directors. No such dividends shall be declared or paid which will impair the capital of the Corporation.

SECTION 2. The funds of the Corporation shall be deposited in such banks or trust companies as the directors shall designate and shall be withdrawn only upon checks, drafts, or orders signed in the name of the Corporation by the President, Treasurer, or such other officer or combinations thereof as the Board of Directors may authorize from time to time.

ARTICLE VII

Amendments

SECTION 1. These Bylaws may be amended, altered, or repealed by the Board of Directors subject to the power of stockholders to amend, alter, or repeal the same; or said Bylaws shall be amended in such other manner as may from time to time be authorized by the laws of the State of Oregon in such cases made and provided.

ARTICLE VIII

Corporate Seal

SECTION 1. The corporate seal of this company shall consist of two concentric circles between which shall appear the name of the Corporation and in the center shall be inscribed "Corporate Seal Oregon."

ADOPTED: February 24, 1981

AMENDED: Article I, Section 1
August 25, 1981

AMENDED: Article I, Section 2
April 27, 1993

AMENDED: Article II, Section 1

AMENDED: Article II, Section 2

AMENDED: Article II, Section 3

AMENDED: Article III, Section 1
April 26, 1993

AMENDED: Article III, Section 5

AMENDED: Article III, Section 10

AMENDED: Article IV, Section 11(a)
April 27, 1993

ADOPTED: Article IV, Section 11(b)(6)
April 27, 1993

AMENDED: Article IV, Section 11(c)
April 27, 1993

STATEMENT OF UNANIMOUS CONSENT
TO ACTION TAKEN IN LIEU OF A
SPECIAL MEETING OF THE STOCKHOLDER
OF UNITED TELEPHONE COMPANY OF THE NORTHWEST

In lieu of a special meeting of the stockholder of United Telephone Company of the Northwest, an Oregon corporation, the undersigned, being the sole stockholder of said Corporation and acting pursuant to the Oregon Business Corporation Act and the Bylaws of the Corporation, does hereby consent to the adoption of the following resolutions, the same declared to be authorized and effective as of November 26, 1996:

RESOLUTIONS AMENDING BYLAWS

RESOLVED, that the Bylaws of the Corporation be amended by deleting Section 2 of Article IV in its entirety and by inserting in lieu thereof the following:

Section 2. Deleted.

FURTHER RESOLVED, that the Bylaws of the Corporation be further amended by deleting Section 10 of Article IV in its entirety and by inserting in lieu thereof the following:

Section 10. Directors may receive such compensation for their services as Directors as may from time to time be fixed by the stockholders. They may also be reimbursed for their expenses in attending any meeting.

* * * * *

RESOLUTIONS REGARDING THE COMPOSITION
OF THE BOARD OF DIRECTORS

RESOLVED, that the present members of the Board of Directors of the Corporation be removed.

FURTHER RESOLVED, that the Stockholder hereby determines that the number of Directors to constitute the Board of Directors of the Corporation is set at five (5).

FURTHER RESOLVED, that the following persons be, and they hereby are, elected Directors of this Corporation, to hold office (unless sooner removed in the manner provided by law) until the next annual meeting of the stockholder and until their successors are duly elected and qualified:

Michael B. Fuller
H. Edward Lucas, Jr.
William C. Prout
M. Jeannine Strandjord
Robert E. Thompson, III

FURTHER RESOLVED, that the Directors of the Corporation shall not receive separate compensation for serving as Directors.

IN WITNESS WHEREOF, the undersigned has executed this Statement of Unanimous Consent as of the 26th day of November, 1996.

SPRINT CORPORATION

By: Don A. Jensen
Don A. Jensen,
Vice President

ATTEST:

Michael T. Hyde
Michael T. Hyde,
Assistant Secretary

UNITED TELEPHONE COMPANY OF THE NORTHWEST

5.74% First Mortgage Bonds, Series R, due July 1, 1998
6.21% First Mortgage Bonds, Series S, due July 1, 2000
6.89% First Mortgage Bonds, Series T, due July 1, 2008

Bond Purchase Agreement dated as of
July 1, 1993

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United Telephone Company of the Northwest

Dated as of July 1, 1993

To Each of the Purchasers
listed in Schedule I hereto at
its Address as shown therein

Ladies and Gentlemen:

The undersigned, United Telephone Company of the Northwest (formerly, Oregon-Washington Telephone Company) (the "Company"), confirms its Agreement with you as follows:

Section 1. *Bonds to Be Issued.* The Company had outstanding, as of December 31, 1992, First Mortgage Bonds in seven series, each series bearing various dates, series designations, and maturity dates in the aggregate principal amount of \$49,063,000, all issued under and secured by an Indenture of Mortgage and Deed of Trust entered into by and between the Company and First Bank National Association, as successor trustee, dated as of January 1, 1946 (the "Original Indenture"), and various supplements thereto (the "Supplemental Indentures").

The Company has authorized an issue of \$2,650,000 aggregate principal amount of its 5.74% First Mortgage Bonds, Series R, due July 1, 1998 (the "1998 Bonds"), \$4,700,000 aggregate principal amount of its 6.21% First Mortgage Bonds, Series S, due July 1, 2000 (the "2000 Bonds") and \$8,150,000 aggregate principal amount of its 6.89% First Mortgage Bonds, Series T, due July 1, 2008 (the "2008 Bonds" and collectively with the 1998 Bonds and the 2000 Bonds, the "Bonds"), to be issued under and pursuant to the terms and provisions of the Original Indenture, the Supplemental Indentures and a Nineteenth Supplemental Indenture (the "New Supplemental Indenture") to be entered into by and between the Company and First Bank National Association and Ellen E. Mittet as successor trustees (the "Trustees"), to be dated as of July 1, 1993 (the Original Indenture and the supplements thereto being hereinafter referred to collectively as the "Indenture"); the Bonds are to be payable as to principal, interest and premium, if any, in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts, interest being payable semiannually on January 1 and July 1 of each year (or the next succeeding business day, as defined in the New Supplemental Indenture if such date is not a business day), the first installment of interest being payable on January 1, 1994; the 1998 Bonds are to bear interest at the rate of 5.74% per annum; the 2000 Bonds are to bear interest at the rate of 6.21% per annum; the 2008 Bonds are to bear interest at the rate of 6.89% per annum; and the Bonds are to bear interest at a rate one percentage point higher, to the extent legally enforceable, on any overdue principal or premium and on any overdue installment of interest. The New Supplemental Indenture shall be in the form attached hereto as Exhibit A; subject, however, to such modifications thereof, omissions therefrom and additions thereto as may be agreed between you, the Other Purchasers (as defined in Section 3 hereof) and the Company.

Section 2. *Representations and Warranties.* The Company represents and warrants to you that:

(a) *The Company; Business of the Company.* The Company, a wholly-owned subsidiary of Sprint Corporation ("Sprint"), is a corporation duly organized and legally existing and in good standing under the laws of the state of its incorporation, and has all requisite power and authority to own the properties specifically described in the Indenture (except such property as has been sold or retired by the Company and released from the lien of the Indenture pursuant to the terms thereof), to carry on the business now conducted by it, and to execute and deliver the New Supplemental Indenture and this Agreement and to issue the Bonds thereunder and hereunder. The Company has no Subsidiaries. The Company is engaged in the telephone utility business and all of its properties are situated in the states of Oregon and Washington and all of its business is conducted in those states.

(b) *Financial Statements.* The audited balance sheets as of, and statements of income and cash flows for the years ended on, December 31, 1990 through 1992 and such unaudited financial statements for the quarter ended March 31, 1993 (copies of which have heretofore been delivered to you) are correct and complete and fairly represent the financial condition of the Company at such dates and the results of the operations of the Company for such periods. Said financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") consistently applied throughout the periods involved (except as otherwise noted therein).

(c) *Status of Bonds and Sale of Bonds.* The Bonds (when issued), this Agreement and the Indenture have been duly authorized on the part of the Company and constitute the legal, valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable equitable principles and except as limited by bankruptcy, moratorium, insolvency or similar laws of general application affecting the enforcement of creditors' rights. The sale of the Bonds and compliance by the Company with all of the provisions of the Indenture, this Agreement and the Bonds are within the corporate powers of the Company and have been duly authorized by proper corporate action.

(d) *No Adverse Changes; Contingent Liabilities.* There have been no material adverse changes in the assets, liabilities or condition of the Company, financial or otherwise, from that set forth in its audited financial statements as of and for the year ended December 31, 1992, except for charges in the aggregate amount of \$2,600,000 relating to the merger of Centel Corporation into a wholly-owned subsidiary of Sprint and except as reflected in the Company's quarterly financial statements described in the foregoing paragraph (b) of this Section 2. The Company has no contingent liabilities that individually or in the aggregate could have a Material Adverse Effect (as defined in Section 15), other than as indicated in the financial statements described in the foregoing paragraph (b) of this Section 2.

(e) *No Catastrophe.* Since December 31, 1992, there has been no Material Adverse Effect as the result of any fire, explosion, storm, accident, strike, lockout, combination of workers, drought, flood, embargo, riot, confiscation of any plant or material, war or act of God or the public enemy.

(f) *Legal Proceedings.* There are no actions, suits, or proceedings pending or to the knowledge of the Company threatened against the Company at law or in equity or before any arbitrator or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which are likely to result in a Material Adverse Effect. The Company is not in default with respect to any order, writ, injunction, decree, determination, or award of any court, arbitrator, governmental department, commission, board, bureau, agency or instrumentality.

(g) *No Defaults.* The consummation of the transactions herein contemplated, and the fulfillment of the terms hereof, and compliance with all of the terms and provisions of the Indenture, will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Company is a party, or of the Company's charter or franchises, or of any statute or of any regulation or order of any state or federal court or commission or other agency to whose jurisdiction the Company is subject. The Company is not now in default and there exists no event or condition which, with notice or lapse of time, or both, would constitute a default under any agreement, indenture, note, debenture, lease, mortgage, deed of trust or other instrument to which the Company is a party or by which the Company is bound.

(h) *Title to Properties, Insurance and Leases.* The Company has marketable fee simple title to all the physical properties specifically described in the granting clauses of the Indenture (except such property as has been sold or retired by the Company and released from the lien of the Indenture, pursuant to the terms thereof), free of all defects, liens, charges and encumbrances, except (A) defects of title which do not in the aggregate materially detract from the value of its property or materially impair the use thereof in the operation of its business, (B) the lien of the

Indenture, and (C) liens, encumbrances, defects and charges such as are permitted by the Indenture. The Company has kept insured all of its properties of a character usually insured by companies similarly situated against damage, destruction and loss by fire and other casualty to such amount as such property is usually insured by companies similarly situated, by means of policies issued by reputable insurance companies. Except where failure to do so does not and will not have a Material Adverse Effect, the Company enjoys quiet possession under all leases under which it is currently operating, and all such leases are valid and subsisting and in full force and effect.

(i) *The Lien.* The granting clauses of the Indenture accurately describe and specifically mortgage and pledge all of the tangible property and certain intangible property owned by the Company, or in which it owns any interest (except for properties specifically excluded in the granting clauses of the Indenture).

(j) *No Burdensome Agreements.* The Company is not a party to, nor in any manner obligated under, (A) any unusual or burdensome contract, (B) any management contract (except service contracts or management contracts with affiliated companies), (C) any contract providing for special bonus or profit sharing arrangements (except such contracts with its employees), or (D) any contract or agreement which has had or is reasonably likely to have a Material Adverse Effect.

(k) *Charter Provisions.* The Company is not subject to any charter, by-law or other corporate restrictions which has or will have a Material Adverse Effect.

(l) *Leases and Conditional Sales Contracts.* None of the assets or property reflected in the balance sheet of the Company as of December 31, 1992 is held by the Company as lessee or as conditional vendee under any lease or conditional sale contract or other title retention agreement, or is leased to any other person or corporation, except for certain capitalized leases as reflected in the audited financial statements dated December 31, 1992 and except for property sharing agreements with other utilities to facilitate the provision of service.

(m) *Governmental Approvals.* No consent, approval, authorization, declaration or filing with government authorities is presently required in connection with the execution and delivery of this Agreement and the New Supplemental Indenture or the offer, issue, sale and delivery of the Bonds pursuant hereto or the consummation of any of the transactions contemplated herein except the approvals of the Oregon Public Utilities Commission and the Washington Utilities and Transportation Commission which approvals have been obtained and are final and not subject to any pending appeal.

(n) *ERISA.* Neither the purchase of the Bonds by you nor the consummation of any of the other transactions contemplated by this Agreement is or will constitute a "prohibited transaction" within the meaning of Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), or Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Each "employee pension benefit plan" maintained for employees of the Company, except for any employee pension benefit plan which is unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, meets all requirements under Section 401(a) and related provisions of the Code, and each related trust or custodial account of any such plan is exempt from taxation under Section 501(a) of the Code. All employee benefit plans, as defined in Section 3(3) of ERISA, of the Company comply in all material respects with ERISA, the Code and other applicable laws; *provided, however*, that in the case of changes which may be required under provisions of ERISA, the Code or such other laws which are in effect but with respect to which changes are not at this time required to be adopted, all such plans have been administered in compliance with such changes since the effective date of such changes. There exist with respect to the Company no "multiemployer plans" as defined in Section 4001(a)(3) of ERISA, for which a material withdrawal or termination liability may be incurred. There exist with respect to all employee pension benefit plans or trusts: (i) no accumulated funding deficiency within the meaning of ERISA; (ii) no termination of any employee pension benefit plan or trust which would result in any material liability to the Pension Benefit Guaranty Corporation ("PBGC") or any "reportable

event,” as that term is defined in ERISA, which is likely to constitute grounds for termination of any employee pension benefit plan or trust by the PBGC; and (iii) no “prohibited transaction,” as that term is defined in ERISA or Section 4975 of the Code, which is likely to subject any employee benefit plan, trust or party dealing with any employee benefit plan or trust to any material tax or penalty on prohibited transactions imposed by ERISA or Section 4975 of the Code.

(o) *No Prior Liens.* At the time of the delivery of and payment for the Bonds hereunder, there will be no lien prior to the lien of the Indenture on any of the properties of the Company on which the Indenture purports to create a lien, except liens permitted by the terms of the Indenture.

(p) *Adequate Franchises.* The Company has adequate franchises, permits, licenses or operating rights without unusual restrictions to allow it to conduct the business in which it is presently engaged, except in instances where the lack of a current franchise, permit, license or operating right has had no Material Adverse Effect on the conduct of such business and the Company has no reason to believe that the lack of a current franchise, permit, license or operating right will have a Material Adverse Effect.

(q) *Duly Organized; No Defaults.* The Company is and has been for five (5) years preceding the date of this Agreement duly organized and existing as a corporation under the laws of the state of its incorporation, and has not defaulted in the payment of any material debt during said five (5) years.

(r) *Material Statements.* This Agreement and the documents furnished to you hereunder on behalf of the Company, including without limitation the private placement memorandum for “Sprint Local Telephone Operating Companies, Private Placement in a Pooled Offering” prepared by the Company, the Other Issuers (as hereinafter defined) and Kidder, Peabody & Co. Incorporated, dated April 1993, including without limitation the attachments, exhibits and enclosures thereto (the “Private Placement Memorandum”), do not contain any untrue statement of a material fact with respect to Sprint, the Company or the operations of either nor omit to state a material fact necessary to be stated in order to make such statements contained herein and therein not misleading; and there is no fact that has a Material Adverse Effect or in the future (so far as the Company can now foresee) will have a Material Adverse Effect, which has not been set forth in this Agreement and the other documents furnished you herewith.

(s) *Federal Income Tax.* Federal income tax returns of the Company are filed on a consolidated basis with the returns of Sprint and with other subsidiaries of Sprint. Federal income tax returns have been examined and closed through 1981 and examined through 1987. Subsequent years remain subject to examination by the Internal Revenue Service. The Company believes that all such tax returns have been timely filed and that its income tax payments have accurately reflected its tax liability then due and that there will be no additional significant assessments that have not been reserved in the Company’s financial statements. The charges, accruals and reserves for income taxes are considered adequate by the Company.

(t) *Use of Proceeds.* Of the proceeds of the sale of the Bonds, the Company will apply approximately \$15.0 million to repay certain first mortgage bonds issued under the Indenture and approximately \$500,000 to make additions to its working capital. None of the transactions herein contemplated (including, without limitation, the use of the proceeds from the sale of the Bonds) will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulations issued pursuant thereto, including, without limitation, Regulations G, T and X of the Board of Governors of the Federal Reserve System (12 C.F.R., Chapter II). The Company does not own nor does it intend to carry or purchase any “margin security” within the meaning of said Regulation G, and none of the proceeds from the sale of the Bonds will be used to purchase or carry or refinance any borrowing the proceeds of which were used to purchase or carry any such “margin security” in violation of Regulations G, T and X.

(u) *Condition of Property.* All of the public utility property of the Company is in sound operating condition and repair, except for property being repaired in the ordinary course of business.

(v) *Environmental Law Compliance.* The Company (including its operations and the conditions at or in its Facilities) complies with all Environmental Laws except where failure to comply has not had and will not have a Material Adverse Effect; with immaterial exceptions, the Company has obtained all permits under Environmental Laws necessary to its operations, all such permits are in good standing, and the Company is in compliance with all material terms and conditions of such permits; and the Company does not have any liability (contingent or otherwise) in connection with any Release of any Hazardous Material or the existence of any Hazardous Material on, under or about any Facility that will give rise to an Environmental Claim that could have a Material Adverse Effect.

(w) *Compliance with Other Laws.* The Company: (i) is not in violation of any laws, ordinances, governmental rules or regulations to which it is subject and (ii) has not failed to obtain any licenses, permits, franchises or other governmental authorizations presently necessary to the ownership of its property or the conduct of its business, which violation or failure has had or is reasonably likely to have a Material Adverse Effect.

(x) *Holding Company and Investment Company Status.* The Company is not a "Holding Company" or a subsidiary or an affiliate of a specified "Holding Company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended. The Company is not, and will not by virtue of the issuance of the Bonds become, an "investment company" as defined in the meaning of the Investment Company Act of 1940, as amended, nor a company "controlled" by such an investment company (in accordance with the manner in which the word control is defined in the Investment Company Act of 1940, as amended).

Section 3. *Purchase, Sale and Delivery of Bonds; The Closing.* Subject to the terms and conditions herein set forth, the Company agrees to sell to you and you agree to purchase from the Company for investment, the principal amount of Bonds set forth opposite your name in Schedule I appearing at the end of this Purchase Agreement at the price of 100% of the principal amount thereof. The time of delivery of the Bonds hereunder shall be July 15, 1993 (the "Closing"), at 10:00 A.M., Kansas City time, or such other date and time as may be consented to by all of the purchasers in writing. Failure of the Company to deliver the Bonds at the Closing shall constitute a breach of this Agreement.

The Closing shall be at the office of Sprint, 2330 Shawnee Mission Parkway, Westwood, Kansas 66205. At the Closing, depending upon the delivery arrangements with respect to your purchase of the Bonds as set forth in instructions provided to the Company by you, the Company will deliver to you against payment therefor in Federal Reserve Funds (or the equivalent so as to be available for immediate use by the Company at the Closing), deposited in the Sprint Special Account number 0009-6786 at Citibank, N.A., New York, New York, ABA No. 021-000-089, one or more printed, engraved or typed Bonds in the principal amount to be purchased by you, in fully registered form without coupons, registered in your name or in the name of your nominee.

Concurrently with the execution and delivery of this Agreement, the Company is executing and delivering an agreement substantially identical to this Agreement with the other purchasers listed in Schedule I (the "Other Purchasers"), under which the Other Purchasers agree to purchase Bonds from the Company in the amount set forth opposite their names on Schedule I.

Concurrently with the execution and delivery of this Agreement, each of the eleven other local exchange companies listed in the Private Placement Memorandum (the "Other Issuers") will also sell first mortgage bonds or senior notes. Each of the Other Issuers is executing and delivering an agreement with various purchasers under which the purchasers agree to purchase bonds or senior notes from such Other Issuer. Except for their being offered and sold simultaneously with the Bonds, the first mortgage bonds (and the 6.68% senior notes due July 1, 2003 in the case of Central Telephone Company of Florida) of the Other Issuers are unrelated to and independent from the Bonds. Without limiting the

generality of the foregoing: (i) except as may be provided for in the indenture or indentures (the “Other Indentures”) securing the first mortgage bonds of the Other Issuers, a default under the Indenture is not an event of default under the Other Indentures, (ii) except as may be provided for in the Indenture, a default under any of the Other Indentures is not an event of default under the Indenture, (iii) the Other Issuers are not guarantors of nor liable for the obligations of the Company with respect to the Bonds, and (iv) the property of the Other Issuers is not security for the obligations of the Company with respect to the Bonds.

Section 4. Purchase For Investment; Investment Banker Fees.

(a) You represent that you are acquiring your Bonds for your account or for the account of one or more pension funds, trust funds, or agency accounts as to which you as trustee, or as agent, have sole investment discretion, and that such acquisition is being made for the purpose of investment and not with a view to, or for sale in connection with, any distribution or resale thereof; provided, however, that the disposition of your property shall at all times be and remain within your control, subject, however, to compliance with Federal and applicable state securities laws. You acknowledge that you have been informed that the Bonds have not been registered under the Securities Act of 1933, as amended (the “1993 Act”), and must be held indefinitely unless they are subsequently so registered or an exemption from such registration is available. You further acknowledge that the Bonds to be acquired by you will bear the following legend:

This Bond was originally issued in a transaction exempt from registration under the Securities Act of 1933 (the “Securities Act”) pursuant to Regulation D thereunder and may not be sold or otherwise transferred in the absence of such registration or an applicable exemption therefrom. The holder of this Bond agrees for the benefit of the issuer that (A) this Bond may be resold, pledged or otherwise transferred only (i) to a person whom the seller reasonably believes is a Qualified Institutional Buyer within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of such Rule 144A or (ii) pursuant to another exemption from registration under the Securities Act and, in each case, in accordance with any applicable state securities laws and (B) the holder will, and each subsequent holder is required to, notify any purchaser of this Bond from it of the resale restrictions referred to in (A) above.

You agree that you will not sell or otherwise dispose of your Bonds without registration under the 1933 Act, or exemption therefrom. You understand that the Company does not presently intend to register the Bonds under the 1933 Act and is under no obligation to so register the Bonds. Anything in the Indenture to the contrary notwithstanding, you acknowledge that the Trustee will not register the transfer of your Bonds except upon receipt of advice to the effect that your Bonds have been so registered or to the effect that such transfer is in compliance with an exemption from the registration requirements of the 1933 Act.

(b) You represent that either: (1) no part of the funds to be used by you to purchase the Bonds constitutes assets allocated to any separate account maintained by you; or (2) no part of the funds to be used by you to purchase the Bonds constitutes assets allocated to any separate account maintained by you such that the application of such funds will constitute a prohibited transaction under Section 406 of ERISA; or (3) all or a part of such funds constitute assets of one or more separate accounts maintained by you, and you have disclosed to the Company the names of such employee benefit plans whose assets in such separate account or accounts exceed 10% of the total assets as of the date of such purchase and the Company has advised you in writing (and in making the representations set forth in this clause (3) you are relying on such advice) that the Company is not a party-in-interest nor are the Bonds employer securities with respect to the particular employee benefit plans disclosed to the Company by you as aforesaid (for the purpose of this clause (3), all employee benefit plans maintained by the same employer or employee organizations are deemed to be a single plan). As used in this Section, the terms “separate account”, “party-in-interest”, “employer securities” and “employee benefit plan” have the respective meanings assigned to them in ERISA.

(c) The Company represents that neither it nor anyone acting on its behalf has directly or indirectly sold or offered, or attempted or offered to dispose of, any of the Bonds to, nor solicited any offers to purchase the same from, or made any attempt to dispose of any of the Bonds to, anyone other than the institutions referred to in a letter dated June 3, 1993 from Kidder, Peabody & Co. Incorporated ("Kidder") to the Company, a copy of which has been delivered to your special counsel. The Company agrees that neither it nor anyone acting on its behalf will offer to sell any of the Bonds or solicit offers to purchase or otherwise negotiate in respect thereof with any person, firm or corporation so as to bring the issuance and sale of the Bonds under the provisions of Section 5 of the 1933 Act. Except for the engagement of Kidder, neither the Company nor any of its affiliates has engaged or authorized any broker, finder, investment banker or other third party to act on its behalf, directly or indirectly, as a broker, finder, investment banker or in any like capacity in connection with this Agreement, the Indenture, the Bonds or the transactions contemplated hereby or thereby, or has consented to or acquiesced in anyone so acting, or knows of any claim for compensation for so acting or of any basis for such a claim. The Company agrees that the fees and expenses payable to Kidder as a result of its engagement by the Company in connection with the transactions contemplated hereby or thereby are the obligation solely of and shall be payable solely by the Company.

Section 5. Authority to Issue the Bonds under the Indenture. At or before the Closing, the Company will deliver to the Trustee the duly executed certificates, orders, opinions and other written instruments required by the Indenture in order to obtain the authentication and delivery of Bonds on account of (i) the retirement of bonds previously issued under the Indenture, (ii) the construction or acquisition by the Company of additional property, in each case, pursuant to the Indenture and/or (iii) the deposit of cash with the Trustee. The Company will comply with the foregoing provisions of this Section 5 on or before the Closing, and your obligation to take and pay for said Bonds is conditioned upon such compliance.

Section 6. Financial and Other Information; Reporting Requirements; Inspection. The Company agrees that so long as you hold any of the Bonds, it will keep its books and records in accordance with U.S. GAAP consistently applied (except for changes disclosed in the Company's financial statements or notes thereto and not objected to by the Company's independent certified public accountants), and it will deliver to you the following:

(a) As soon as practicable, but in no event later than sixty days after the end of each quarterly period, except the last, of each fiscal year, a copy of its balance sheet as of the end of such quarterly period, and of its statement of income for the portion of the fiscal year to the end of such quarterly period, which financial statements shall be prepared on a consolidated basis for the Company and its Subsidiaries, if any, all in reasonable detail and giving a comparison to the figures for the corresponding date or period, as the case may be, one year prior thereto, all certified by a proper officer of the Company.

(b) As soon as practicable, but in no event later than one hundred twenty days after the end of each fiscal year, (i) its statements of income, cash flows and stockholders' equity for such year and its balance sheet as of the end of such year, which financial statements shall be prepared on a consolidated basis for the Company and its Subsidiaries, if any, all in reasonable detail and stating the figures for the corresponding date or period, as the case may be, one year prior thereto, all accompanied by a report as to the consolidated balance sheets and the related consolidated statements of any firm of independent certified public accountants of recognized standing selected by the Company and (ii) two copies of Sprint's consolidated statements of income, cash flows and stockholders' equity for such year and its balance sheet as of the end of such year, all in reasonable detail and stating the figures for the corresponding date or period, as the case may be, one year prior thereto, and all accompanied by a report as to the consolidated balance sheets and the related consolidated statements of any firm of independent certified public accountants of recognized standing selected by Sprint.

(c) As soon as available, a copy of any management letter submitted by the Company's independent accountants in connection with each annual or interim audit of the Company's books.

(d) Within one hundred twenty days after the end of each fiscal year, a certificate signed by the President, a Vice President responsible for significant financial matters, the Controller or Treasurer to the effect that there neither have been nor are any defaults under the Indenture or, if there are, or have been, describing the nature thereof and the remedial action being taken with respect thereto and, further, whether any condition exists which, with notice or passage of time, or both, would become an "event of default" as defined by the Indenture.

(e) Within one hundred twenty days after the end of each fiscal year, a certificate signed by Ernst & Young (or other certified public accountants of national standing selected by the Company), which certificate shall state that such accountants have obtained no knowledge of any "event of default" as defined by the Indenture, or of the existence of any event or condition which, with notice or passage of time, or both, would become an "event of default" as defined in the Indenture, or if such accountants shall have obtained knowledge of such event of default, event or condition, such certificate shall specify the nature thereof.

(f) Immediately upon becoming aware of the occurrence of any (i) "reportable event" as such term is defined in Section 4043 of ERISA, or (ii) "prohibited transaction," as such term is defined in Section 4975 of the Code or described in Section 406 of ERISA, in connection with any pension plan or any trust created thereunder, a written notice specifying the nature thereof, what action the Company is taking or proposes to take with respect thereto, and, when known, any action taken by the Internal Revenue Service, Department of Labor or Pension Benefit Guarantee Corporation with respect thereto, provided, however, that any such notice and the contents thereof shall be strictly confidential and may not be used by or disclosed by you to any person or entity until such time as the contents of such notice shall become publicly available; and promptly upon the Company's becoming a participating employer in any "multi-employer plan" (as defined in Section 3(37) of ERISA) and promptly upon the Company's becoming aware thereof, the estimated amount of any material withdrawal liability the Company would incur upon withdrawal therefrom.

(g) Immediately upon becoming aware of the existence of any condition or event which constitutes a "default" or an "event of default" as defined by the Indenture, a written notice specifying the nature thereof, the time when and manner in which it occurred and was discovered, the expected duration and the method by which the Company intends to cure said default or event of default.

(h) Immediately upon becoming aware that the holder or holders of any Bond or of any evidence of indebtedness or other security of the Company or any subsidiary thereof aggregating more than \$500,000 has given notice or taken any other action with respect to a claimed default or event of default, a written notice specifying the notice given or action taken by such holder and the nature of the claimed default or event of default and what action the Company is taking or proposes to take with respect thereto.

(i) As soon as available, copies of each financial statement, notice, report and proxy statement which the Company shall furnish to its stockholders (other than Sprint and subsidiaries thereof) during such time as the Company shall be a reporting company under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); immediately upon filing, copies of each registration statement and periodic report (including without limitation any report on Form 10-K or 10-Q) which the Company may file with the Securities and Exchange Commission, and any similar or successor agency of the Federal government administering the 1933 Act, the Exchange Act or the Trust Indenture Act of 1939, as amended; without duplication, copies of each report (other than reports relating solely to the issuance of, or transactions by others involving, its securities) relating to the Company or its securities which the Company may file with any securities exchange on which any of the Company's securities may be registered; copies of any order in any proceedings to which the Company or any of its Subsidiaries is a party, issued by any governmental agency, Federal or state, having jurisdiction over the Company or any of its Subsidiaries imposing any liability that would have a Material Adverse Effect; and, except at such times as the Company is a reporting company under Section 13 or 15(d) of the Exchange Act or has complied with the

requirements for the exemption from registration under the Exchange Act set forth in Rule 12g-3-2(b), such financial or other information as any holder of the Bonds or prospective purchaser or transferee of the Bonds may reasonably determine is required to permit such holder to comply with the requirements of Rule 144A under the 1933 Act in connection with the resale or other transfer by it of the Bonds.

(j) The Company will permit the Trustee or any registered owner of the Bonds and their representatives to visit and inspect, under the Company's guidance and at the sole and assumed risk of the visiting person, any of the properties of the Company or any of its Subsidiaries, to examine all their books of account, records and reports and papers and to discuss their respective affairs, finances and accounts with their respective officers and independent accountants (and by this provision the Company authorizes such accountants to discuss such affairs, finances and accounts), all at such reasonable times and as often as may reasonably be requested, upon reasonable prior notice thereof to the Company. All costs and expenses of the Company's officers, accountants and counsel incurred in connection with any such visit, inspection, examination or discussion shall be borne by the Company, and all costs and expenses incurred by the Trustee or any registered owner of a Bond or their respective representatives in connection with any such visits, inspections, examinations and discussions that take place during the existence of a default or an event of default under this Agreement or the Indenture, shall be borne by the Company and not by the Trustee or such registered owner of a Bond or their respective representatives.

(k) Promptly after a request for such information by you, any other information reasonably requested by you.

The Company agrees that you may furnish copies of all information furnished to you pursuant to this Agreement to any regulatory body or commission having jurisdiction over you. In this regard, the annual financial information required in paragraph (b), above, will be submitted directly by the Company to the Securities Valuation Office, National Association of Insurance Commissioners, 195 Broadway, 19th Floor, New York, New York 10007.

Section 7. *Conditions to Purchasers' Obligations.* Your obligation to purchase and pay for the Bonds shall be subject to performance by the Company of all of its agreements hereunder and to the accuracy of the representations and warranties contained in this Agreement and to the following further conditions:

(a) All instruments and all proceedings incident to the authorization and execution of this Agreement, the authorization, execution, authentication and delivery of the Bonds and the Indenture securing such Bonds, shall be satisfactory in form and substance to you and to Gardner, Carton & Douglas who are acting as your special counsel in this transaction, and you shall have received counterpart originals, certified or other copies of all documents provided for herein, and such other documents as you may reasonably request in connection therewith.

(b) You shall have received the written opinion of the counsel for the Company, dated the date of the Closing and in form and substance satisfactory to you and to your special counsel in this matter to the effect that:

(i) the Company is a corporation duly organized, validly existing, and in good standing under the laws of the state of its incorporation, and has full corporate power to own the properties specifically described in the Indenture (except such property as has been sold or retired by the Company and released from the lien of the Indenture, pursuant to the terms thereof), to carry on its business as now conducted or proposed to be conducted and to execute the Indenture and to issue and deliver the Bonds;

(ii) the Company has marketable fee simple title to all of the fixed physical properties specifically described in the Indenture (except such property as has been sold or retired by the Company and released from the lien of the Indenture, pursuant to the terms thereof), which shall be the properties now owned by the Company, less subsequent retirements and plus subsequent additions made in normal operation, free of all defects, liens, charges and

encumbrances, except (A) defects of title which do not in the aggregate materially detract from the value of its property or materially impair the use thereof in the operation of its business, (B) the lien of the Indenture, and (C) liens, encumbrances, defects and charges such as are permitted by the Indenture;

(iii) all of the fixed physical properties of the Company, used or useful in the business of furnishing telephone service, are correctly described in the Indenture;

(iv) the Company has adequate franchises, permits, licenses or operating rights, without unusual restrictions, to allow it to conduct the business in which it is presently engaged, except in instances where the lack of a current franchise, permit, license or operating right has had no material adverse effect on the conduct of such business and the Company has no reason to believe that the lack of a current franchise, permit, license or operating right will have a Material Adverse Effect on the conduct of the Company's business;

(v) the Indenture has been duly authorized by proper corporate action, has been duly executed and delivered by the Company and the Trustee therein named, and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, or similar laws of general application affecting the enforcement of creditors' rights;

(vi) the Indenture has been duly recorded or filed for record in such manner and in such places as required by law in order to establish, preserve and protect the lien of the Indenture on all real and personal property and on all other fixtures described in the Indenture and not excepted therefrom; and any and all applicable mortgage recording and similar charges have been paid in full; (such opinion shall also cover the necessity of any periodic or other re-recording in order to preserve and protect the lien of the Indenture);

(vii) the Indenture is effective to create and does create a valid first mortgage lien on the fixed physical properties and franchises of the Company, including all such properties as are specifically described in the Indenture, now owned or hereafter acquired, subject only to the items mentioned in subparagraph (ii) above;

(viii) the Bonds have been duly authorized by proper corporate action, have been duly issued, executed and delivered in accordance with the requirements of Section 3 of this Agreement by the authorized officers of the Company and authenticated by the Trustees under the Indenture, and are the legal, valid and binding obligations of the Company and are entitled to the benefit and security of the Indenture in accordance with their and its terms except as limited by bankruptcy, insolvency or similar laws of general application affecting the enforcement of creditors' rights;

(ix) no authorization, approval or consent on the part of any public body or authority, federal, state or local, is required in connection with the lawful execution and delivery of the New Supplemental Indenture and the lawful issuance and sale of the said Bonds as herein contemplated, excepting only the approvals of the Oregon Public Utilities Commission and the Washington Utilities and Transportation Commission, and further that the approvals of said bodies, to be furnished to you at the time of delivery to you of the said Bonds, are valid orders in full force and effect, are final and not the subject of any pending appeal, and constitute sufficient governmental approval to permit the issuance and sale of the Bonds;

(x) this Agreement has been duly authorized by proper corporate action on the part of the Company, has been duly executed by an authorized officer of the Company, and constitutes a valid and binding agreement on the part of the Company enforceable in accordance with its terms except as limited by bankruptcy, insolvency or similar laws of general application affecting the enforcement of creditors' rights;

(xi) under the circumstances contemplated by this Agreement and based upon your representations contained in this Agreement, it is not necessary, in connection with the sale of

the Bonds to you, to register such Bonds under the Securities Act of 1933, as amended, or to qualify the Indenture under the Trust Indenture Act of 1939, as amended;

(xii) the issuance and sale of the Bonds by the Company and compliance with the terms and provisions of the Bonds, the Indenture and this Agreement by the Company will not conflict with, or result in any breach or violation of any of the provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the properties or assets of the Company pursuant to the provisions of (i) the Articles of Incorporation (or other charter document) or by-laws of the Company or any indenture, mortgage or loan agreement under which the Company is bound (other than the Indenture), or other agreement or instrument under which the Company is a party or by which it or its property is bound or may be affected or (ii) any law (including usury laws) or regulation, order, writ, injunction or decree of any court or governmental authority applicable to the Company;

(xiii) the sale to you of the Bonds upon the terms and conditions of this Agreement does not require any approval under the Securities Exchange Act of 1934, as amended, or involve any violation of Regulation G, Regulation T or Regulation X or any other regulation of the Board of Governors of the Federal Reserve System;

(xiv) the Company is not a "Holding Company" or a subsidiary or an affiliate of a specified "Holding Company", as such term is defined in the Public Utility Holding Company Act of 1935, as amended; the Company is not, and will not by virtue of the issuance of the Bonds become, an "investment company" as defined in the Investment Company Act of 1940, as amended, nor a company "controlled" by such an investment company (in accordance with the manner in which the word *control* is defined in the Investment Company Act of 1940, as amended);

(xv) there are no actions, suits, or proceedings pending or to the knowledge of such counsel threatened against the Company at law or in equity or before any arbitrator or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which may result in any material adverse change in the business, operations, profits, affairs, properties, or assets taken as a whole, or the condition, financial or otherwise, of the Company, or any material liability on the part of the Company. The Company is not in default with respect to any order, writ, injunction, decree, determination, or award of any court, arbitrator, governmental department, commission, board, bureau, agency or instrumentality; and

(xvi) all of the issued and outstanding shares of capital stock of the Company have been duly and validly issued and are fully paid and nonassessable.

Provided, however, that in rendering his opinion, the counsel of the Company (A) is required to rely upon opinions furnished him by independent counsel chosen by him and satisfactory to your special counsel, as to the matters mentioned in subdivisions (ii) (only insofar as such matters relate to real estate) and (vi) (insofar as such matters relate to the New Supplemental Indenture) above, (B) may rely upon opinions furnished to him by independent counsel chosen by him and satisfactory to your special counsel, as to any other matters mentioned above, and (C) may rely upon a certificate of a Company officer as to the matters mentioned in (iii) above; and provided, further, that if such counsel is not licensed to practice law in the jurisdiction whose law is chosen to govern this Agreement, in rendering his opinion, such counsel is required to rely upon opinions furnished him by independent counsel so licensed chosen by such counsel and satisfactory to your special counsel, as to the matters of enforceability mentioned in subdivisions (v) and (x) above. Any opinions of independent counsel relied upon by the General Counsel hereunder shall provide that they may be relied upon by you.

(c) You shall have received the written opinion of Gardner, Carton & Douglas, who are acting as your special counsel in this transaction, dated the date of Closing in form and substance satisfactory to you,

(i) covering all matters mentioned in the opinion of counsel for the Company as above recited in subparagraphs (i), (v), (viii), (x) and (xi) of paragraph (b) of this Section 7, and

(ii) stating that the opinions rendered by the General Counsel and the independent counsel for the Company, under paragraph (b) of this Section 7 are satisfactory in form and scope to your special counsel, and in their opinion you and counsel are justified in relying thereon.

Provided, however, that in rendering their opinion, Gardner, Carton & Douglas may rely upon the opinions of the General Counsel and the independent counsel of the Company as to all matters other than Federal laws or the laws of the State of Illinois.

(d) The representations and warranties made by the Company in Sections 2 and 4(c) of this Agreement shall be true at and as of the time of delivery to you of said Bonds with the same effect as though such representations and warranties had been made on and as of such time, and the Company shall have delivered to you at such time a certificate to such effect signed by the President or a Vice President of the Company.

(e) There shall exist no default or event of default under this Agreement or the Indenture.

(f) The "Private Placement Number" for each series of the Bonds shall have been obtained from the CUSIP Service Bureau of Standard & Poor's Corporation.

(g) The approvals of the Oregon Public Utilities Commission and the Washington Utilities and Transportation Commission for the issuance and sale of the Bonds shall have been furnished to you and shall be valid, in full force and effect, final and not the subject of any pending appeal.

(h) Simultaneously with your purchase of the Bonds hereunder, at the Closing as shown in Schedule I hereto, the Company shall sell to the Other Purchasers the aggregate principal amount of the Bonds set forth opposite their names on Schedule I hereto in accordance with the provisions of the agreements with the Other Purchasers.

(i) The conditions to purchasers' obligations described in Section 7 of the ten bond purchase agreements and Section 4 of the one note purchase agreement dated the date hereof and entered into by various purchasers and each of the Other Issuers shall have been satisfied.

(j) Your acquisition of the Bonds shall constitute a legal investment as of the Closing Date under the laws and regulations of each jurisdiction to which you may be subject (without resort to any "basket" or "leeway" provision which permits the making of an investment without restrictions as to the character of the particular investment being made), and such acquisition shall not subject you to any penalty or other onerous condition in or pursuant to any such law or regulation.

Section 8. *Home Office Payment; Immediate Payment.*

(a) Anything in the Indenture or the Bonds to the contrary notwithstanding, the Company will pay, or cause to be paid, all amounts payable to you in respect of the sinking fund, if any, or other principal of (and premium, if any) and interest on any Bonds held by you at the address shown in Schedule I to this Agreement, or at such other address as you may designate in writing without surrender or presentation to the Trustee of such Bonds; provided, however, that in connection with a payment discharging all of the indebtedness evidenced by such Bonds, you will present or surrender such Bonds to the Trustee promptly after receiving such payment, unless the Company requests prior presentation in a written notice given not less than 30 nor more than 60 days prior to the original payment date, in which case you will present or surrender such Bonds to the Trustee prior to receiving payment, it being understood and agreed that the Company will take all action necessary on its part to issue you a new Bond if any of your original Bonds is lost, stolen, mutilated or destroyed (pursuant to the terms of the

Indenture) to enable you to receive payment on the original payment date if you notify the Company that you need to have your Bond replaced within 10 days after you receive notice from the Company requesting prior presentation and if you do not give notice within such ten-day period, the Company will take all action necessary on its part to enable you to receive payment as soon as possible on or after the original payment date. You agree that you will not sell, transfer or otherwise dispose of any of said Bonds, unless prior to any delivery thereof either (i) the same shall have been presented to the Trustee for appropriate notation thereon of the portion of the principal amount thereof redeemed or surrendered in exchange for a new Bond in the amount of the unredeemed balance of the principal amount thereof in accordance with the terms of the Indenture or (ii) you shall have endorsed thereon the amount of principal paid to date thereon.

(b) The Company will pay or cause to be paid on any date for payment of the sinking fund, if any, or other principal of (and premium, if any) and interest on the Bonds the payment due on such date and all subsequent payments due to you in respect of the Bond or Bonds registered in your name, to any bank in the continental United States as shall be specified in the last written notice from you given not less than 20 days prior to such date for payment, by wire transfer in immediately available federal funds to such bank by 11:00 A.M., (local time for such bank), on the date each such payment is due. Any such wire transfer shall identify such payment by the name of the Company and designation of the Bonds (including the relevant Private Placement Number) in customary manner, and shall identify the payment as interest, principal and/or premium. The Company will give written confirmation of such payments as you may direct. Notwithstanding the foregoing, the initial written notice with respect to such wire transfer and confirmation arrangements are shown in Schedule I to this Agreement.

Section 9. *Expenses.* The Company agrees, whether or not the sale of the Bonds herein contemplated shall be consummated, to pay all of the reasonable charges and expenses of your special counsel in connection with the subject matter of this Agreement, including the furnishing of their opinions herein mentioned and any other opinions which you may request of them and all reasonable charges for services by your special counsel in connection with the preparation of supplements, modifications, waivers or consents instituted by the Company or resulting from any work-out, renegotiation or performance by the Company of its obligations under this Agreement and the Bonds (whether or not any such supplement, modification, waiver or consent is in fact entered into); and to reimburse your special counsel for any out-of-pocket expenses including traveling expenses in connection therewith. The Company further agrees to furnish your special counsel all such information, data and opinions of other counsel as may be necessary to enable them to formulate an opinion as herein contemplated, and to permit them to examine the corporate records of the Company. The Company further agrees to pay all reasonable charges and expenses (including attorneys' fees and disbursements) incurred by you in connection with this Agreement, the Bonds or the Indenture in any workout, bankruptcy or other insolvency proceeding; provided, however, that the Company shall not be liable for the fees and expenses of more than one counsel acting on behalf of the registered owners of the Bonds as a group (in addition to counsel to the Trustee) in connection with any one action or separate but related actions in the same jurisdiction arising out of the same general allegations or circumstances. The Company agrees to reimburse you for costs of presenting Bonds to the Trustee for notation pursuant to Section 8 hereof and for any cost incurred by you to obtain the Private Placement Numbers for the Bonds. All of the reimbursements required by this Section 9 in connection with expenses incurred shall be made at the Closing or promptly thereafter.

Section 10. *Payment of Interest.* Payments of interest on the Bonds are due on January 1 and July 1 (or the next succeeding business day, as defined in the New Supplemental Indenture, if such date is not a business day) in each year prior to maturity. The Company hereby agrees that in the event interest shall not be paid on such dates in accordance with the terms of the Bonds and such default shall continue for more than 10 days, then an event of default shall exist under this Agreement and any registered owner of the Bonds shall, upon notice in writing to the Company of the existence of such event of default, be entitled to such rights and remedies as shall then be available under applicable law for breach of the Company's obligation to pay interest when due on the Bonds.

Section 11. *No Surety*. So long as you or another institutional investor shall be the registered owner of any of the Bonds, and notwithstanding anything to the contrary contained herein or in the Bonds or the Indenture, you shall not be required to furnish surety on any indemnification you may be required to give in connection with the replacement or payment of mutilated, defaced, lost or destroyed bonds.

Section 12. *Exchange of Bonds*. So long as you shall be the registered owner of any of the Bonds, and notwithstanding anything to the contrary contained herein or in the Bonds or the Indenture, you shall have the privilege of exchanging or transferring any of the Bonds held by you, without charge for the first ten replacement certificates delivered pursuant to such exchange or transfer, other than any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Section 13. *Environmental Indemnification*.

(a) The Company agrees that the owners of the Bonds shall not have any responsibility for any Hazardous Materials on, under, about or generated by any Facility, or any waste water contaminated by such Hazardous Materials. The Company hereby agrees to indemnify, defend and hold harmless owners of the Bonds and their respective agents, officers, and employees from and against any and all losses, liabilities, damages, cleanup costs, interest, fees, penalties and expenses (including without limitation reasonable attorneys' fees and disbursements and expenses and costs and expenses reasonably incurred in investigating, preparing or defending against such Environmental Claims) whatsoever arising out of any and all Environmental Claims not arising from the Release of Hazardous Materials caused by you (or your agents, including the Trustee) during your operation of any Facility.

(b) If any Environmental Claim shall be made or asserted against you or if any suit, action or administrative or legal proceedings shall be instituted or commenced in which you are involved or shall be named as a defendant, either individually or with others, in a matter involving an Environmental Claim, you shall give the Company written notice within 20 days of the pendency of the same. If, within 20 days after the giving of such notice, you receive written notice from the Company stating that the Company disputes or intends to defend against such claim, demand, liability, suit, action or proceeding, then the Company shall have the right to select counsel of its choice and to dispute or defend against such claim, demand, liability, suit, action or proceeding, at its expense, and you shall fully cooperate with the Company in such dispute or defense (including making available all records and other materials reasonably required for such defense) so long as the Company is conducting such dispute or defense diligently and in good faith; provided, however, that the Company shall not be permitted to settle such dispute or claim without your prior written approval, which consent shall not be unreasonably withheld, provided further no such consent is required if the settlement involves only the payment of money by the Company and does not involve the making of any statements adverse to your interests.

(c) Even though the Company selects counsel of its choice, you shall have the right to additional representation by counsel of your choice to participate in or take over such defense at your sole cost and expense. If no such notice of intent to dispute or defend is received by you within the aforesaid 20-day period, or if diligent and good faith defense is not being, or ceases to be, conducted, you shall have the right to dispute and defend against the claim, demand or other liability at the sole cost and expense of the Company and to settle such claim, demand or other liability, and in either event to be indemnified as provided for herein; provided, further, that you shall not be permitted to settle such dispute or claim without the prior written approval of the Company, which shall not be unreasonably withheld.

Section 14. *Survival of Warranties; Successors and Assigns*. The Company agrees that all of its covenants, agreements, representations and warranties made herein and in all exhibits attached hereto and in any and all certificates delivered pursuant hereto shall survive the execution and delivery of the said Bonds to you. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, except that the provisions of Sections 4(c), 6, 8, 11 and 12 shall not inure to the benefit of any assignee or transferee of yours unless such assignee or transferee is an insurance company, bank or trust company or other institutional investor which is acquiring the Bonds for its own account or for the account of one or more pension funds or trust funds.

Section 15. *Certain Terms Defined.* The terms hereinafter set forth when used in this Agreement shall have the following meanings:

Environmental Claim—Any notice of violation, claim, action, cause of action, demand, abatement order or other order by any individual or corporation, partnership, joint venture, association, government, governmental authority or other entity for any damage, including personal injury (including sickness, disease or death), tangible or intangible property damage, contribution, indemnity, indirect or consequential damages, damage to the environment, nuisance, pollution, contamination or other adverse effects on the environment, or for fines, penalties or restrictions, resulting from or based upon (i) the existence of a Release (whether sudden or non-sudden or accidental or non-accidental) of, or exposure to, any Hazardous Material in, into or onto the environment at, in, by, from or related to any Facility, (ii) the use, handling, transportation, storage, treatment or disposal of Hazardous Materials in connection with the operation of any Facility, or (iii) the violation, or alleged violation, of any statutes, rules, regulations, ordinances, orders, permits, licenses or authorizations of or from any governmental authority, agency or court relating to environmental matters pertaining to the Facilities.

Environmental Laws—All laws relating to environmental matters, including those relating to (i) fines, orders, injunctions, penalties, damages, contribution, cost recovery compensation, losses or injuries resulting from the Release or threatened Release of Hazardous Materials and to the generation, use, storage, transportation, or disposal of Hazardous Materials, in any manner applicable to the Company or any of its Subsidiaries or any of their respective properties, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. 9601 *et seq.*), the Hazardous Material Transportation Act (49 U.S.C. §1801 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. §6901 *et seq.*), the Federal Water Pollution Control Act (33 U.S.C. §1251 *et seq.*), the Clean Air Act (42 U.S.C. §7401 *et seq.*), the Toxic Substances Control Act (15 U.S.C. §2601 *et seq.*), the Occupational Safety and Health Act (29 U.S.C. §651 *et seq.*), and the Emergency Planning and Community Right-to-Know Act (42 U.S.C. §11001 *et seq.*), and (ii) environmental protection, including the National Environmental Policy Act (42 U.S.C. §4321 *et seq.*), and comparable state laws, each as amended or supplemented, and any similar or analogous local, state and federal statutes and regulations promulgated pursuant thereto, each as in effect as of the date of determination.

Facility—Any and all real property (including all buildings, fixtures or other improvements located thereon) now or heretofore owned, leased, operated or used (under permit or otherwise) by the Company or any of its Subsidiaries.

Hazardous Materials—(i) Any chemical, material or substance defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Laws; (ii) any oil, petroleum or petroleum derived substance, any drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, any flammable substances or explosives, any radioactive materials, any hazardous wastes or substances, any toxic wastes or substances or any other materials or pollutants that (x) pose a hazard to any property of the Company or any of its Subsidiaries or to Persons on or about such property or (y) cause such property to be in violation of any Environmental Law; (iii) friable asbestos, urea formaldehyde foam insulation, electrical equipment which contains any oil or dielectric fluid with levels of polychlorinated biphenyls in excess of fifty parts per million; and (iv) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority.

Material Adverse Effect—(i) a material adverse effect on the business, operations, profits, affairs, properties or assets or the condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole, or on the ability of the Company to perform its obligations under this Agreement, the Indenture or the Bonds or (ii) a material adverse effect on the legality, validity or enforceability of the Company’s obligations under this Agreement, the Indenture or the Bonds.

Release—Any release, spill, emission, leaking, pumping, pouring, emptying, dumping, injection, escaping, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment (including the abandonment or disposal of any barrel, container or other closed receptacle containing any Hazardous Material), or into or out of any Facility, including the movement of any Hazardous Material through the air, soil, surface water, groundwater or property.

Subsidiary—Any corporation of which shares of Voting Stock representing more than 50% of the combined voting power of each outstanding class of Voting Stock are owned or controlled, directly or indirectly, by the Company.

Voting Stock—Capital stock of any class of a corporation having power to vote for the election of members of the board of directors of such corporation, or persons performing similar functions.

Section 16. *Reproduction of Documents.* This Agreement and all documents relating thereto, including without limitation, (a) consents, waivers and modifications which may hereafter be executed, (b) documents received by you at the Closing (except the Bonds themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that any such accurate reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

Section 17. *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

Section 18. *Headings.* The headings of the several sections of this Agreement are inserted for convenience only and shall in no way expand, restrict or modify any of the terms and provisions hereof.

Section 19. *Communications.* Except as otherwise expressly provided herein, all communications provided for herein shall be in writing, and shall be delivered or sent by registered or certified mail, return receipt requested, by a generally recognized overnight courier or by telecopy (with such telecopy to constitute effective notice only if followed within one business day by an original executed communication), to the address as shown in Schedule I to this Agreement or such other address as the intended recipient shall have designated in writing to the sender.

Section 20. *Governing Law; Entire Agreement.* This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Oregon. This Agreement embodies the entire agreement and understanding between the Company and you relating to the subject matter hereof, and supersedes all prior agreements and understandings relating thereto. This Agreement may not be changed orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

Schedule I

(See Section 3 and Section 8 of the attached Bond Purchase Agreement and also the requirement in Section 6 that financial information be furnished by the Company to the Securities Valuation Office, National Association of Insurance Commissioners)

All communications to the Company (pursuant to Section 19 of the attached Bond Purchase Agreement) shall be sent to:

United Telephone Company of the Northwest
902 Wasco Street
Hood River, OR 97031
Attention: Treasurer

Purchasers

AID ASSOCIATION FOR LUTHERANS

	<u>1998 Bonds</u>	<u>2000 Bonds</u>	<u>2008 Bonds</u>
Closing Commitment	\$2,650,000	\$2,730,000	\$0

- 1) All payments by wire transfer of immediately available federal funds to the following:

Harris Trust and Savings Bank
(ABA No. 071 000 288)
Chicago, IL
Account No. 109-211-3
Attn: Trust Collection, P&I

with each wire transfer identifying each payment by "United Telephone Company of the Northwest, First Mortgage Bonds", the series designation and the Private Placement Number, and shall identify the due date and the breakdown of the payment as interest, principal and/or premium.

- 2) All notices of payments and written confirmations of wire transfers to be sent to:

Aid Association for Lutherans
Attention: Investment Accounting
4321 North Ballard Road
Appleton, WI 54919

- 3) All corporate action notices to be sent to:

Harris Trust and Savings Bank
Institutional Custody-5E
111 West Monroe Street
Chicago, IL 60690-0755

with copies to:

Aid Association for Lutherans
Attention: Investment Department
4321 North Ballard Road
Appleton, WI 54919

- 4) All other communications to be sent to:

Aid Association for Lutherans
Attention: Investment Department
4321 North Ballard Road
Appleton, WI 54919

- 5) The tax identification number for this purchaser is 39-0123480.
6) Name of nominee in which this purchaser's Bonds to be registered initially: None.

CUNA MUTUAL INSURANCE SOCIETY

	<u>1998 Bonds</u>	<u>2000 Bonds</u>	<u>2008 Bonds</u>
Closing Commitment	\$0	\$300,000	\$0

- 1) All payments by wire transfer of immediately available federal funds to the following:

USTRUST NYC
(ABA No. 021001318)
New York, NY
Account No. 473633
FBO CUNA Mutual Insurance Group
Income Collections Dept.

with each wire transfer identifying each payment by “United Telephone Company of the Northwest, First Mortgage Bonds”, the series designation and the Private Placement Number, and shall identify the payment as interest, principal and/or premium and the due date of such payment.

- 2) All notices of payments and written confirmations of wire transfers to be sent to:

CUNA Mutual Insurance Group
Securities Management Department
5910 Mineral Point Road
Madison, WI 53701
Attention: Kris Conway

- 3) All other communications to be sent to:

CUNA Mutual Insurance Group
Securities Management Department
5910 Mineral Point Road
Madison, WI 53701
Attention: Private Placements

- 4) The tax identification number for the nominee of this purchaser is 13-6065575.
5) Name of nominee in which this purchaser’s Bonds to be registered initially: Atwell & Company.

THE FRANKLIN LIFE INSURANCE COMPANY

	<u>1998 Bonds</u>	<u>2000 Bonds</u>	<u>2008 Bonds</u>
Closing Commitment	\$0	\$0	\$1,020,000

- 1) All payments by wire transfer of immediately available federal funds to the following:

Morgan Guaranty Trust Company of New York
(ABA No. 0210-0023-8)
23 Wall Street
New York, NY 10015
Attention: Money Transfer Department
for The Franklin Life Insurance Company
Account No. 022-05-988

with each wire transfer identifying each payment by "United Telephone Company of the Northwest, First Mortgage Bonds", the series designation and the Private Placement Number, and shall identify the payment as interest, principal and/or premium.

- 2) All notices of payments, written confirmations of wire transfers and all other communications to be sent to:

The Franklin Life Insurance Company
Franklin Square
Springfield, IL 62713
Attention: Investment Department

- 3) The tax identification number for this purchaser is 37-0281650.
4) Name of nominee in which this purchaser's Bonds to be registered initially: None.

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

	<u>1998 Bonds</u>	<u>2000 Bonds</u>	<u>2008 Bonds</u>
Closing Commitment	\$0	\$0	\$2,760,000

- 1) All payments by wire transfer of immediately available federal funds to the following:

Morgan Guaranty Trust Company
(ABA No. 021000238)
New York, NY
BTR/BNF=CUSTZ/AC-99999024

with each wire transfer identifying each payment by “United Telephone Company of the Northwest, First Mortgage Bonds”, the series designation and the Private Placement Number, and shall identify the payment as interest, principal and/or premium.

- 2) All notices of payments, written confirmations of wire transfers and all other communications to be sent to:

Guardian Life Insurance Company
201 Park Avenue South, 7th Floor
New York, New York 10003
Attention: Peter Freeman

with copies to:

Morgan Guaranty Trust
P.O. Box 1479
Church Street Station
New York, NY 10008
For Account Guardian Life Insurance #71002

- 3) The tax identification number for the nominee of this purchaser is 13-602-0781.
4) Name of nominee in which this purchaser’s Bonds to be registered initially: Ince & Co.

INDIANAPOLIS LIFE INSURANCE COMPANY

	<u>1998 Bonds</u>	<u>2000 Bonds</u>	<u>2008 Bonds</u>
Closing Commitment	\$0	\$0	\$520,000

- 1) All payments by wire transfer of immediately available federal funds to the following:

INB National Bank
(ABA No. 0740-00052)
One Indiana Square
Indianapolis, IN 46266

For credit to Indianapolis Life Insurance Company
Account No. 35-001-852

with each wire transfer identifying each payment by “United Telephone Company of the Northwest, First Mortgage Bonds”, the series designation and the Private Placement Number, and shall identify the payment as interest, principal and/or premium.

- 2) All notices of payments, written confirmations of wire transfers and all other communications to be sent to:

Indianapolis Life Insurance Company
2960 North Meridian Street
Indianapolis, IN 46208
Attention: Securities Department

- 3) The tax identification number for the nominee of this purchaser is 35-0413330.
4) Name of nominee in which this purchaser’s Bonds to be registered initially: None.

KNIGHTS OF COLUMBUS

	<u>1998 Bonds</u>	<u>2000 Bonds</u>	<u>2008 Bonds</u>
Closing Commitment	\$0	\$0	\$1,020,000

- 1) All payments by wire transfer of immediately available federal funds to the following:

Morgan Guaranty Trust Company of New York
60 Wall Street
New York, NY 10260
ABA No. 021000238
A/C Knights of Columbus MGT Receipts Account
Account No. 001-02-667

with each wire transfer identifying each payment by "United Telephone Company of the Northwest, First Mortgage Bonds", the series designation and the Private Placement Number, and shall identify the payment as interest, principal and/or premium.

- 2) All notices of payments, written confirmations of wire transfers and all other communications to be sent to:

Knights of Columbus
Post Office Box 2016
New Haven, CT 06521
Attention: Accounting Department

- 3) All other communications to be sent to:

Knights of Columbus
One Columbus Plaza
New Haven, CT 06507
Attention: Investment Department

- 4) The tax identification number for the nominee of this purchaser is 06-0416470.
5) Name of nominee in which this purchaser's Bonds to be registered initially: None.

EMPLOYERS HEALTH INSURANCE COMPANY

	<u>1998 Bonds</u>	<u>2000 Bonds</u>	<u>2008 Bonds</u>
Closing Commitment	\$0	\$1,110,000	\$0

- 1) All payments by wire transfer of immediately available federal funds to the following:

Bank Of New York
(ABA No. 021000018)
New York, NY
IOC 566
Attention: PNI Department
Account #: 369858

with each wire transfer identifying each payment by "United Telephone Company of the Northwest, First Mortgage Bonds", the series designation and the Private Placement Number, and shall identify the payment as interest, principal and/or premium.

- 2) All notices of payments and written confirmations of wire transfers to be sent to:

Employers Health Insurance Company
WEG BLVD.
Green Bay, WI 54344
Attention: Carol Crawford

- 3) All other communications to be sent to:

Lincoln National Investment
Management Company
1300 South Clinton Street
Fort Wayne, IN 46801
Attention: Investments/Private Placements

- 4) The tax identification number for the nominee of this purchaser is 13-6582163.

- 5) Name of nominee in which this purchaser's Bonds to be registered initially: POLLY & CO.

LUTHERAN BROTHERHOOD

	<u>1998 Bonds</u>	<u>2000 Bonds</u>	<u>2008 Bonds</u>
Closing Commitment	\$0	\$0	\$2,320,000

- 1) All payments by wire transfer of immediately available federal funds to the following:

Norwest Bank Minnesota, N.A.
(ABA No. 091000019)
For Credit to Trust Clearing Account No. 08-40-245
Attention: Carol

A/C Lutheran Brotherhood
Account No. 7-26513-00-5

with each wire transfer identifying each payment by "United Telephone Company of the Northwest, First Mortgage Bonds", the series designation and the Private Placement Number, and shall identify the payment as interest, principal and/or premium.

- 2) All notices of payments, written confirmations of wire transfers and all other communications to be sent to:

Lutheran Brotherhood
Attention: Investment Division
625 Fourth Avenue South
Minneapolis, MN 55415

- 3) The tax identification number for this purchaser is 41-0385700.
4) Name of nominee in which this purchaser's Bonds to be registered initially: None.

MODERN WOODMEN OF AMERICA

	<u>1998 Bonds</u>	<u>2000 Bonds</u>	<u>2008 Bonds</u>
Closing Commitment	\$0	\$560,000	\$0

- 1) All payments by wire transfer of immediately available federal funds to the following:

Harris Trust and Savings Bank
(ABA No. 071-000-288)
111 West Monroe Street
Chicago, IL 60690
For the Account of Modern Woodmen of America
Account No. 347-904-5

with each wire transfer identifying each payment by "United Telephone Company of the Northwest, First Mortgage Bonds", the series designation and the Private Placement Number, and shall identify the payment as interest, principal and/or premium.

- 2) All notices of payments, written confirmations of wire transfers and all other communications to be sent to:

Modern Woodmen of America
1701 1st Avenue
Rock Island, IL 61201
Attention: Investment Department

- 3) The tax identification number for this purchaser is 36-1493430.
4) Name of nominee in which this purchaser's Bonds to be registered initially: None.

THE STATE LIFE INSURANCE COMPANY

	<u>1998 Bonds</u>	<u>2000 Bonds</u>	<u>2008 Bonds</u>
Closing Commitment	\$0	\$0	\$510,000

- 1) All payments by wire transfer of immediately available federal funds to the following:

INB National Bank
(ABA No. 074000052)
One Indiana Square
Indianapolis, IN 46266
For the account of The State Life Insurance Company
Account No. 33 000 042

with each wire transfer identifying each payment by "United Telephone Company of the Northwest, First Mortgage Bonds", the series designation and the Private Placement Number, and shall identify the payment as interest, principal and/or premium.

- 2) All notices of payments, written confirmations of wire transfers and all other communications to be sent to:

The State Farm Life Insurance Company
141 East Washington Street
Indianapolis, IN 46204
Attention: Investment Department

- 3) The tax identification number for this purchaser is 35-0684263.
4) Name of nominee in which this purchaser's Bonds to be registered initially: None.

CONFORMED COPY

NINETEENTH SUPPLEMENTAL INDENTURE

UNITED TELEPHONE COMPANY OF THE NORTHWEST

TO

FIRST BANK NATIONAL ASSOCIATION

AND

ELLEN E. MITTET

As Trustees

Dated as of July 1, 1993

First Mortgage Bonds, Series R, 5.74%, due July 1, 1998
First Mortgage Bonds, Series S, 6.21%, due July 1, 2000
First Mortgage Bonds, Series T, 6.89%, due July 1, 2008

THIS NINETEENTH SUPPLEMENTAL INDENTURE dated as of July 1, 1993, by and between **UNITED TELEPHONE COMPANY OF THE NORTHWEST**, a corporation duly organized and existing under and by virtue of the laws of the State of Oregon, having its principal office and place of business in the City and County of Hood River in said state (the "Company"), and **FIRST BANK NATIONAL ASSOCIATION**, a national banking association duly organized and existing under and by virtue of the national banking laws of the United States of America, having its principal office and place of business in the City of Minneapolis, Minnesota, as successor trustee (the "Trustee") and **ELLEN E. MITTET** of the City of Seattle, County of King and State of Washington, as successor individual trustee (hereinafter sometimes referred to as the "Individual Trustee" and collectively, with the Trustee, the "Trustees"), as Trustees.

Recitals:

The background of this Nineteenth Supplemental Indenture is:

A. Until November 1, 1965, the corporate name of the Company was Oregon-Washington Telephone Company and such corporate name was changed on said date to United Telephone Company of the Northwest.

B. The Company heretofore executed and delivered to Peoples National Bank of Washington, now known as U.S. Bank of Washington, National Association, which has been succeeded by First Bank National Association as the Trustee and to E. L. Blaine, Jr., who has been succeeded by Robert G. Perry, who has been succeeded by Donald Greenfield, who has been succeeded by Leo M. Riley, who has been succeeded by S. M. Davis, who has been succeeded by Ellen E. Mittet, as Individual Trustee, its Indenture of Mortgage and Deed of Trust (hereinafter called the "Original Indenture," and the Original Indenture and all supplemental indentures thereto hereinafter collectively called the "Indenture"), dated as of January 1, 1946, whereby the Company granted, bargained, mortgaged, and conveyed unto the Trustees and to their successors in said trust, all real and personal property then owned or to be thereafter acquired by the Company (other than property excepted from the lien thereof), to be held by the Trustees in trust in accordance with the provisions of the Original Indenture for the equal pro rata benefit and security of all Bonds issued under the Original Indenture and indentures supplemental thereto.

C. The Company has heretofore executed and delivered to the predecessors to the Trustees a First Supplemental Indenture dated as of

April 1, 1948, a Second Supplemental Indenture dated as of January 1, 1951, a Third Supplemental Indenture dated as of September 1, 1954, a Fourth Supplemental Indenture dated as of June 1, 1959, a Fifth Supplemental Indenture dated as of July 1, 1960, a Sixth Supplemental Indenture dated as of December 1, 1960, a Seventh Supplemental Indenture dated as of June 1, 1962, an Eighth Supplemental Indenture dated as of September 1, 1964, a Ninth Supplemental Indenture dated as of April 1, 1966, a Tenth Supplemental Indenture dated as of December 1, 1967, an Eleventh Supplemental Indenture dated as of March 1, 1969, a Twelfth Supplemental Indenture dated as of July 1, 1971, a Thirteenth Supplemental Indenture dated as of February 1, 1972, a Fourteenth Supplemental Indenture dated as of August 1, 1973, a Fifteenth Supplemental Indenture dated as of September 1, 1974, a Sixteenth Supplemental Indenture dated as of February 1, 1977, a Seventeenth Supplemental Indenture dated as of July 1, 1979, and an Eighteenth Supplemental Indenture dated as of August 1, 1992, under and pursuant to which supplemental indentures and the Original Indenture the Company has issued its First Mortgage Bonds, Series A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, and Q, and the Original Indenture has been amended and modified in the particulars therein set forth.

D. The Company proposes (1) to create and issue, and establish the terms and provisions applicable to, an additional series of Bonds to be designated First Mortgage Bonds, Series R, 5.74%, due July 1, 1998 ("Series R Bonds"), limited in aggregate principal amount to \$2,650,000, (2) to create and issue, and establish the terms and provisions applicable to, an additional series of Bonds to be designated First Mortgage Bonds, Series S, 6.21%, due July 1, 2000 ("Series S Bonds"), limited in aggregate principal amount to \$4,700,000, (3) to create and issue, and establish the terms and provisions applicable to, an additional series of Bonds to be designated First Mortgage Bonds, Series T, 6.89%, due July 1, 2008 ("Series T Bonds"), limited in aggregate principal amount to \$8,150,000, and (4) to mortgage and convey additional properties acquired or constructed by the Company since the date of the Eighteenth Supplemental Indenture.

E. All acts and things necessary to make the Series R, Series S, and Series T Bonds, when executed by the Company and authenticated by the Trustee as in the Indenture provided, the valid, binding, and legal obligations of the Company, and to constitute these presents a valid indenture and agreement according to its terms, have been done and

performed, and the execution of this Nineteenth Supplemental Indenture and the issue of the Series R, Series S, and Series T Bonds have in all respects been duly authorized, and the Company in the exercise of the legal right and power vested in it executes this Nineteenth Supplemental Indenture.

NOW, THEREFORE, THIS NINETEENTH SUPPLEMENTAL INDENTURE WITNESSETH:

That UNITED TELEPHONE COMPANY OF THE NORTHWEST, in consideration of the premises and of the acceptance by the Trustees of the trusts hereby created and of the purchase and acceptance of the Series R Bonds by the owners thereof and of the sum of One Dollar lawful money of the United States of America to it duly paid by the Trustee, the receipt whereof is hereby acknowledged, in order to secure the payment both of the principal of, premium, if any, and interest on all bonds that may at any time be issued and outstanding under the Indenture according to their tenor and effect and the performance and observance by the Company of all the covenants expressed and implied in the Indenture and in said bonds, without in any way limiting the grant of after-acquired property contained in the Original Indenture, has given, granted, bargained, sold, released, conveyed, alienated, assigned, confirmed, transferred, mortgaged, warranted, pledged, and set over and does by these presents give, grant, bargain, sell, release, convey, alien, assign, confirm, transfer, mortgage, warrant, pledge, and set over unto FIRST BANK NATIONAL ASSOCIATION and ELLEN E. MITTET, Trustees, and to their successors in the trust hereby and in said Original Indenture, as heretofore amended, created, and to them and their assigns forever:

All and singular the premises, plants, properties, leases and leaseholds, franchises, permits, patents, rights and powers of every kind and description, real and personal, of the Company constructed or acquired since the date of the Eighteenth Supplemental Indenture or not described in the Original Indenture or the first eighteen supplemental indentures, other than personal property of the nature of that excluded by the granting clauses of the Original Indenture, including, but without limiting the generality of the foregoing, the real property described in Schedule A hereto, together with all improvements thereon.

TO HAVE AND TO HOLD all said franchises and real and personal property, conveyed, transferred, assigned, mortgaged or pledged by the

Company as aforesaid or intended so to be unto the Trustees and to their successors in said trust and to them and their assigns forever;

IN TRUST, NEVERTHELESS, for the purposes, with the powers and subject to the agreements, covenants and conditions set forth and expressed in the Original Indenture as supplemented and modified by the First through the Eighteenth Supplemental Indentures, it being agreed as follows, to wit:

ARTICLE ONE
SERIES R BONDS

1.01. There is hereby created a series of bonds entitled "First Mortgage Bonds, Series R, 5.74%, due July 1, 1998" (the "Series R Bonds" or "Bonds of Series R") limited in principal amount to \$2,650,000. The Series R Bonds shall be fully registered bonds without coupons of the denomination of \$1,000 and integral multiples thereof. The Series R Bonds shall be dated as of the date of authentication. All Series R Bonds shall mature July 1, 1998, and shall pay interest thereon at the rate of five and seventy-four hundredths percent (5.74%) per annum (based on a 360-day year consisting of twelve 30-day months) from the date thereof or from the most recent date to which interest has been paid or duly provided for, semiannually on January 1 and July 1 in each year until the principal thereof becomes due and payable, and at the rate of six and seventy-four hundredths percent (6.74%) per annum (to the extent that the payment of such interest shall be legally enforceable) on any overdue principal, premium and on any overdue installment of interest; provided, however, that if the due date for any payment of principal, premium, or any installment of interest, shall not be a business day, such payment shall become due on the first business day following such date; and provided further that interest on any such overdue payment shall begin to accrue at the beginning of the day following such date, whether or not such following date is a business day. For purposes of this section a "business day" shall mean any weekday on which the bank at which payment is to be made is open and conducting normal banking operations. Principal of, premium, if any, and interest on Series R Bonds shall be payable at the principal payment office of FIRST BANK NATIONAL ASSOCIATION, in St. Paul, Minnesota, or at the main office of its successor as corporate trustee, in lawful money of the United States of America. The text of the Series R

Bonds and the Trustee's certificate with respect thereto shall be substantially of the tenor and purport set forth in Exhibit A hereto.

1.02. At the option of the Company, the Series R Bonds shall be redeemable in whole at any time, or in part from time to time prior to maturity in multiples of \$100,000, at the principal amount of the bonds being redeemed plus interest accrued thereon to the date fixed for such redemption, plus the Yield Maintenance Premium. The Yield Maintenance Premium shall be the excess, if any, of (i) the aggregate present value, as of the date fixed for redemption, of all remaining payments of principal and interest scheduled to be made on or after the date fixed for redemption with respect to the principal amount of the bonds being redeemed (subtracting from the first such interest payment, interest accrued to the date fixed for redemption), determined by discounting on a semi-annual basis such amounts at the Discount Rate, over (ii) the principal amount of the bonds being redeemed. The Discount Rate shall be equal to the sum of (i) the Yield on U.S. Treasury securities, on the third trading day preceding the date fixed for redemption, having a maturity corresponding to the Weighted Average Life of the bonds being redeemed and (ii) one-half of one percent. If no U.S. Treasury security maturity exactly corresponds to such Weighted Average Life of the bonds to be redeemed, yields for the two such Treasury maturities most closely corresponding to such Weighted Average Life of the bonds to be redeemed shall be interpolated or extrapolated from such Treasury yields on a straight-line basis, rounding to the nearest month to determine the Yield on U.S. Treasury securities. The Weighted Average Life of the bonds being redeemed shall mean, as of the date of any determination thereof, the number of years obtained by dividing the Remaining Dollar-Years of such principal by the aggregate amount of such principal. The Remaining Dollar-Years of such principal shall equal the amount obtained by (i) multiplying (x) the remainder of (1) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (2) the amount of principal scheduled to become due after giving effect to such redemption, by (y) the number of years (calculated to the nearest one-twelfth) between the date of determination and such scheduled payment date, and (ii) totaling the products obtained in (i). The Yield on U.S. Treasury securities, with respect to a particular maturity on a particular date, shall mean the yield reported for U.S. Treasury securities of such maturity in the first listed of the following publications then available: (1) page "USD" of the Bloomberg Financial

Markets Services Screen at 11:00 a.m., New York time, on such date, (2) any similar nationally recognized trading screen reporting on-line intra-day trading in U.S. Treasury securities at 11:00 a.m., New York time, on such date, (3) the arithmetic mean of the yields reported under the headings "This Week" and "Last Week" in the Federal Reserve System's statistical release designated "H.15(519)" most recently published on or before such date, or (4) any other reasonably comparable index approved by the Company and the holders of 66 $\frac{2}{3}$ % in aggregate principal amount of the outstanding Series R Bonds.

1.03. In addition to redemption at the option of the Company as provided above, the Series R Bonds are subject to redemption for cash at the option of the Company in the manner provided for in the Indenture, at the principal amount thereof, together with accrued interest to the redemption date, by use of the money deposited with or paid to the Trustee (i) as proceeds for properties taken under power of eminent domain or sold under threat of such taking or (ii) as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of any of the mortgaged properties; provided, however, that in all such redemptions of some, but less than all of the bonds outstanding under the Indenture, there shall be first (in lieu of application of any other method of selection provided under the Indenture for bonds of other series) allocated to each registered holder of 2% or more of the total principal amount of Series R Bonds then outstanding an amount of such proceeds that bears the same ratio to the total amount of such proceeds available for redemption as the principal amount of Series R Bonds registered in the name of such holder bears to the total principal amount of all bonds outstanding under the Indenture and subject to such redemption; provided further, however, that the Trustee may adjust such allocations so that the principal amount of the bonds to be redeemed from each of the holders thereof shall be as near as possible to an integral multiple of one thousand dollars (\$1,000).

1.04. Notwithstanding anything in the Indenture to the contrary, in case of redemption, other than pursuant to Section 1.03 hereof, of less than all of the Series R Bonds outstanding, the aggregate of all moneys to be applied to such redemption shall be apportioned by the Trustee pro rata as nearly as practicable in amounts of one thousand dollars (\$1,000) or any integral multiple thereof, among each of the registered holders of bonds of such series in the proportion that the aggregate principal amount of bonds of such series then held by each such holder bears to the aggregate

principal amount of bonds of such series then outstanding; and the Trustee shall within ten (10) days after being notified by the Company of its intent to redeem, notify the Company in writing of the numbers and principal amounts of bonds designated or selected by the Trustee for redemption, whether in whole or in part. If exact apportionment proves impracticable, then any portion of the moneys available for redemption, but not exactly apportionable shall be retained by the Trustee and applied as a part of the next succeeding apportionment in redemption as in this section provided.

1.05. The Series R Bonds shall not be redeemable except as provided in Section 1.02 or Section 1.03 hereof. Notwithstanding anything in the Indenture to the contrary, in case the Company shall desire to exercise its right to redeem Bonds of Series R pursuant to Section 1.02 or Section 1.03 hereof, notice of redemption shall be mailed by the Company, by certified or registered mail, postage prepaid, not less than thirty days and not more than sixty days prior to the date fixed for redemption, to the holders of the bonds to be redeemed, as a whole or in part, at their addresses as the same shall appear on the transfer register of the Company. Such notice shall specify the date fixed for redemption, the principal amount of such holder's bonds being redeemed, the amount of interest accrued to the date fixed for redemption and an estimate of the Yield Maintenance Premium, if any. In the case of a redemption pursuant to Section 1.02 hereof, the Company shall also determine the amount of the Yield Maintenance Premium and give notice to the Trustee and each holder of the bonds being redeemed by facsimile or other same-day written communication two days prior to the date fixed for redemption stating the amount of the Yield Maintenance Premium and providing the details of the calculation of the Yield Maintenance Premium, even if it equals zero. The Trustee shall be entitled to rely on the Company's calculation of the Yield Maintenance Premium without independent verification thereof. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the holder receives it. In any case, failure duly to give notice by mail, or defect in the notice, to the holder of any such bond shall not affect the validity of the proceedings for the redemption of any other bond.

1.06. The Bonds of Series R, upon surrender thereof at the principal payment or main office of the Trustee, may be exchanged for the same aggregate unpaid principal balance of fully registered bonds of such series of any authorized denominations. Within a reasonable time after the receipt of a request for such an exchange, the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection

therewith, and the Trustee shall make such exchange upon payment of a sum sufficient to reimburse the Company or the Trustee for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee in connection with the transfer. Notwithstanding anything in Article Two, Section 2.09, of the Original Indenture to the contrary, the Company shall make no charge in connection with the transfer of Series R Bonds other than those set forth in this Section 1.06.

1.07. Fully registered bonds of Series R shall be numbered "RR-1" and consecutively upwards.

1.08. Upon execution of the Nineteenth Supplemental Indenture and from time to time thereafter, the Company may execute and deliver to the Trustee, and the Trustee (provided that the Company has complied with the provisions of the Original Indenture with respect to the issuance of additional bonds) shall authenticate and deliver to, or upon the order of, the Company Bonds of Series R in the form of fully registered bonds without coupons in the aggregate principal amount of Two Million Six Hundred and Fifty Thousand Dollars (\$2,650,000).

ARTICLE TWO

SERIES S BONDS

2.01. There is hereby created a series of bonds entitled "First Mortgage Bonds, Series S, 6.21%, due July 1, 2000" (the "Series S Bonds" or "Bonds of Series S") limited in principal amount to \$4,700,000. The Series S Bonds shall be fully registered bonds without coupons of the denomination of \$1,000 and integral multiples thereof. The Series S Bonds shall be dated as of the date of authentication. All Series S Bonds shall mature July 1, 2000, and shall pay interest thereon at the rate of six and twenty-one hundredths percent (6.21%) per annum (based on a 360-day year consisting of twelve 30-day months) from the date thereof or from the most recent date to which interest has been paid or duly provided for, semiannually on January 1 and July 1 in each year until the principal thereof becomes due and payable, and at the rate of seven and twenty-one hundredths percent (7.21%) per annum (to the extent that the payment of such interest shall be legally enforceable) on any overdue principal, premium and on any overdue installment of interest; provided, however, that if the due date for any payment of principal, premium, or any installment of interest, shall not be a business day, such payment shall become due on the first business day following such date; and provided

further that interest on any such overdue payment shall begin to accrue at the beginning of the day following such date, whether or not such following date is a business day. For purposes of this section a "business day" shall mean any weekday on which the bank at which payment is to be made is open and conducting normal banking operations. Principal of, premium, if any, and interest on Series S Bonds shall be payable at the principal payment office of FIRST BANK NATIONAL ASSOCIATION, in St. Paul, Minnesota, or at the main office of its successor as corporate trustee, in lawful money of the United States of America. The text of the Series S Bonds and the Trustee's certificate with respect thereto shall be substantially of the tenor and purport set forth in Exhibit B hereto.

2.02. At the option of the Company, the Series S Bonds shall be redeemable in whole at any time, or in part from time to time prior to maturity in multiples of \$100,000, at the principal amount of the bonds being redeemed plus interest accrued thereon to the date fixed for such redemption, plus the Yield Maintenance Premium. The Yield Maintenance Premium shall be the excess, if any, of (i) the aggregate present value, as of the date fixed for redemption, of all remaining payments of principal and interest scheduled to be made on or after the date fixed for redemption with respect to the principal amount of the bonds being redeemed (subtracting from the first such interest payment, interest accrued to the date fixed for redemption), determined by discounting on a semi-annual basis such amounts at the Discount Rate, over (ii) the principal amount of the bonds being redeemed. The Discount Rate shall be equal to the sum of (i) the Yield on U.S. Treasury securities, on the third trading day preceding the date fixed for redemption, having a maturity corresponding to the Weighted Average Life of the bonds being redeemed and (ii) one-half of one percent. If no U.S. Treasury security maturity exactly corresponds to such Weighted Average Life of the bonds to be redeemed, yields for the two such Treasury maturities most closely corresponding to such Weighted Average Life of the bonds to be redeemed shall be interpolated or extrapolated from such Treasury yields on a straight-line basis, rounding to the nearest month to determine the Yield on U.S. Treasury securities. The Weighted Average Life of the bonds being redeemed shall mean, as of the date of any determination thereof, the number of years obtained by dividing the Remaining Dollar-Years of such principal by the aggregate amount of such principal. The Remaining Dollar-Years of such principal shall equal the amount obtained by (i) multiplying (x) the remainder of (1) the amount of principal that would

have become due on each scheduled payment date if such redemption had not been made, less (2) the amount of principal scheduled to become due after giving effect to such redemption, by (y) the number of years (calculated to the nearest one-twelfth) between the date of determination and such scheduled payment date, and (ii) totaling the products obtained in (i). The Yield on U.S. Treasury securities, with respect to a particular maturity on a particular date, shall mean the yield reported for U.S. Treasury securities of such maturity in the first listed of the following publications then available: (1) page "USD" of the Bloomberg Financial Markets Services Screen at 11:00 a.m., New York time, on such date, (2) any similar nationally recognized trading screen reporting on-line intra-day trading in U.S. Treasury securities at 11:00 a.m., New York time, on such date, (3) the arithmetic mean of the yields reported under the headings "This Week" and "Last Week" in the Federal Reserve System's statistical release designated "H.15(519)" most recently published on or before such date, or (4) any other reasonably comparable index approved by the Company and the holders of 66 $\frac{2}{3}$ % in aggregate principal amount of the outstanding Series S Bonds.

2.03. In addition to redemption at the option of the Company as provided above, the Series S Bonds are subject to redemption for cash at the option of the Company in the manner provided for in the Indenture, at the principal amount thereof, together with accrued interest to the redemption date, by use of the money deposited with or paid to the Trustee (i) as proceeds for properties taken under power of eminent domain or sold under threat of such taking or (ii) as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of any of the mortgaged properties; provided, however, that in all such redemptions of some, but less than all of the bonds outstanding under the Indenture, there shall be first (in lieu of application of any other method of selection provided under the Indenture for bonds of other series) allocated to each registered holder of 2% or more of the total principal amount of Series S Bonds then outstanding an amount of such proceeds that bears the same ratio to the total amount of such proceeds available for redemption as the principal amount of Series S Bonds registered in the name of such holder bears to the total principal amount of all bonds outstanding under the Indenture and subject to such redemption; provided further, however, that the Trustee may adjust such allocations so that the principal amount of the bonds to be redeemed from each of the holders thereof shall be as near as possible to an integral multiple of one thousand dollars (\$1,000).

2.04. Notwithstanding anything in the Indenture to the contrary, in case of redemption, other than pursuant to Section 2.03 hereof, of less than all of the Series S Bonds outstanding, the aggregate of all moneys to be applied to such redemption shall be apportioned by the Trustee pro rata as nearly as practicable in amounts of one thousand dollars (\$1,000) or any integral multiple thereof, among each of the registered holders of bonds of such series in the proportion that the aggregate principal amount of bonds of such series then held by each such holder bears to the aggregate principal amount of bonds of such series then outstanding; and the Trustee shall within ten (10) days after being notified by the Company of its intent to redeem, notify the Company in writing of the numbers and principal amounts of bonds designated or selected by the Trustee for redemption, whether in whole or in part. If exact apportionment proves impracticable, then any portion of the moneys available for redemption, but not exactly apportionable shall be retained by the Trustee and applied as a part of the next succeeding apportionment in redemption as in this section provided.

2.05. The Series S Bonds shall not be redeemable except as provided in Section 2.02 or Section 2.03 hereof. Notwithstanding anything in the Indenture to the contrary, in case the Company shall desire to exercise its right to redeem Bonds of Series S pursuant to Section 2.02 or Section 2.03 hereof, notice of redemption shall be mailed by the Company, by certified or registered mail, postage prepaid, not less than thirty days and not more than sixty days prior to the date fixed for redemption, to the holders of the bonds to be redeemed, as a whole or in part, at their addresses as the same shall appear on the transfer register of the Company. Such notice shall specify the date fixed for redemption, the principal amount of such holder's bonds being redeemed, the amount of interest accrued to the date fixed for redemption and an estimate of the Yield Maintenance Premium, if any. In the case of a redemption pursuant to Section 2.02 hereof, the Company shall also determine the amount of the Yield Maintenance Premium and give notice to the Trustee and each holder of the bonds being redeemed by facsimile or other same-day written communication two days prior to the date fixed for redemption stating the amount of the Yield Maintenance Premium and providing the details of the calculation of the Yield Maintenance Premium, even if it equals zero. The Trustee shall be entitled to rely on the Company's calculation of the Yield Maintenance Premium without independent verification thereof. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the holder receives it. In any case, failure duly to give notice by mail, or

defect in the notice, to the holder of any such bond shall not affect the validity of the proceedings for the redemption of any other bond.

2.06. The Bonds of Series S, upon surrender thereof at the principal payment or main office of the Trustee, may be exchanged for the same aggregate unpaid principal balance of fully registered bonds of such series of any authorized denominations. Within a reasonable time after the receipt of a request for such an exchange, the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection therewith, and the Trustee shall make such exchange upon payment of a sum sufficient to reimburse the Company or the Trustee for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee in connection with the transfer. Notwithstanding anything in Article Two, Section 2.09, of the Original Indenture to the contrary, the Company shall make no charge in connection with the transfer of Series S Bonds other than those set forth in this Section 2.06.

2.07. Fully registered bonds of Series S shall be numbered "SR-1" and consecutively upwards.

2.08. Upon execution of the Nineteenth Supplemental Indenture and from time to time thereafter, the Company may execute and deliver to the Trustee, and the Trustee (provided that the Company has complied with the provisions of the Original Indenture with respect to the issuance of additional bonds) shall authenticate and deliver to, or upon the order of, the Company Bonds of Series S in the form of fully registered bonds without coupons in the aggregate principal amount of Four Million Seven Hundred Thousand Dollars (\$4,700,000).

ARTICLE THREE

SERIES T BONDS

3.01. There is hereby created a series of bonds entitled "First Mortgage Bonds, Series T, 6.89%, due July 1, 2008" (the "Series T Bonds" or "Bonds of Series T") limited in principal amount to \$8,150,000. The Series T Bonds shall be fully registered bonds without coupons of the denomination of \$1,000 and integral multiples thereof. The Series T Bonds shall be dated as of the date of authentication. All Series T Bonds shall mature July 1, 2008, and shall pay interest thereon at the rate of six and eighty-nine hundredths percent (6.89%) per annum (based on a 360-day year consisting of twelve 30-day months) from the date thereof or

from the most recent date to which interest has been paid or duly provided for, semiannually on January 1 and July 1 in each year until the principal thereof becomes due and payable, and at the rate of seven and eighty-nine hundredths percent (7.89%) per annum (to the extent that the payment of such interest shall be legally enforceable) on any overdue principal, premium and on any overdue installment of interest; provided, however, that if the due date for any payment of principal, premium, or any installment of interest, shall not be a business day, such payment shall become due on the first business day following such date; and provided further that interest on any such overdue payment shall begin to accrue at the beginning of the day following such date, whether or not such following date is a business day. For purposes of this section a "business day" shall mean any weekday on which the bank at which payment is to be made is open and conducting normal banking operations. Principal of, premium, if any, and interest on Series T Bonds shall be payable at the principal payment office of FIRST BANK NATIONAL ASSOCIATION, in St. Paul, Minnesota, or at the main office of its successor as corporate trustee, in lawful money of the United States of America. The text of the Series T Bonds and the Trustee's certificate with respect thereto shall be substantially of the tenor and purport set forth in Exhibit C hereto.

3.02. At the option of the Company, the Series T Bonds shall be redeemable in whole at any time, or in part from time to time prior to maturity in multiples of \$100,000, at the principal amount of the bonds being redeemed plus interest accrued thereon to the date fixed for such redemption, plus the Yield Maintenance Premium. The Yield Maintenance Premium shall be the excess, if any, of (i) the aggregate present value, as of the date fixed for redemption, of all remaining payments of principal and interest scheduled to be made on or after the date fixed for redemption with respect to the principal amount of the bonds being redeemed (subtracting from the first such interest payment, interest accrued to the date fixed for redemption), determined by discounting on a semi-annual basis such amounts at the Discount Rate, over (ii) the principal amount of the bonds being redeemed. The Discount Rate shall be equal to the sum of (i) the Yield on U.S. Treasury securities, on the third trading day preceding the date fixed for redemption, having a maturity corresponding to the Weighted Average Life of the bonds being redeemed and (ii) one-half of one percent. If no U.S. Treasury security maturity exactly corresponds to such Weighted Average Life of the bonds to be redeemed, yields for the two such Treasury maturities most closely corresponding to

such Weighted Average Life of the bonds to be redeemed shall be interpolated or extrapolated from such Treasury yields on a straight-line basis, rounding to the nearest month to determine the Yield on U.S. Treasury securities. The Weighted Average Life of the bonds being redeemed shall mean, as of the date of any determination thereof, the number of years obtained by dividing the Remaining Dollar-Years of such principal by the aggregate amount of such principal. The Remaining Dollar-Years of such principal shall equal the amount obtained by (i) multiplying (x) the remainder of (1) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (2) the amount of principal scheduled to become due after giving effect to such redemption, by (y) the number of years (calculated to the nearest one-twelfth) between the date of determination and such scheduled payment date, and (ii) totaling the products obtained in (i). The Yield on U.S. Treasury securities, with respect to a particular maturity on a particular date, shall mean the yield reported for U.S. Treasury securities of such maturity in the first listed of the following publications then available: (1) page "USD" of the Bloomberg Financial Markets Services Screen at 11:00 a.m., New York time, on such date, (2) any similar nationally recognized trading screen reporting on-line intraday trading in U.S. Treasury securities at 11:00 a.m., New York time, on such date, (3) the arithmetic mean of the yields reported under the headings "This Week" and "Last Week" in the Federal Reserve System's statistical release designated "H.15(519)" most recently published on or before such date, or (4) any other reasonably comparable index approved by the Company and the holders of 66²/₃% in aggregate principal amount of the outstanding Series T Bonds.

3.03. In addition to redemption at the option of the Company as provided above, the Series T Bonds are subject to redemption for cash at the option of the Company in the manner provided for in the Indenture, at the principal amount thereof, together with accrued interest to the redemption date, by use of the money deposited with or paid to the Trustee (i) as proceeds for properties taken under power of eminent domain or sold under threat of such taking or (ii) as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of any of the mortgaged properties; provided, however, that in all such redemptions of some, but less than all of the bonds outstanding under the Indenture, there shall be first (in lieu of application of any other method of selection provided under the Indenture for bonds of other series) allocated

to each registered holder of 2% or more of the total principal amount of Series T Bonds then outstanding an amount of such proceeds that bears the same ratio to the total amount of such proceeds available for redemption as the principal amount of Series T Bonds registered in the name of such holder bears to the total principal amount of all bonds outstanding under the Indenture and subject to such redemption; provided further, however, that the Trustee may adjust such allocations so that the principal amount of the bonds to be redeemed from each of the holders thereof shall be as near as possible to an integral multiple of one thousand dollars (\$1,000).

3.04. Notwithstanding anything in the Indenture to the contrary, in case of redemption, other than pursuant to Section 3.03 hereof, of less than all of the Series T Bonds outstanding, the aggregate of all moneys to be applied to such redemption shall be apportioned by the Trustee pro rata as nearly as practicable in amounts of one thousand dollars (\$1,000) or any integral multiple thereof, among each of the registered holders of bonds of such series in the proportion that the aggregate principal amount of bonds of such series then held by each such holder bears to the aggregate principal amount of bonds of such series then outstanding; and the Trustee shall within ten (10) days after being notified by the Company of its intent to redeem, notify the Company in writing of the numbers and principal amounts of bonds designated or selected by the Trustee for redemption, whether in whole or in part. If exact apportionment proves impracticable, then any portion of the moneys available for redemption, but not exactly apportionable shall be retained by the Trustee and applied as a part of the next succeeding apportionment in redemption as in this section provided.

3.05. The Series T Bonds shall not be redeemable except as provided in Section 3.02 or Section 3.03 hereof. Notwithstanding anything in the Indenture to the contrary, in case the Company shall desire to exercise its right to redeem Bonds of Series T pursuant to Section 3.02 or Section 3.03 hereof, notice of redemption shall be mailed by the Company, by certified or registered mail, postage prepaid, not less than thirty days and not more than sixty days prior to the date fixed for redemption, to the holders of the bonds to be redeemed, as a whole or in part, at their addresses as the same shall appear on the transfer register of the Company. Such notice shall specify the date fixed for redemption, the principal amount of such holder's bonds being redeemed, the amount of interest accrued to the date fixed for redemption and an estimate of the Yield Maintenance Premium, if any. In the case of a redemption pursuant to Section 3.02 hereof, the Company shall also determine the amount of the Yield Maintenance

Premium and give notice to the Trustee and each holder of the bonds being redeemed by facsimile or other same-day written communication two days prior to the date fixed for redemption stating the amount of the Yield Maintenance Premium and providing the details of the calculation of the Yield Maintenance Premium, even if it equals zero. The Trustee shall be entitled to rely on the Company's calculation of the Yield Maintenance Premium without independent verification thereof. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the holder receives it. In any case, failure duly to give notice by mail, or defect in the notice, to the holder of any such bond shall not affect the validity of the proceedings for the redemption of any other bond.

3.06. The Bonds of Series T, upon surrender thereof at the principal payment or main office of the Trustee, may be exchanged for the same aggregate unpaid principal balance of fully registered bonds of such series of any authorized denominations. Within a reasonable time after the receipt of a request for such an exchange, the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection therewith, and the Trustee shall make such exchange upon payment of a sum sufficient to reimburse the Company or the Trustee for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee in connection with the transfer. Notwithstanding anything in Article Two, Section 2.09, of the Original Indenture to the contrary, the Company shall make no charge in connection with the transfer of Series T Bonds other than those set forth in this Section 3.06.

3.07. Fully registered bonds of Series T shall be numbered "TR-1" and consecutively upwards.

3.08. Upon execution of the Nineteenth Supplemental Indenture and from time to time thereafter, the Company may execute and deliver to the Trustee, and the Trustee (provided that the Company has complied with the provisions of the Original Indenture with respect to the issuance of additional bonds) shall authenticate and deliver to, or upon the order of, the Company Bonds of Series T in the form of fully registered bonds without coupons in the aggregate principal amount of Eight Million One Hundred and Fifty Thousand Dollars (\$8,150,000).

ARTICLE FOUR
AMENDMENTS TO THE INDENTURE

SECTION 4.01. Upon the earlier of the (a) the retirement of all bonds of series H, I, J, and Q and (b) the consent, pursuant to Section 17.04 of the Indenture, of the holders of bonds of series H, I, J, and Q, the Indenture shall be amended in accordance with this section:

(A) In Section 1.01, there shall be added the following definition of “Bonded Prior Lien Debt”

“Bonded Prior Lien Debt:

Indebtedness secured by an underlying mortgage certified by the Company as bonded prior lien debt in the manner provided for in section 4.06.”

(B) In Section 1.01, the period at the end of paragraph (c) in the definition of Permitted Encumbrances shall be replaced with a semicolon and there shall be added to the end of the definition the following subparagraph (d):

“(d) bonded prior lien debt.”

(C) The second paragraph of Section 4.01(A) shall be amended by adding after the words “constructed or acquired” the words “(including, for this purpose, property of a successor corporation in a consolidation or merger that assumes the duties and liabilities of the Company hereunder as described in Section 13.01)”.

(D) A new Section 4.06 shall be added to the Indenture to read as follows:

Section 4.06. The Company may, at any time, certify any indebtedness secured by an underlying mortgage as bonded prior lien debt by delivering to the Trustee its order identifying (i) the mortgagee or trustee of such underlying mortgage, (ii) the principal amount of the indebtedness secured by such underlying mortgage and (iii) the mortgaged property of the Company subject to the lien of such underlying mortgage, and (iv) in addition to all of the foregoing, by performing one or more of the following:

(a) appropriating net bondable expenditures in the same manner and to the same extent as provided for in

Section 4.04 for the issuance of additional bonds hereunder and by delivering the documents described in Section 4.05, provided that for such purposes, the mortgaged property described pursuant to (iii) above shall be treated as property additions and the indebtedness described pursuant to (ii) above shall be treated as additional bonds to be issued under Section 4.04; or

(b) delivery of the documents required by paragraphs (2) and (3) of Section 5.01 and by Section 5.02 for the issuance of additional bonds for or on account of the refunding of bonds theretofore authenticated hereunder or the retirement of bonded prior lien debt theretofore certified hereunder, provided that for such purposes, the indebtedness described pursuant to (ii) above shall be treated as additional bonds to be issued under Section 5.01; or

(c) delivery of the documents required by paragraphs (2), (3), and (4) of Section 6.01 for the issuance of additional bonds against cash deposited with the Trustee, provided that for such purposes, the indebtedness described pursuant to (ii) above shall be treated as additional bonds to be issued under Section 6.01.

(E) Section 5.01 of the Indenture shall be amended in its entirety to read as follows:

Section 5.01. Additional bonds of any series, other than bonds of the series to be refunded, may, from time to time, be executed by the Company and delivered to the Trustee for or on account of the payment, purchase and cancellation, redemption or other discharge at, before or after maturity of (i) bonds theretofore authenticated under any provision of this Indenture or (ii) bonded prior lien debt theretofore certified under Section 4.06 of this Indenture, and the Trustee shall, subject to the provisions of this Article, authenticate and deliver the same to or upon the order of the Company upon receipt by the Trustee of:

(1) The documents required by the provisions of Section 4.03 hereof;

(2) In the case of (i) above, Bonds theretofore authenticated and delivered hereunder with all unmatured coupons, if any, attached in aggregate principal amount of the bonds authentication whereof is applied for; provided, however, that in lieu of bonds that have been called for redemption or are then about to mature it shall be sufficient if funds in an amount sufficient to redeem or pay the same shall have been deposited with the Trustee and evidence furnished to the satisfaction of the Trustee that notice of any such redemption has been given, or provided for, or waived; or, in the case of (ii) above, a certificate of the trustee or mortgagee of the underlying mortgage securing such bonded prior lien debt that such indebtedness has been discharged or is otherwise no longer outstanding and secured by such underlying mortgage;

(3) A certificate, dated as of the date of the delivery of such additional bonds, signed and verified by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company stating that the Company is not in default hereunder, and that none of the bonds or none of the bonded prior lien debt, as the case may be, proposed to be refunded have been:

(a) [Deleted]

(b) Purchased or redeemed with the proceeds of the sale or taking of, or with insurance moneys received because of damage to or destruction of, any of the mortgaged property; or

(c) Theretofore used as the basis for the issuance of bonds under this Article Five, or delivered to the Trustee in lieu of payments for any sinking fund, or theretofore used as the basis for the certification of bonded prior lien debt under Section 4.06, or otherwise credited under any requirement hereof;

(4) An opinion of counsel stating that said additional bonds when duly authenticated and delivered will be secured by the lien of this Indenture.

(F) Section 8.07 shall be amended

(1) by substituting for the first occurrence of the word “which” in the first sentence thereof the words “that has been operated for a period of at least twelve months as telephone utility property prior to its acquisition by the Company and that”;

(2) by substituting for the word “fifteen” in the first sentence thereof the word “eighteen”; and

(3) by deleting the words “to offset such part of such indebtedness as shall exceed such percentage there shall be appropriated net bondable expenditures for property additions in an amount equivalent to such excess.” and by deleting the last sentence thereof and by substituting therefor the words “such indebtedness shall be certified as bonded prior lien debt in the manner provided for in section 4.06.”

(G) Section 11.04(A)(b) shall be amended by replacing “\$25,000” with “an amount equal to 2% of Total Telephone Plant in Service”.

(H) Section 13.01 shall be amended

(1) by deleting the words “unless there shall be appropriated net bondable expenditures in an amount equivalent to such excess (such appropriation to be evidenced in the same way as a similar appropriation pursuant to Section 8.07)” and by substituting therefor the words “unless such obligations shall be certified as bonded prior lien debt in the manner provided for in section 4.06”; and

(2) by deleting the words “fifteen (15)” and substituting therefor the words “eighteen (18)”.

ARTICLE FIVE

ADDITIONAL PROVISIONS

5.01. The Company covenants that it is lawfully seized and possessed of the property described in the granting clauses of this Nineteenth Supplemental Indenture and that it will warrant and defend the title to said property to the Trustees for the equal pro rata benefit of the holders of all bonds at any time outstanding under the Indenture against the claims and

demands (except those which constitute permitted encumbrances) of all persons whomsoever.

5.02. The property of the Company will at all times be maintained and preserved in good repair and efficiency in accordance with accepted standards and the requirements of the Washington Utilities and Transportation Commission and the Public Utility Commissioner of Oregon with respect to properties within the respective states. So long as any Series R, S, or T Bonds remain outstanding, it will during the three year period beginning January 1, 1992, and each successive three year period, upon written request of the holders or registered owners of not less than twenty-five per cent (25%) in principal amount of any one of the Series R, S, or T Bonds then outstanding, have the physical properties of the Company inspected at the Company's expense by an engineer or firm of engineers (who may be in the regular employ of the Company or under regular retainer from the Company) selected by the Board of Directors of the Company and satisfactory to the Trustee. Such engineer or firm of engineers will file with the Trustee a written report stating the extent to which the property of the Company has been maintained in compliance with this covenant. The Trustee will mail a copy of the report to each holder of Series R, S, and T Bonds.

The Company covenants and agrees that, if such engineer or firm of engineers shall report that a maintenance deficiency exists, the Company will with all reasonable speed make such repairs or do such other maintenance work as may be necessary to make good such deficiency as shall exist at the time of such report, whereupon such engineer or firm of engineers (or, in the case of his or its refusal or inability to act, some other engineer or firm of engineers similarly selected) shall report in writing to the Trustee that such deficiency has been made good.

If such deficiency shall not have been made good within one year, or such longer period as may be reported by such engineer or firm of engineers to be reasonably necessary for the purpose, the Trustee may, and upon proper request of the holders of at least twenty-five per centum (25%) in principal amount of the bonds of all series at the time outstanding shall, in accordance with the provisions of Article Fifteen of the Original Indenture, proceed to enforce this covenant of the Company.

5.03. Notwithstanding anything in the Indenture to the contrary, the signatures of the officers executing the Bonds of Series R, S, and T may

be manual signatures or facsimiles thereof, and the corporate seal may be mechanically reproduced thereon.

5.04. Except as herein specifically changed, the Original Indenture, as supplemented and amended by the First through the Eighteenth Supplemental Indentures, is hereby in all respects ratified and confirmed.

5.05. The Company, and the holders of the bonds hereby issued by their acceptance and holding thereof, hereby consent and agree that the amendments to the Original Indenture contained in all prior supplemental indentures shall be effective as therein provided.

5.06. Although this Nineteenth Supplemental Indenture is dated for convenience and for the purpose of reference as of July 1, 1993, the actual dates of execution by the Company and by the Trustees are as indicated by their respective acknowledgments hereto annexed.

5.07. The warranties, representations, and agreements contained in this Nineteenth Supplemental Indenture, insofar as they apply exclusively to the Series R, S, or T Bonds, shall be construed in accordance with and governed by the laws of the State of Washington.

5.08. This Nineteenth Supplemental Indenture shall be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, UNITED TELEPHONE COMPANY OF THE NORTHWEST has caused these presents to be signed in its name and behalf by its President or Vice President and its corporate seal to be hereto affixed and attested by its Secretary or Assistant Secretary and to evidence their acceptance of the trusts hereby created; FIRST BANK NATIONAL ASSOCIATION, has caused these presents to be signed in its name and behalf by one of its Vice Presidents or Authorized Officers and its corporate seal to be hereto affixed and attested by one of its Trust Officers, and ELLEN E. MITTET has hereto set her hand, all as of July 1, 1993.

UNITED TELEPHONE COMPANY
OF THE NORTHWEST

BY: HUGH PILKENTON
HUGH PILKENTON,
Vice President

(CORPORATE SEAL)

Attest:

TIM J. BONANSINGA
TIM J. BONANSINGA,
Secretary

FIRST BANK NATIONAL ASSOCIATION,
Trustee

BY: MARK D. HARTZELL
Vice President

(CORPORATE SEAL)

Attest:

K. C. ALBRIGHT
Assistant Secretary

Signed, sealed and acknowledged by FIRST
BANK NATIONAL ASSOCIATION in the presence
of:

SCOTT STRODTHOFF

ELLEN E. MITTET
ELLEN E. MITTET,
Individual Trustee

Signed, sealed and acknowledged by ELLEN
E. MITTET in the presence of:

KIM MURPHY
Trust Officer

STATE OF OREGON }
COUNTY OF HOOD RIVER } ss:

On this 9th day of July, 1993, before me, the undersigned officer, appeared HUGH PILKENTON and TIM J. BONANSINGA, to me personally known, who, being duly sworn, did acknowledge themselves to be Vice President and Secretary, respectively, of UNITED TELEPHONE COMPANY OF THE NORTHWEST, a corporation, and that said instrument was signed and sealed by HUGH PILKENTON as such Vice President on behalf of said corporation and as the free act and deed of said corporation by authority of its Board of Directors and that TIM J. BONANSINGA as such Secretary affixed the corporate seal of said corporation thereto and attested the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this day and year first in this my certificate above written.

.....REBECCA M. BUGGE.....
Notary Public

My commission expires:

September 16, 1994

.....

STATE OF MINNESOTA }
COUNTY OF RAMSEY } ss:

On this 8th day of July, before me, the undersigned officer, personally appeared MARK D. HARTZELL and K. C. ALBRIGHT to me known to be Authorized Officers of FIRST BANK NATIONAL ASSOCIATION, the national banking association which executed the within and foregoing instrument, and MARK D. HARTZELL and K. C. ALBRIGHT as Authorized Officers acknowledged said instrument to be the free and voluntary act and deed of said association for the uses and purposes therein mentioned and, on oath, stated that they were authorized to execute said instrument and K. C. ALBRIGHT as Authorized Officer on oath stated that she was authorized to affix the seal of said association to said instrument and to attest the same and that the seal affixed to said instrument is the seal of said association.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this the day and year first in this my certificate above written.

.....RICK PROKOSCH.....
Notary Public

Typed Name: RICK PROKOSCH

Residing at: Oakdale, MN

My commission expires:

March 28, 1997

.....

STATE OF WASHINGTON }
COUNTY OF KING } ss:

On this 7th day of July, 1993, before me, the undersigned officer, personally appeared ELLEN E. MITTET, to me known to be the individual described in and who executed the within and foregoing instrument and acknowledged that she executed and signed the same as her free and voluntary act and deed for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this the day and year first in this my certificate above written.

.....TERESA A. CARROLL.....
Notary Public

Typed Name: TERESA A. CARROLL
Residing at: Seattle, WA

My commission expires:

January 9, 1997

.....

SCHEDULE A
Real Property Descriptions

OREGON

Lincoln County

A tract of land situated in the Northeast Quarter of the Northeast Quarter of Section 15, T 7 S, R 11 W, W.M., in Lincoln County, Oregon, more particularly described as follows:

A parcel of land beginning at the North corner of Government Lots 1 and 2 in Section 15, T 7 S, R 11 W, W.M., running thence North 88°34' West along the North boundary of said Government Lot 2 a distance of 100 feet; thence South on a line parallel to the North and South line between the aforesaid Government Lots 1 and 2 a distance of 246 feet to the North line of the Reed tract described in Deed recorded February 21, 1962, in Book 222, Page 498, Deed Records; thence South 81°23'30" East along said Reed tract 112 feet, more or less, to the North and South line between the aforesaid Government Lots 1 and 2; thence North along said line a distance of 263.7 feet to the place of beginning.

EXCEPTING THEREFROM that tract deeded to William Cates, et ux, by instrument recorded in Book 254, Page 435, Deed Records, more particularly described as follows:

Beginning at a point where the South line of Brookside Street intersects the Northeast corner of Government Lot 2 in Section 15, T 7 S, R 11 W, W.M., Lincoln County, Oregon; running thence North 88°34' West along the North boundary line of Government Lot 2 a distance of 75.0 feet; thence South on a line parallel to the East line of said Government Lot 2 a distance of 99 feet; thence East and parallel to the North line of Government Lot 2 a distance of 75 feet to the East line of said Government Lot 2; thence North 99 feet to the place of beginning.

EXHIBIT A**Form of Series R Fully Registered Bond Without Coupon**

No. RR- \$

**UNITED TELEPHONE COMPANY
OF THE NORTHWEST**

FIRST MORTGAGE BOND, SERIES R, 5.74%, DUE JULY 1, 1998

UNITED TELEPHONE COMPANY OF THE NORTHWEST, a corporation of the State of Oregon (the "Company"), for value received, hereby promises to pay to or registered assigns, on the first day of July, 1998, the principal sum of and to pay interest thereon at the rate of five and seventy-four hundredths percent (5.74%) per annum (based on a 360-day year consisting of twelve 30-day months) from the date hereof or from the most recent date to which interest has been paid or duly provided for, semiannually on January 1 and July 1 in each year until the principal hereof becomes due and payable, and at the rate of six and seventy-four hundredths percent (6.74%) per annum (to the extent that the payment of such interest shall be legally enforceable) on any overdue principal, premium and on any overdue installment of interest; provided, however, that if the due date for any payment of principal, premium, or any installment of interest, shall not be a business day, such payment shall become due on the first business day following such date; and provided further that interest on any such overdue payment shall begin to accrue at the beginning of the day following such date, whether or not such following date is a business day. Both the principal of and the interest on this Bond shall be payable at the principal payment office of First Bank National Association, in St. Paul, Minnesota, or at the main office of its successor as corporate trustee in the trust hereinafter referred to, in lawful money of the United States of America; provided that, notwithstanding any provision hereof or of the Indenture (as herein defined) to the contrary, any payment made hereon may be made directly to the registered owner hereof without presentation or surrender hereof if there shall have been delivered to the Trustee a written agreement between the Company and such registered owner that payment may be so made.

This Bond is one of a duly authorized issue of first mortgage bonds of the Company, of a series designated First Mortgage Bonds, Series R,

5.74%, due July 1, 1998, limited as to aggregate principal amount as set forth in the Nineteenth Supplemental Indenture hereinafter mentioned, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other analogous fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of January 1, 1946, as amended and modified by First through Eighteenth Supplemental Indentures and a Nineteenth Supplemental Indenture dated as of July 1, 1993 (said twenty instruments being collectively called the Indenture), all duly executed and delivered by the Company to First Bank National Association of Minneapolis, Minnesota, or its predecessors as corporate trustee (the "Trustee"), and to Ellen E. Mittet or her predecessors as individual trustee (the "Individual Trustee") as trustees (the "Trustees"), to which Indenture and to all indentures supplemental thereto reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustees, and the Company in respect to such security. Subsequent series of said bonds may vary as to date, date of maturity, rate of interest, and in other ways as in the Indenture provided or permitted.

At the option of the Company and upon notice as provided in the Indenture, the Series R Bonds shall be redeemable in whole at any time, or in part from time to time prior to maturity in multiples of \$100,000, at the principal amount of the bonds being redeemed plus interest accrued thereon to the date fixed for such redemption, plus the Yield Maintenance Premium. The Yield Maintenance Premium shall be the excess, if any, of (i) the aggregate present value, as of the date fixed for redemption, of all remaining payments of principal and interest scheduled to be made on or after the date fixed for redemption with respect to the principal amount of the bonds being redeemed (subtracting from the first such interest payment, interest accrued to the date fixed for redemption), determined by discounting on a semi-annual basis such amounts at the Discount Rate (as defined in the Indenture by reference to the yield three trading days prior to the date fixed for redemption of U.S. Treasury securities having a maturity corresponding to the weighted average life of the bonds being

redeemed on the date fixed for redemption), over (ii) the principal amount of the bonds being redeemed.

On the conditions and in the manner provided in the Indenture and in addition to redemption at the option of the Company as explained above, the Series R Bonds are subject to redemption for cash at the option of the Company in the manner provided for in the Indenture, at the principal amount thereof, together with accrued interest to the redemption date, by use of the money deposited with or paid to the Trustee (i) as proceeds for properties taken under power of eminent domain or sold under threat of such taking or (ii) as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of any of the mortgaged properties; provided, however, that in all such redemptions of some, but less than all of the bonds outstanding under the Indenture, there shall be first (in lieu of application of any other method of selection provided under the Indenture for bonds of other series) allocated to each registered holder of 2% or more of the total principal amount of Series R Bonds then outstanding an amount of such proceeds that bears the same ratio to the total amount of such proceeds available for redemption as the principal amount of Series R Bonds registered in the name of such holder bears to the total principal amount of all bonds outstanding under the Indenture and subject to such redemption; provided further, however, that the Trustee may adjust such allocations so that the principal amount of the bonds to be redeemed from each of the holders thereof shall be as near as possible to an integral multiple of one thousand dollars (\$1,000).

This Bond is transferable by the registered owner either in person or by attorney duly authorized in writing in the office of the Trustee upon surrender and cancellation of this Bond and upon payment of charges, and upon any such transfer a new registered Bond without coupons of the same series in the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Company and the Trustee may treat the registered owner of this Bond as the absolute owner hereof for the purpose of receiving payment hereof, or on account hereof, and for all other purposes.

No recourse shall be had for the payment of the principal of, premium, if any, or the interest on this Bond, or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company or of any successor company, whether by virtue of any statute or rule of law or by the

enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This Bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

IN WITNESS WHEREOF, UNITED TELEPHONE COMPANY OF THE NORTHWEST has caused this Bond to be signed in its name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Secretary or one of its Assistant Secretaries.

UNITED TELEPHONE COMPANY
OF THE NORTHWEST

By:
President

Attest:

.....
Secretary

[TRUSTEE'S CERTIFICATE]

This Bond is one of the Bonds of the First Mortgage Bonds, Series R, 5.74%, due July 1, 1998, referred to in the within-mentioned Indenture.

FIRST BANK NATIONAL ASSOCIATION,
Successor Trustee

Dated:

By:
Authorized Officer

EXHIBIT B

Form of Series S Fully Registered Bond Without Coupon

No. SR- \$

**UNITED TELEPHONE COMPANY
OF THE NORTHWEST**

FIRST MORTGAGE BOND, SERIES S, 6.21%, DUE JULY 1, 2000

UNITED TELEPHONE COMPANY OF THE NORTHWEST, a corporation of the State of Oregon (the "Company"), for value received, hereby promises to pay to or registered assigns, on the first day of July, 2000, the principal sum of and to pay interest thereon at the rate of six and twenty-one hundredths percent (6.21%) per annum (based on a 360-day year consisting of twelve 30-day months) from the date hereof or from the most recent date to which interest has been paid or duly provided for, semiannually on January 1 and July 1 in each year until the principal hereof becomes due and payable, and at the rate of seven and twenty-one hundredths percent (7.21%) per annum (to the extent that the payment of such interest shall be legally enforceable) on any overdue principal, premium and on any overdue installment of interest; provided, however, that if the due date for any payment of principal, premium, or any installment of interest, shall not be a business day, such payment shall become due on the first business day following such date; and provided further that interest on any such overdue payment shall begin to accrue at the beginning of the day following such date, whether or not such following date is a business day. Both the principal of and the interest on this Bond shall be payable at the principal payment office of First Bank National Association, in St. Paul, Minnesota, or at the main office of its successor as corporate trustee in the trust hereinafter referred to, in lawful money of the United States of America; provided that, notwithstanding any provision hereof or of the Indenture (as herein defined) to the contrary, any payment made hereon may be made directly to the registered owner hereof without presentation or surrender hereof if there shall have been delivered to the Trustee a written agreement between the Company and such registered owner that payment may be so made.

This Bond is one of a duly authorized issue of first mortgage bonds of the Company, of a series designated First Mortgage Bonds, Series S,

6.21%, due July 1, 2000, limited as to aggregate principal amount as set forth in the Nineteenth Supplemental Indenture hereinafter mentioned, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other analogous fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of January 1, 1946, as amended and modified by First through Eighteenth Supplemental Indentures and a Nineteenth Supplemental Indenture dated as of July 1, 1993 (said twenty instruments being collectively called the Indenture), all duly executed and delivered by the Company to First Bank National Association of Minneapolis, Minnesota, or its predecessors as corporate trustee (the "Trustee"), and to Ellen E. Mittet or her predecessors as individual trustee (the "Individual Trustee") as trustees (the "Trustees"), to which Indenture and to all indentures supplemental thereto reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustees, and the Company in respect to such security. Subsequent series of said bonds may vary as to date, date of maturity, rate of interest, and in other ways as in the Indenture provided or permitted.

At the option of the Company and upon notice as provided in the Indenture, the Series S Bonds shall be redeemable in whole at any time, or in part from time to time prior to maturity in multiples of \$100,000, at the principal amount of the bonds being redeemed plus interest accrued thereon to the date fixed for such redemption, plus the Yield Maintenance Premium. The Yield Maintenance Premium shall be the excess, if any, of (i) the aggregate present value, as of the date fixed for redemption, of all remaining payments of principal and interest scheduled to be made on or after the date fixed for redemption with respect to the principal amount of the bonds being redeemed (subtracting from the first such interest payment, interest accrued to the date fixed for redemption), determined by discounting on a semi-annual basis such amounts at the Discount Rate (as defined in the Indenture by reference to the yield three trading days prior to the date fixed for redemption of U.S. Treasury securities having a maturity corresponding to the weighted average life of the bonds being

redeemed on the date fixed for redemption), over (ii) the principal amount of the bonds being redeemed.

On the conditions and in the manner provided in the Indenture and in addition to redemption at the option of the Company as explained above, the Series S Bonds are subject to redemption for cash at the option of the Company in the manner provided for in the Indenture, at the principal amount thereof, together with accrued interest to the redemption date, by use of the money deposited with or paid to the Trustee (i) as proceeds for properties taken under power of eminent domain or sold under threat of such taking or (ii) as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of any of the mortgaged properties; provided, however, that in all such redemptions of some, but less than all of the bonds outstanding under the Indenture, there shall be first (in lieu of application of any other method of selection provided under the Indenture for bonds of other series) allocated to each registered holder of 2% or more of the total principal amount of Series S Bonds then outstanding an amount of such proceeds that bears the same ratio to the total amount of such proceeds available for redemption as the principal amount of Series S Bonds registered in the name of such holder bears to the total principal amount of all bonds outstanding under the Indenture and subject to such redemption; provided further, however, that the Trustee may adjust such allocations so that the principal amount of the bonds to be redeemed from each of the holders thereof shall be as near as possible to an integral multiple of one thousand dollars (\$1,000).

This Bond is transferable by the registered owner either in person or by attorney duly authorized in writing in the office of the Trustee upon surrender and cancellation of this Bond and upon payment of charges, and upon any such transfer a new registered Bond without coupons of the same series in the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Company and the Trustee may treat the registered owner of this Bond as the absolute owner hereof for the purpose of receiving payment hereof, or on account hereof, and for all other purposes.

No recourse shall be had for the payment of the principal of, premium, if any, or the interest on this Bond, or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company or of any successor company, whether by virtue of any statute or rule of law or by the

enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This Bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

IN WITNESS WHEREOF, UNITED TELEPHONE COMPANY OF THE NORTHWEST has caused this Bond to be signed in its name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Secretary or one of its Assistant Secretaries.

UNITED TELEPHONE COMPANY
OF THE NORTHWEST

By:
President

Attest:

.....
Secretary

[TRUSTEE'S CERTIFICATE]

This Bond is one of the Bonds of the First Mortgage Bonds, Series S, 6.21%, due July 1, 2000, referred to in the within-mentioned Indenture.

FIRST BANK NATIONAL ASSOCIATION,
Successor Trustee

Dated:

By:
Authorized Officer

EXHIBIT C

Form of Series T Fully Registered Bond Without Coupon

No. TR- \$

**UNITED TELEPHONE COMPANY
OF THE NORTHWEST**

FIRST MORTGAGE BOND, SERIES T, 6.89%, DUE JULY 1, 2008

UNITED TELEPHONE COMPANY OF THE NORTHWEST, a corporation of the State of Oregon (the "Company"), for value received, hereby promises to pay to _____ or registered assigns, on the first day of July, 2008, the principal sum of _____ and to pay interest thereon at the rate of six and eighty-nine hundredths percent (6.89%) per annum (based on a 360-day year consisting of twelve 30-day months) from the date hereof or from the most recent date to which interest has been paid or duly provided for, semiannually on January 1 and July 1 in each year until the principal hereof becomes due and payable, and at the rate of seven and eighty-nine hundredths percent (7.89%) per annum (to the extent that the payment of such interest shall be legally enforceable) on any overdue principal, premium and on any overdue installment of interest; provided, however, that if the due date for any payment of principal, premium, or any installment of interest, shall not be a business day, such payment shall become due on the first business day following such date; and provided further that interest on any such overdue payment shall begin to accrue at the beginning of the day following such date, whether or not such following date is a business day. Both the principal of and the interest on this Bond shall be payable at the principal payment office of First Bank National Association, in St. Paul, Minnesota, or at the main office of its successor as corporate trustee in the trust hereinafter referred to, in lawful money of the United States of America; provided that, notwithstanding any provision hereof or of the Indenture (as herein defined) to the contrary, any payment made hereon may be made directly to the registered owner hereof without presentation or surrender hereof if there shall have been delivered to the Trustee a written agreement between the Company and such registered owner that payment may be so made.

This Bond is one of a duly authorized issue of first mortgage bonds of the Company, of a series designated First Mortgage Bonds, Series T,

6.89%, due July 1, 2008, limited as to aggregate principal amount as set forth in the Nineteenth Supplemental Indenture hereinafter mentioned, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other analogous fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of January 1, 1946, as amended and modified by First through Eighteenth Supplemental Indentures and a Nineteenth Supplemental Indenture dated as of July 1, 1993 (said twenty instruments being collectively called the Indenture), all duly executed and delivered by the Company to First Bank National Association of Minneapolis, Minnesota, or its predecessors as corporate trustee (the "Trustee"), and to Ellen E. Mittet or her predecessors as individual trustee (the "Individual Trustee") as trustees (the "Trustees"), to which Indenture and to all indentures supplemental thereto reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustees, and the Company in respect to such security. Subsequent series of said bonds may vary as to date, date of maturity, rate of interest, and in other ways as in the Indenture provided or permitted.

At the option of the Company and upon notice as provided in the Indenture, the Series T Bonds shall be redeemable in whole at any time, or in part from time to time prior to maturity in multiples of \$100,000, at the principal amount of the bonds being redeemed plus interest accrued thereon to the date fixed for such redemption, plus the Yield Maintenance Premium. The Yield Maintenance Premium shall be the excess, if any, of (i) the aggregate present value, as of the date fixed for redemption, of all remaining payments of principal and interest scheduled to be made on or after the date fixed for redemption with respect to the principal amount of the bonds being redeemed (subtracting from the first such interest payment, interest accrued to the date fixed for redemption), determined by discounting on a semi-annual basis such amounts at the Discount Rate (as defined in the Indenture by reference to the yield three trading days prior to the date fixed for redemption of U.S. Treasury securities having a maturity corresponding to the weighted average life of the bonds being

redeemed on the date fixed for redemption), over (ii) the principal amount of the bonds being redeemed.

On the conditions and in the manner provided in the Indenture and in addition to redemption at the option of the Company as explained above, the Series T Bonds are subject to redemption for cash at the option of the Company in the manner provided for in the Indenture, at the principal amount thereof, together with accrued interest to the redemption date, by use of the money deposited with or paid to the Trustee (i) as proceeds for properties taken under power of eminent domain or sold under threat of such taking or (ii) as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of any of the mortgaged properties; provided, however, that in all such redemptions of some, but less than all of the bonds outstanding under the Indenture, there shall be first (in lieu of application of any other method of selection provided under the Indenture for bonds of other series) allocated to each registered holder of 2% or more of the total principal amount of Series T Bonds then outstanding an amount of such proceeds that bears the same ratio to the total amount of such proceeds available for redemption as the principal amount of Series T Bonds registered in the name of such holder bears to the total principal amount of all bonds outstanding under the Indenture and subject to such redemption; provided further, however, that the Trustee may adjust such allocations so that the principal amount of the bonds to be redeemed from each of the holders thereof shall be as near as possible to an integral multiple of one thousand dollars (\$1,000).

This Bond is transferable by the registered owner either in person or by attorney duly authorized in writing in the office of the Trustee upon surrender and cancellation of this Bond and upon payment of charges, and upon any such transfer a new registered Bond without coupons of the same series in the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Company and the Trustee may treat the registered owner of this Bond as the absolute owner hereof for the purpose of receiving payment hereof, or on account hereof, and for all other purposes.

No recourse shall be had for the payment of the principal of, premium, if any, or the interest on this Bond, or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company or of any successor company, whether by virtue of any statute or rule of law or by the

enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This Bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

IN WITNESS WHEREOF, UNITED TELEPHONE COMPANY OF THE NORTHWEST has caused this Bond to be signed in its name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Secretary or one of its Assistant Secretaries.

UNITED TELEPHONE COMPANY
OF THE NORTHWEST

By:
President

Attest:

.....
Secretary

[TRUSTEE'S CERTIFICATE]

This Bond is one of the Bonds of the First Mortgage Bonds, Series T, 6.89%, due July 1, 2008, referred to in the within-mentioned Indenture.

FIRST BANK NATIONAL ASSOCIATION,
Successor Trustee

Dated:

By:
Authorized Officer

**RECORDING INFORMATION
NINETEENTH SUPPLEMENTAL INDENTURE**

<u>State</u>	<u>County</u>	<u>Date</u>	<u>Book</u>	<u>Page</u>	<u>Inst. No.</u>
Oregon	Crook	7-12-93			110091
Oregon	Deschutes	7-13-93	305	354	
Oregon	Douglas	7-12-93	1244	654	93-14156
Oregon	Gilliam	7-12-93			
Oregon	Grant	7-12-93			
Oregon	Harney	7-12-93			93-1153
Oregon	Hood River	7-13-93			93-2328
Oregon	Jackson	7-12-93			93-22638
Oregon	Jefferson	7-12-93			93-2031
Oregon	Klamath	7-12-93	M93	16706	
Oregon	Lake	7-12-93	97	668	
Oregon	Lane	7-12-93			93-42506
Oregon	Lincoln	7-13-93			
Oregon	Malheur	7-13-93			93-4479
Oregon	Polk	7-12-93	270	1665	374388
Oregon	Tillamook	7-12-93	352	227	
Oregon	Wasco	7-13-93			93-2657
Oregon	Yamhill	7-14-93	289	867	
Washington	Benton	7-14-93			93-20279
Washington	Grant	7-12-93			93-0713020
Washington	Jefferson	7-12-93	421	250	362038
Washington	Kitsap	7-12-93			93-07120277
Washington	Klickitat	7-13-93	298	438	235603
Washington	Skamania	7-13-93	136	656	116730
Washington	Yakima	7-12-93	1401	155	3008942

United Telephone Company of the Northwest

Dated as of September 15, 1992

To Each of the Purchasers
listed in Annex A hereto at
its Address as shown therein

Ladies and Gentlemen:

The undersigned, United Telephone Company of the Northwest (formerly, Oregon-Washington Telephone Company) (the "Company"), confirms its Agreement with you as follows:

Section 1. Bonds to Be Issued. The Company had outstanding, as of March 31, 1992, First Mortgage Bonds in eight series, each series bearing various dates, series designations, and maturity dates in the aggregate principal amount of \$39,706,000, all issued under and secured by an Indenture of Mortgage entered into by and between the Company and U.S. Bank of Washington, National Association, as trustee, dated as of January 1, 1946 (the "Original Indenture"), and various supplements thereto (the "Supplemental Indentures").

The Company has authorized the issuance of \$29,000,000 aggregate principal amount of its 8.77% First Mortgage Bonds, Series Q, due August 1, 2017 (the "Bonds"), to be issued under and pursuant to the terms and provisions of the Original Indenture, the Supplemental Indentures and an Eighteenth Supplemental Indenture (the "New Supplemental Indenture") to be entered into by and between the Company and U.S. Bank of Washington, National Association, and S.M. Davis, as trustees (the "Trustees"), to be dated as of August 1, 1992 (the Original Indenture and the supplements thereto being hereinafter referred to collectively as the "Indenture"); the Bonds are to be payable as to principal, interest and premium, if any, in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts, to bear interest as provided at the rate of 8.77% per annum, said interest being payable semiannually on February 1 and August 1 of each year (or the next succeeding business day, as defined in the New Supplemental Indenture, if such date is not a business day), the first installment of interest being payable on February 1, 1993. The New Supplemental Indenture shall be in the form attached hereto as Exhibit A; subject, however, to such modifications thereof, omissions therefrom and additions thereto as may be agreed between you, the Other Purchasers (as defined in Section 3 hereof) and the Company.

Section 2. Representations and Warranties. The Company represents and warrants to you that:

(a) *The Company; Business of the Company.* The Company, a wholly-owned subsidiary of Sprint Corporation ("Sprint"), is a corporation duly organized and legally existing and in good standing under the laws of the state of its incorporation, and has all requisite power and authority to own the properties specifically described in the Indenture (except such property as has been sold or retired by the Company and released from the lien of the Indenture pursuant to the terms thereof), to carry on the business now conducted by it, and to execute and deliver the New Supplemental Indenture and this Agreement and to issue the Bonds thereunder and hereunder. The Company has no subsidiaries. The Company is engaged in the telephone utility business and all of its properties are situated in the states of Oregon and Washington and all of its business is conducted in those states.

(b) *Financial Statements.* The audited balance sheets and statements of income for the years ended on December 31, 1989 through 1991 (copies of which have heretofore been delivered to you) are correct and complete and fairly represent the financial condition of the Company at such dates and the results of the operations of the Company for such periods. Said financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP").

(c) *Status of Bonds and Sale of Bonds.* The Bonds have been duly authorized on the part of the Company and, when issued, will constitute the legal, valid and binding obligations of the Company, enforceable in accordance with their terms, subject to usual equitable principles and except as limited

by bankruptcy, moratorium, insolvency or similar laws of general application affecting the enforcement of creditors' rights. The sale of the Bonds and compliance by the Company with all of the provisions of the Indenture and of the Bonds are within the corporate powers of the Company and have been duly authorized by proper corporate action.

(d) *No Adverse Changes.* Other than changes arising from transactions in the usual course of business, there have been no material adverse changes in the assets, liabilities or condition of the Company, financial or otherwise, from that set forth in its audited financial statements as of and for the year ended December 31, 1991, and no such changes arising from business transactions in the usual course of business have been material adverse changes.

(e) *No Catastrophe.* The business and properties of the Company have not been adversely affected in any substantial way as the result of any fire, explosion, storm, accident, strike, lockout, combination of workers, drought, flood, embargo, riot, confiscation of any plant or material, war or act of God or the public enemy.

(f) *Legal Proceedings.* There are no actions, suits, or proceedings pending or to the knowledge of the Company threatened against the Company at law or in equity or before any arbitrator or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which may result in any material adverse change in the business, operations, profits, affairs, properties, or assets, or the condition, financial or otherwise, of the Company, or any material liability on the part of the Company. The Company is not in default with respect to any order, writ, injunction, decree, determination, or award of any court, arbitrator, governmental department, commission, board, bureau, agency or instrumentality.

(g) *No Defaults.* The consummation of the transactions herein contemplated, and the fulfillment of the terms hereof, and compliance with all of the terms and provisions of the Indenture, will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Company is a party, or of the Company's charter or franchises, or of any statute or of any regulation or order of any state or federal court or commission or other agency to whose jurisdiction the Company is subject. The Company is not now in default and there exists no event or condition which, with notice or lapse of time, or both, would constitute a default under any agreement, indenture, note, debenture, lease, mortgage, deed of trust or other instrument to which the Company is a party or by which the Company is bound.

(h) *Title to Properties, Insurance and Leases.* The Company has marketable fee simple title to all the physical properties specifically described in the granting clauses of the Indenture (except such property as has been sold or retired by the Company and released from the lien of the Indenture, pursuant to the terms thereof), free of all defects, liens, charges and encumbrances, except (A) defects of title which do not in the aggregate materially detract from the value of its property or materially impair the use thereof in the operation of its business, (B) such as are mentioned in the granting clauses of the Indenture, and (C) "permitted liens" or "permitted encumbrances" as such terms may be defined in the Indenture. The Company has kept insured all of its properties of a character usually insured by companies similarly situated against damage, destruction and loss by fire and other casualty to such amount as such property is usually insured by companies similarly situated, by means of policies issued by reputable insurance companies. The Company enjoys quiet possession under all material leases under which it is currently operating, and all such leases are valid and subsisting and in full force and effect.

(i) *The Lien.* The granting clauses of the Indenture accurately describe and specifically mortgage and pledge all of the tangible property and certain intangible property owned by the Company, or in which it owns any interest (except for properties specifically excluded in the granting clauses of the Indenture).

(j) *No Burdensome Agreements.* The Company is not a party to, nor in any manner obligated under, any unusual or burdensome contract, any management contract (except service contracts with affiliated companies), any contract providing for special bonus or profit sharing arrangements (except such contracts with its employees), or any contract or agreement which materially and adversely affects the business, operations or financial condition of the Company.

(k) *Charter Provisions.* The Company is not subject to any charter or other corporate restrictions materially or adversely affecting its business, operations, or financial condition.

(l) *Leases and Conditional Sales Contracts.* None of the assets or property reflected in the balance sheet of the Company as of December 31, 1991 is held by the Company as lessee or as conditional vendee under any lease or conditional sale contract or other title retention agreement, or is leased to any other person or corporation, except for certain capitalized leases as reflected in the audited financial statements dated December 31, 1991 and except for property sharing agreements with other utilities to facilitate the provision of service.

(m) *Governmental Approvals.* No consent, approval, authorization, declaration or filing with government authorities is presently required in connection with the execution and delivery of this Agreement or the offer, issue, sale and delivery of the Bonds pursuant hereto or the consummation of any of the transactions contemplated herein except the approvals of the Oregon Public Utilities Commission and the Washington Utilities and Transportation Commission which approvals have been obtained and are final and not subject to any pending appeal.

(n) *ERISA.* Neither the purchase of the Bonds by you nor the consummation of any of the other transactions contemplated by this Agreement is or will constitute a "prohibited transaction" within the meaning of Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), or Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Each "employee pension benefit plan" maintained for employees of the Company, except for any employee pension benefit plan which is unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, meets all requirements under Section 401(a) and related provisions of the Code, and each related trust or custodial account of any such plan is exempt from taxation under Section 501(a) of the Code. All employee benefit plans as defined in Section 3(3) of ERISA, comply in all material respects with ERISA, the Code and other applicable laws, subject to changes which may be required under provisions of ERISA, the Code or such other laws which are in effect but with respect to which changes are not at this time required to be adopted. There exist with respect to the Company no "multiemployer plans" as defined in Section 4001(a)(3) of ERISA, for which a material withdrawal or termination liability may be incurred. There exist with respect to all employee benefit plans or trusts: (i) no accumulated funding deficiency within the meaning of ERISA; (ii) no termination of any employee benefit plan or trust which would result in any material liability to the Pension Benefit Guaranty Corporation ("PBGC") or any "reportable event," as that term is defined in ERISA, which is likely to constitute grounds for termination of any employee benefit plan or trust by the PBGC; and (iii) no "prohibited transaction," as that term is defined in ERISA or Section 4975 of the Code, which is likely to subject any employee benefit plan, trust or party dealing with any employee benefit plan or trust to any material tax or penalty on prohibited transactions imposed by ERISA or Section 4975 of the Code.

(o) *No Prior Liens.* At the time of the delivery of and payment for the Bonds hereunder, there will be no lien prior to the lien of the Indenture on any of the properties of the Company on which the Indenture purports to create a lien, except liens permitted by the terms of the Indenture.

(p) *Adequate Franchises.* The Company has adequate franchises, permits, or operating rights without unusual restrictions to allow it to conduct the business in which it is presently engaged, except in instances where the lack of a current franchise has had no material adverse effect on the conduct of such business and the Company has no reason to believe that the lack of a current franchise will have a material adverse effect on the conduct of the Company's business.

(q) *Duly Organized; No Defaults.* The Company is and has been for five (5) years preceding this date duly organized and existing as a corporation under the laws of the state of its incorporation, and has not defaulted in the payment of any debt during said five (5) years.

(r) *Material Statements.* This Agreement and the documents furnished to you hereunder on behalf of the Company including without limitation the private placement memorandum for "A Pooled Offering of Local Telephone Operating Companies (All wholly-owned subsidiaries of Sprint Corporation)" prepared by the Company, the Other Issuers (as hereinafter defined) and Kidder, Peabody & Co. Incorporated, dated July 1992 (the "Private Placement Memorandum"), do not contain any untrue statement with respect to Sprint, the Company or the operations of either of a material fact nor omit to state a material fact necessary to be stated in order to make such statements contained herein and therein not misleading; and there is no fact which materially adversely affects or in the future (so far as the Company can now foresee) will materially adversely affect the business, operations, profits, affairs, or conditions of the Company or any of its property or assets which has not been set forth in this Agreement and the other documents furnished you herewith.

(s) *Federal Income Tax.* Federal income tax returns of the Company are filed on a consolidated basis with the returns of Sprint and with other subsidiaries of Sprint. Federal income tax returns have been examined and closed through 1981 and examined through 1985. Subsequent years remain subject to examination by the Internal Revenue Service. The Company believes that all such tax returns have been timely filed and that its income tax payments have accurately reflected its tax liability then due and that there will be no additional significant assessments that have not been reserved in the Company's financial statements. The charges, accruals and reserves for income taxes are considered adequate by the Company.

(t) *Use of Proceeds.* The Company will apply the proceeds of the sale of the Bonds to repay certain long-term debt, to repay certain short-term debt and to make additions to its working capital. None of the transactions herein contemplated (including, without limitation, the use of the proceeds from the sale of the Bonds) will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulations issued pursuant thereto, including, without limitation, Regulations G, T and X of the Board of Governors of the Federal Reserve System (12 C.F.R., Chapter II). The Company does not own nor does it intend to carry or purchase any "margin security" within the meaning of said Regulation G, and none of the proceeds from the sale of the Bonds will be used to purchase or carry or refinance any borrowing the proceeds of which were used to purchase or carry any such "margin security" in violation of Regulations G, T and X.

(u) *Condition of Property.* All of the public utility property of the Company is in sound operating condition and repair, except for property being repaired in the ordinary course of business.

(v) *Environmental Law Compliance.* The Company is in compliance, in all material respects, with all Environmental Laws (as hereinafter defined), and there are no facts, conditions or situations related to the past or present operations of the Company that could form the basis for any material claim or liability under any Environmental Law to the Company's best knowledge after due inquiry. "Environmental Law" is defined to mean any federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating or imposing liability or standards of conduct concerning the release or threatened release, transportation, generation, treatment or disposal of any hazardous substance (as hazardous substance is defined under any such Environmental Law) or toxic substance or relating to the pollution or the protection of the environment.

(w) *Compliance with Other Laws.* The Company: (i) is not in violation of any laws, ordinances, governmental rules or regulations to which it is subject and (ii) has not failed to obtain any licenses, permits, franchises or other governmental authorizations presently necessary to the ownership of its property or the conduct of its business, which violation or failure might materially and adversely affect the business, operations, profits, affairs, properties or assets or the condition (financial or otherwise) of the Company.

(x) *Holding Company and Investment Company Status.* The Company is not a "Holding Company" or a subsidiary or an affiliate of a specified "Holding Company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended. The Company is not, and will not by virtue of the issuance of the Bonds become, an "investment company" within the meaning of the Investment Company Act of 1940, as amended, nor a company "controlled" by such an investment company (in accordance with the manner in which the word control is defined in the Investment Company Act of 1940, as amended).

Section 3. *Purchase, Sale and Delivery of Bonds; the Closing.* Subject to the terms and conditions herein set forth, the Company agrees to sell to you and you agree to purchase from the Company for investment, the principal amount of Bonds set forth opposite your name in Annex A appearing at the end of this Purchase Agreement at the price of 100% of the principal amount thereof. The time of delivery of the Bonds hereunder shall be September 22, 1992 (the "Closing"), at 10:00 A.M., Kansas City time, or such other date and time as may be consented to by all of the purchasers in writing. Failure of the Company to deliver the Bonds at the Closing shall constitute a breach of this Agreement.

The Closing shall be at the office of Sprint, 2330 Shawnee Mission Parkway (Conference Rooms 1 and 2), Westwood, Kansas 66205. At the Closing, depending upon the delivery arrangements with respect to your purchase of the Bonds as set forth in instructions provided to the Company by you, the Company will deliver to you against payment therefor in Federal Reserve Funds (or the equivalent so as to be available for immediate use by the Company at the Closing), deposited in the Sprint Special Account number 0009-6786 at Citibank, N.A., New York, New York, ABA No. 0210-0008-9, one or more printed or engraved Bonds in the principal amount to be purchased by you, in fully registered form without coupons, registered in your name or in the name of your nominee.

Concurrently with the execution and delivery of this Agreement, the Company is executing and delivering an agreement substantially identical to this Agreement with the other purchasers listed in Annex A (the "Other Purchasers"), under which the Other Purchasers agree to purchase Bonds from the Company in the amount set forth opposite their names on Annex A. The sale of the Bonds to you is a separate sale, independent of the sale of the remaining Bonds to the Other Purchasers.

Concurrently with the execution and delivery of this Agreement, each of the other local exchange companies listed in the Private Placement Memorandum (the "Other Issuers") will also sell first mortgage bonds as described in the Private Placement Memorandum. Each of the Other Issuers is executing and delivering an agreement with various purchasers under which the purchasers agree to purchase bonds from such Other Issuer. Except for their being offered and sold simultaneously with the Bonds, the first mortgage bonds of the Other Issuers are unrelated to and independent from the Bonds. Without limiting the generality of the foregoing: (i) except as currently provided for in the indenture or indentures (the "Other Indentures") securing the first mortgage bonds of the Other Issuers, a default under the Indenture is not an event of default under the Other Indentures, (ii) except as currently provided for in the Indenture, a default under any of the Other Indentures is not an event of default under the Indenture, (iii) the Other Issuers are not guarantors of nor liable for the obligations of the Company with respect to the Bonds, and (iv) the property of the Other Issuers is not security for the obligations of the Company with respect to the Bonds.

Section 4. *Purchase For Investment.*

(a) You represent that you are acquiring your Bonds for your account or for the account of one or more pension funds, trust funds, or agency accounts as to which you as trustee, or as agent, have sole investment discretion, and that such acquisition is being made for the purpose of investment and not with a view to, or for sale in connection with, any distribution or resale thereof; provided, however, that the disposition of your property shall at all times be and remain within your control, subject, however, to compliance with Federal and applicable state securities laws. You acknowledge that you have been informed that the Bonds have not been registered under the Securities Act of 1933, as

amended (the "1933 Act"), and must be held indefinitely unless they are subsequently so registered or an exemption from such registration is available. You further acknowledge that the Bonds to be acquired by you will bear the following legend:

This Bond was originally issued in a transaction exempt from registration under the Securities Act of 1933 (the "Securities Act") pursuant to Regulation D thereunder and may not be sold or otherwise transferred in the absence of such registration or an applicable exemption therefrom. The holder of this Bond agrees for the benefit of the issuer that (A) this Bond may be resold, pledged or otherwise transferred only (i) to a person whom the seller reasonably believes is a Qualified Institutional Buyer within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of such Rule 144A or (ii) pursuant to an exemption from registration under the Securities Act in accordance with Rule 144, if available, and, in each case, in accordance with any applicable state securities laws and (B) the holder will, and each subsequent holder is required to, notify any purchaser of this Bond from it of the resale restrictions referred to in (A) above.

You agree that you will not sell or otherwise dispose of your Bonds without registration under the 1933 Act, or exemption therefrom. You understand that the Company does not presently intend to register the Bonds under the 1933 Act and is under no obligation to so register the Bonds. Anything in the Indenture to the contrary notwithstanding, you acknowledge that the Trustee will not register the transfer of your Bonds except upon receipt of advice to the effect that your Bonds have been so registered or to the effect that such transfer is in compliance with an exemption from the registration requirements of the 1933 Act.

(b) You further represent either (i) that you are acquiring the Bonds for your own account and with your general corporate assets and not with the assets of any separate account in which any employee benefit plan has any interest, or (ii) that no part of the funds to be used by you to acquire such Bonds constitutes assets allocated to any separate account maintained by you such that the application of such funds constitutes a prohibited transaction under Section 406(a) of ERISA. As used in this Section, the terms "separate account" and "employee benefit plan" shall have the respective meanings assigned to them in ERISA.

(c) The Company represents that neither it nor anyone acting on its behalf has directly or indirectly sold or offered, or attempted or offered to dispose of, any of the Bonds to, nor solicited any offers to purchase the same from, or made any attempt to dispose of any of the Bonds to, anyone other than the institutions referred to in a certificate dated August 5, 1992 from Kidder, Peabody & Co. Incorporated to the Company, a copy of which has been delivered to your special counsel. The Company agrees that neither it nor anyone acting on its behalf will offer to sell any of the Bonds or solicit offers to purchase or otherwise negotiate in respect thereof with any person, firm or corporation so as to bring the issuance and sale of the Bonds under the provisions of Section 5 of the 1933 Act.

Section 5. *Authority to Issue the Bonds under the Indenture.* At or before the Closing, the Company will deliver to the Trustee the duly executed certificates, orders, opinions and other written instruments required by the Indenture in order to obtain the authentication and delivery of the Bonds on account of (i) the retirement of bonds previously issued under the Indenture and/or (ii) the construction or acquisition by the Company of additional property, in each case, pursuant to the Indenture. The Company will comply with the foregoing provisions of this Section 5 on or before the Closing, and your obligation to take and pay for said Bonds is conditioned upon such compliance.

Section 6. *Financial Information.* The Company agrees that so long as you hold any of the Bonds, it will keep its books and records in accordance with U.S. GAAP, and it will deliver to you the following:

(a) Within sixty days after the end of each quarterly period, except the last, of each fiscal year, a copy of its balance sheet as of the end of such quarterly period, and of its statement of income for the

portion of the fiscal year to the end of such quarterly period, which financial statements shall be prepared on a consolidated basis for the Company and its subsidiaries, if any, all in reasonable detail and giving a comparison to the figures for the corresponding date or period, as the case may be, one year prior thereto, all certified by a proper officer of the Company.

(b) Within one hundred twenty days after the end of each fiscal year, (i) its statements of income, cash flows and stockholders' equity for such year and its balance sheet as of the end of such year, which financial statements shall be prepared on a consolidated basis for the Company and its subsidiaries, if any, all in reasonable detail and stating the figures for the corresponding date or period, as the case may be, one year prior thereto, all certified by independent certified public accountants of recognized standing selected by the Company and (ii) two copies of Sprint's consolidated statements of income, cash flows and stockholders' equity for such year and its balance sheet as of the end of such year, all in reasonable detail and stating the figures for the corresponding date or period, as the case may be, one year prior thereto, and all certified by independent certified public accountants of recognized standing selected by Sprint.

(c) As soon as available, a copy of the detailed report submitted and certified to by such independent accountants in connection with each annual or interim audit of the Company's books.

(d) Within one hundred twenty days after the end of each fiscal year, a certificate signed by the President, a Vice President responsible for significant financial matters, the Controller or Treasurer to the effect that there neither have been nor are any defaults under the Indenture or, if there are, or have been, describing the nature thereof and the remedial action being taken with respect thereto and, further, whether any condition exists which, with notice or passage of time, or both, would become an "event of default" as defined by the Indenture.

(e) Within one hundred twenty days after the end of each fiscal year, a certificate signed by Ernst & Young (or other certified public accountants of national standing selected by the Company), which certificate shall state that such accountants have obtained no knowledge of any "event of default" as defined by the Indenture, or of the existence of any event or condition which, with notice or passage of time, would become an "event of default" as defined in the Indenture, or if such accountants shall have obtained knowledge of such event of default, event or condition, such certificate shall specify the nature thereof.

(f) Immediately upon becoming aware of the occurrence of any (i) "reportable event" as such term is defined in Section 4043 of ERISA, or (ii) "prohibited transaction," as such term is defined in Section 4975 of the Code or described in Section 406 of ERISA, in connection with any pension plan or any trust created thereunder, a written notice specifying the nature thereof, what action the Company is taking or proposes to take with respect thereto, and, when known, any action taken by the Internal Revenue Service with respect thereto, provided, however, that any such notice and the contents thereof shall be strictly confidential and may not be used by or disclosed by you to any person or entity until such time as the contents of such notice shall become publicly available; and promptly upon the Company's becoming a participating employer in any Multi-employer Plan (as defined in Section 3(37) of ERISA) and promptly upon the Company's becoming aware thereof, the estimated amount of any material withdrawal liability the Company would incur upon withdrawal therefrom.

(g) Immediately upon becoming aware of the existence of any condition or event which constitutes a "default" or an "event of default" as defined by the Indenture, a written notice specifying the nature thereof, the time when and manner in which it occurred and was discovered, the expected duration and the method by which the Company intends to cure said default or event of default.

(h) Immediately upon becoming aware that the holder or holders of any Bond or of any evidence of indebtedness or other security of the Company or any subsidiary thereof aggregating more than \$500,000 has given notice or taken any other action with respect to a claimed default or event of

default, a written notice specifying the notice given or action taken by such holder and the nature of the claimed default or event of default and what action the Company is taking or proposes to take with respect thereto.

(i) Promptly after a request for such information by you, any other information reasonably requested by you.

The Company agrees that you may furnish copies of all information furnished to you pursuant to this Agreement to any regulatory body or commission having jurisdiction over you. In this regard, the annual financial information required in paragraph (b), above, will be submitted directly by the Company to the Securities Valuation Office, National Association of Insurance Commissioners, 195 Broadway, 19th Floor, New York, New York 10007. In addition to the foregoing, the Company agrees that you may at your own expense visit any of its properties and inspect any of its books of account and make extracts thereof at such reasonable times as you may desire; provided, however, that the Company hereby agrees to reimburse you for expenses which may be incurred in connection with any visitation or inspection reasonably undertaken in response to the incurrence and during the continuation of any "event of default" as defined by the Indenture.

Section 7. *Conditions to Purchasers' Obligations.* Your obligation to purchase and pay for the Bonds shall be subject to performance by the Company of all of its agreements hereunder and to the accuracy of the representations and warranties contained in this Agreement and to the following further conditions:

(a) All instruments and all proceedings incident to the authorization and execution of this Agreement, the authorization, execution, authentication and delivery of the Bonds and the Indenture securing such Bonds, shall be satisfactory in form and substance to you and to Gardner, Carton & Douglas who are acting as your special counsel in this transaction, and you shall have received counterpart originals, certified or other copies of all documents provided for herein, and such other documents as you may reasonably request in connection therewith.

(b) You shall have received the written opinion of the General Counsel for the Company, dated the date of the Closing and in form and substance satisfactory to you and to your special counsel in this matter to the effect that:

(i) the Company is a corporation duly organized, legally existing, and in good standing under the laws of the state of its incorporation, and has full corporate power to own the properties specifically described in the Indenture (except such property as has been sold or retired by the Company and released from the lien of the Indenture, pursuant to the terms thereof), to carry on its business as now conducted or proposed to be conducted and to execute the Indenture and to issue and deliver the Bonds;

(ii) the Company has marketable fee simple title to all of the fixed physical properties specifically described in the Indenture (except such property as has been sold or retired by the Company and released from the lien of the Indenture, pursuant to the terms thereof), which shall be the properties now owned by the Company, less subsequent retirements and plus subsequent additions made in normal operation, free of all defects, liens, charges and encumbrances, except (A) defects of title which do not in the aggregate materially detract from the value of its property or materially impair the use thereof in the operation of its business, (B) such as are mentioned in the granting clauses of the Indenture, and (C) "permitted liens" or "permitted encumbrances" as such terms may be defined in the Indenture;

(iii) all of the fixed physical properties of the Company, used or useful in the business of furnishing telephone service, are correctly described in the Indenture;

(iv) the Company has adequate franchises, permits or operating rights, without unusual restrictions, to allow it to conduct the business in which it is presently engaged, except in

instances where the lack of a current franchise has had no material adverse effect on the conduct of such business and the Company has no reason to believe that the lack of a current franchise will have a material adverse effect on the conduct of the Company's business;

(v) the Indenture has been duly authorized by proper corporate action, has been duly executed and delivered by the Company and the Trustee therein named, and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, or other laws relating to the enforcement of creditors' rights;

(vi) the Indenture has been duly recorded or filed for record in such manner and in such places as required by law in order to establish, preserve and protect the lien of the Indenture on all real and personal property and on all other fixtures described in the Indenture and not excepted therefrom; and any and all applicable mortgage recording and similar charges have been paid in full; (such opinion shall also cover the necessity of any periodic or other re-recording in order to preserve and protect the lien of the Indenture);

(vii) the Indenture is effective to create and does create a valid first mortgage lien on the fixed physical properties and franchises of the Company, including all such properties as are specifically described in the Indenture, now owned or hereafter acquired, subject only to the liens, charges and encumbrances mentioned in the granting clauses of the Indenture and to the items mentioned in subparagraph (ii) above;

(viii) the Bonds have been duly authorized by proper corporate action, have been duly issued, executed and delivered in accordance with the requirements of Section 3 of this Agreement by the authorized officers of the Company and authenticated by the Trustees under the Indenture, and are the legal, valid and binding obligations of the Company and are entitled to the benefit and security of the Indenture in accordance with their and its terms except as limited by bankruptcy, insolvency or other laws relating to the enforcement of creditors' rights;

(ix) no authorization, approval or consent on the part of any public body or authority, federal, state or local, is required in connection with the lawful execution and delivery of the New Supplemental Indenture and the lawful issuance and sale of the said Bonds as herein contemplated, excepting only the approvals of the Oregon Public Utilities Commission and the Washington Utilities and Transportation Commission, and further that the approvals of said bodies, to be furnished to you at the time of delivery to you of the said Bonds, are valid approvals in full force and effect, are final and not the subject of any pending appeal, and constitute sufficient governmental approval to permit the issuance and sale of the Bonds;

(x) this Agreement has been duly authorized by proper corporate action on the part of the Company, has been duly executed by an authorized officer of the Company, and constitutes a valid and binding agreement on the part of the Company enforceable in accordance with its terms;

(xi) under the circumstances contemplated by this Agreement and based upon your representations contained in this Agreement, it is not necessary, in connection with the sale of the Bonds to you, to register such Bonds under the Securities Act of 1933, as amended, or to qualify the Indenture under the Trust Indenture Act of 1939, as amended;

(xii) the execution, delivery and performance by the Company of this Agreement and the Bonds do not contravene any provisions of law or of the Company's charter, as amended, or of its by-laws, and do not conflict with, or result in a creation or imposition of any lien, charge or encumbrance upon any of the properties or assets of the Company pursuant to the terms of any indenture, mortgage or other agreement relating to borrowed money (other than the Indenture), binding upon the Company or to which any of its properties are subject;

(xiii) the sale to you of the Bonds upon the terms and conditions of this Agreement does not require any approval under the Securities Exchange Act of 1934, as amended, or involve any violation of Regulation G, Regulation T or Regulation X or any other regulation of the Board of Governors of the Federal Reserve System;

(xiv) the Company is not, and will not by virtue of the issuance of the Bonds become, an "investment company" within the meaning of the Investment Company Act of 1940, as amended, nor a company "controlled" by such an investment company (in accordance with the manner in which the word control is defined in the Investment Company Act of 1940, as amended); and

(xv) there are no actions, suits, or proceedings pending or to the knowledge of such counsel threatened against the Company at law or in equity or before any arbitrator or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which may result in any material adverse change in the business, operations, profits, affairs, properties, or assets, or the condition, financial or otherwise, of the Company, or any material liability on the part of the Company. The Company is not in default with respect to any order, writ, injunction, decree, determination, or award of any court, arbitrator, governmental department, commission, board, bureau, agency or instrumentality.

Provided, however, that in rendering his opinion, the General Counsel of the Company (A) is required to rely upon opinions furnished him by independent counsel chosen by him and satisfactory to your special counsel, as to the matters mentioned in subdivisions (ii) (only insofar as such matters relate to real estate) and (vi) above, (B) may rely upon opinions furnished to him by independent counsel chosen by him and satisfactory to your special counsel, as to any other matters mentioned above, and (C) may rely upon a certificate of a Company officer as to the matters mentioned in (iii) above; and provided, further, that if the General Counsel is not licensed to practice law in the jurisdiction whose law is chosen to govern this Agreement, in rendering his opinion, such General Counsel is required to rely upon opinions furnished him by independent counsel so licensed chosen by the General Counsel and satisfactory to your special counsel, as to the matters of enforceability mentioned in subdivisions (v) and (x) above. Any opinions of independent counsel relied upon by the General Counsel hereunder shall provide that they may be relied upon by you.

(c) You shall have received the written opinion of Gardner, Carton & Douglas, who are acting as your special counsel in this transaction, dated the date of Closing in form and substance satisfactory to you,

(i) covering all matters mentioned in the opinion of counsel for the Company as above recited in subparagraphs (i), (v), (viii), (x), and (xi) of paragraph (b) of this Section 7, and

(ii) stating that the opinion rendered by the General Counsel for the Company, under paragraph (b) of this Section 7 is satisfactory in form and substance to your special counsel, and in their opinion you and counsel are justified in relying thereon.

Provided, however, that in rendering their opinion, Gardner, Carton & Douglas may rely upon the opinions of the General Counsel and the independent counsel of the Company as to all matters other than Federal laws or the laws of the State of Illinois.

(d) The representations and warranties made by the Company in Sections 2 and 4(c) of this Agreement shall be true at and as of the time of delivery to you of said Bonds with the same effect as though such representations and warranties had been made on and as of such time, and the Company shall have delivered to you at such time a certificate to such effect signed by the President or a Vice President of the Company.

(e) The "Private Placement Number" for each series of the Bonds shall have been obtained from the CUSIP Service Bureau of Standard & Poor's Corporation.

(f) The approvals of the Oregon Public Utilities Commission and the Washington Utilities and Transportation Commission for the issuance and sale of the Bonds shall have been furnished to you and shall be valid, in full force and effect, final and not the subject of any pending appeal.

(g) Simultaneously with your purchase of the Bonds hereunder, at the Closing as shown in Annex A hereto, the Company shall sell to the Other Purchasers the aggregate principal amount of the Bonds set forth opposite their names on Annex A hereto in accordance with the provisions of the agreements with the Other Purchasers.

(h) The conditions to purchasers' obligations described in Section 7 of the nine bond purchase agreements dated the date hereof and entered into by various purchasers and each of the Other Issuers shall have been satisfied.

Section 8. *Home Office Payment; Immediate Payment.*

(a) Anything in the Indenture or the Bonds to the contrary notwithstanding, the Company will pay, or cause to be paid, all amounts payable to you in respect of the sinking fund, if any, or other principal of (and premium, if any) and interest on any Bonds held by you at the address shown in Annex A to this Agreement, or at such other address as you may designate in writing without surrender or presentation to the Trustee of such Bonds; provided, however, that in connection with a payment discharging all of the indebtedness evidenced by such Bonds, you will present or surrender such Bonds to the Trustee promptly after receiving such payment, unless the Company requests prior presentation in a written notice given not less than 15 days prior to the date for such payment, in which case you will present or surrender such Bonds to the Trustee prior to receiving payment. You agree that you will not sell, transfer or otherwise dispose of any of said Bonds, unless prior to any delivery thereof either (a) the same shall have been presented to the Trustee for appropriate notation thereon of the portion of the principal amount thereof redeemed or surrendered in exchange for a new Bond in the amount of the unredeemed balance of the principal amount thereof in accordance with the terms of the Indenture or (b) you shall have endorsed thereon the amount of principal paid to date thereon.

(b) The Company will pay or cause to be paid on any date for payment of the sinking fund, if any, or other principal of (and premium, if any) and interest on the Bonds the payment due on such date and all subsequent payments due to you in respect of the Bond or Bonds registered in your name, to any bank in the continental United States as shall be specified in the last written notice from you given not less than 20 days prior to such date for payment, by wire transfer in immediately available federal funds to such bank by 11:00 A.M., (local time for such bank), on the date each such payment is due. Any such wire transfer shall identify such payment by the name of the Company and designation of the Bonds (including the Private Placement Number) in customary manner, and shall identify the payment as interest, principal and/or premium. The Company will give written confirmation of such payments as you may direct. Notwithstanding the foregoing, the initial written notice with respect to such wire transfer and confirmation arrangements are shown in Annex A to this Agreement.

Section 9. *Expenses.* The Company agrees, whether or not the sale of the Bonds herein contemplated shall be consummated, to pay all of the charges and expenses of your special counsel in connection with the subject matter of this Agreement, including the furnishing of their opinions herein mentioned and any other opinions which you may request of them and all charges for services by your special counsel in connection with the preparation of supplements, modifications or waivers instituted by the Company (whether or not any such supplement, modification or waiver is in fact entered into); and to reimburse your special counsel for any out-of-pocket expenses including traveling expenses in connection therewith. The Company further agrees to furnish your special counsel all such information, data and opinions of other counsel as may be necessary to enable them to formulate an opinion as herein contemplated, and to permit them to examine the corporate records of the Company. The Company agrees to reimburse you for costs of presenting Bonds to the Trustee for notation pursuant to Section 8 hereof. All of the reimbursements required by this Section 9 in connection with expenses incurred shall be made at the Closing or promptly thereafter.

Section 10. *Payment of Interest.* Payments of interest on the Bonds are due on February 1 and August 1 (or the next succeeding business day, as defined in the New Supplemental Indenture, if such date is not a business day) in each year prior to maturity. The Company hereby agrees that in the event interest shall not be paid on such dates in accordance with the terms of the Bonds and such default shall continue for more than 10 days, then an event of default shall exist under this Agreement and the holders of the Bonds shall, upon notice in writing to the Company of the existence of such event of default, be entitled to such rights and remedies as shall then be available under applicable law for breach of its obligation to pay interest when due on the Bonds.

Section 11. *No Surety.* So long as you shall be the registered owner of any of the Bonds, and notwithstanding anything to the contrary contained herein or in the Bonds or the Indenture, you shall not be required to furnish surety on any indemnification you may be required to give in connection with the replacement or payment of mutilated, defaced, lost or destroyed bonds.

Section 12. *Exchange of Bonds.* So long as you shall be the registered owner of any of the Bonds, and notwithstanding anything to the contrary contained herein or in the Bonds or the Indenture, you shall have the privilege of exchanging or transferring any of the Bonds held by you, without charge for the first ten replacement certificates delivered pursuant to such exchange or transfer, other than any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Section 13. *Survival of Warranties; Successors and Assigns.* The Company agrees that all of its covenants, agreements, representations and warranties made herein and in all exhibits attached hereto and in any and all certificates delivered pursuant hereto shall survive the execution and delivery of the said Bonds to you. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, except that the provisions of Sections 4(c), 6, 8, 11 and 12 shall not inure to the benefit of any assignee or transferee of yours unless such assignee or transferee is an insurance company, bank or trust company or other institutional investor which is acquiring the Bonds for its own account or for the account of one or more pension funds or trust funds.

Section 14. *Reproduction of Documents.* This Agreement and all documents relating thereto, including without limitation, (a) consents, waivers and modifications which may hereafter be executed, (b) documents received by you at the Closing (except the Bonds themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that any such accurate reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

Section 15. *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

Section 16. *Headings.* The headings of the several sections of this Agreement are inserted for convenience only and shall in no way expand, restrict or modify any of the terms and provisions hereof.

Section 17. *Communications.* Except as otherwise expressly provided herein, all communications provided for herein shall be in writing, and shall be delivered or sent by registered or certified mail, return receipt requested, by a generally recognized overnight courier or by telecopy (with such telecopy to constitute effective notice only if followed within one business day by an original executed communication), to the address as shown in Annex A to this Agreement or such other address as the intended recipient shall have designated in writing to the sender.

Annex A

(See Section 3 and Section 8 of the attached Bond Purchase Agreement and also the requirement in Section 6 that financial information be furnished by the Company to the Securities Valuation Office, National Association of Insurance Commissioners)

All communications to the Company (pursuant to Section 17 of the attached Bond Purchase Agreement) shall be sent to:

United Telephone Company of the Northwest
902 Wasco Street
Hood River, OR 97031
Attention: Treasurer

Purchasers

ALLSTATE LIFE INSURANCE COMPANY

Bonds

Closing Commitment \$8,497,000

(1) All payments by wire transfer of immediately available federal funds, identifying the name of the issuer (and the credit, if any), the Private Placement Number preceded by "DPP" and the payment as principal, interest and/or premium, in the format as follows:

- BBK = Harris Trust and Savings Bank
ABA #071000288
- BNF = Allstate Life Insurance Company
Collection Account #168-117-0
- ORG = United Telephone Company of the Northwest
- OBI = DPP — (Enter Private Placement No, if available) —
(L _____ (Enter Lease Number, if any) —)
Payment Due Date (MM/DD/YY) —
P _____ (Enter "P" and amount of principal being
remitted, for example, P5000000.00) —
I _____ (enter "I" and amount of interest being
remitted, for example, I225000.00) —

(2) All notices of payments and written confirmations of wire transfers to be sent to:

Allstate Insurance Company
Investment Operations — Private Placements
Allstate Plaza South
2880 Sanders Road
Northbrook, IL 60062

(3) All other communications to be sent to:

Allstate Life Insurance Company
Private Placements Department
Allstate Plaza West
3100 Sanders Road
Northbrook, IL 60062

(4) The tax identification number for this purchaser is 36-2554642.

ALLSTATE LIFE INSURANCE COMPANY OF NEW YORK

Bonds

Closing Commitment

\$5,000,000

(1) All payments by wire transfer of immediately available federal funds, identifying the name of the issuer (and the credit, if any), the Private Placement Number preceded by "DPP" and the payment as principal, interest and/or premium, in the format as follows:

BBK = Harris Trust and Savings Bank

ABA #071000288

BNF = Allstate Life Insurance Company of New York

Collection Account #168-120-4

ORG = United Telephone Company of the Northwest

OBI = DPP — (Enter Private Placement No, if available) —

(L _____ (Enter Lease Number, if any) —)

Payment Due Date (MM/DD/YY) —

P _____ (Enter "P" and amount of principal being remitted, for example, P5000000.00) —

I _____ (enter "I" and amount of interest being remitted, for example, I225000.00) —

(2) All notices of payments and written confirmations of wire transfers to be sent to:

Allstate Insurance Company
Investment Operations — Private Placements
Allstate Plaza South
2880 Sanders Road
Northbrook, IL 60062

(3) All other communications to be sent to:

Allstate Life Insurance Company
Private Placements Department
Allstate Plaza West
3100 Sanders Road
Northbrook, IL 60062

(4) The tax identification number for this purchaser is 36-2608394.

GENERAL AMERICAN LIFE INSURANCE COMPANY

Bonds

Closing Commitment

\$1,520,000

- (1) All payments by wire transfer of immediately available federal funds to the following:

General American Life Insurance Company
c/o The Bank of New York
(ABA No. 021000018)
Newark, NJ
BNF: IOC566
Attention: P&I Department

with each wire transfer identifying each payment by "United Telephone Company of the Northwest, 8.77% First Mortgage Bonds, Series Q, due August 1, 2017" and the Private Placement Number, and shall identify the payment as interest, principal and/or premium.

- (2) All notices of payments and written confirmations of wire transfers to be sent to:

General American Life
Insurance Company
700 Market Street
St. Louis, MO 63166
Attention: Investment Accounting

with copies to:

GALICO
c/o The Bank of New York
P.O. Box 19266
Newark, NJ 07195

- (3) All other communications to be sent to:

General American Life
Insurance Company
700 Market Street
St. Louis, MO 63166
Attention: Securities Division

with copies to:

GALICO
c/o The Bank of New York
P.O. Box 19266
Newark, NJ 07195

- (4) The tax identification number for this purchaser is 43-6168630.
(5) Name of nominee in which this purchaser's Bonds to be registered initially: GALICO

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

Bonds

Closing Commitment

\$3,040,000

- (1) All payments by wire transfer of immediately available federal funds to the following:

Morgan Guaranty Trust
(ABA No. 021000238)
New York, NY
BTR/BNF=CUSTZ/AC-99999024

with each wire transfer identifying each payment by "United Telephone Company of the Northwest, 8.77% First Mortgage Bonds, Series Q, due August 1, 2017" and the Private Placement Number, and shall identify the payment as interest, principal and/or premium.

- (2) All notices of payments, written confirmations of wire transfers and all other communications to be sent to:

Guardian Life Insurance Company
201 Park Avenue South, 7th Floor
New York, NY 10003
Attention: Peter Freeman

with copies to:

Morgan Guaranty Trust
P.O. Box 1479
Church Street Station
New York, NY 10008

For Account Guardian Life Insurance #71002

- (3) The tax identification number for the nominee of this purchaser is 13-602-0781.
(4) Name of nominee in which this purchaser's Bonds to be registered initially: Ince & Co.

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

Bonds

Closing Commitment

\$3,039,000

- (1) All payments by wire transfer of immediately available federal funds to the following:

Bankers Trust Company
(ABA No. 021001033)
New York, NY
Attention: 014-19-540

For Account of:
The Lincoln Nat'l Life Ins. Co. (IAL)
Custodial Account #: 98194

with each wire transfer identifying each payment by "United Telephone Company of the Northwest, 8.77% First Mortgage Bonds, Series Q, due August 1, 2017" and the Private Placement Number, and shall identify the payment as interest, principal and/or premium.

- (2) All notices of payments, written confirmations of wire transfers and all other communications to be sent to:

Lincoln National Investment
Management Company
1300 South Clinton Street
Fort Wayne, IN 46801
Attention: Investments/Private Placements

- (3) The tax identification number for this purchaser is 35-0472300.

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY

Bonds

Closing Commitment

\$5,472,000

- (1) All payments by wire transfer of immediately available federal funds to the following:

PEPA & CO.
c/o Bankers Trust Company
(ABA No. 021001033)
New York, NY
Attention: 01419540
For credit to Provident Life and
Accident Insurance Company
Custodian Account No. 99296

with each wire transfer identifying each payment by "United Telephone Company of the Northwest, 8.77% First Mortgage Bonds, Series Q, due August 1, 2017" and the Private Placement Number, and shall identify the payment as interest, principal and/or premium.

- (2) All notices of payments, written confirmations of wire transfers and all other communications to be sent to:

Provident Life and Accident
Insurance Company
Investment Department
One Fountain Square
Chattanooga, TN 37402
Attention: Private Placements

- (3) Name of nominee in which this purchaser's Bonds to be registered initially: PEPA & CO.

[CONFORMED]

EIGHTEENTH SUPPLEMENTAL INDENTURE

UNITED TELEPHONE COMPANY OF THE NORTHWEST

TO

U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION

AND

S. M. DAVIS

Trustees

Dated as of August 1, 1992

**8.77% First Mortgage Bonds
Series Q, due August 1, 2017**

THIS EIGHTEENTH SUPPLEMENTAL INDENTURE dated as of August 1, 1992, by and between UNITED TELEPHONE COMPANY OF THE NORTHWEST, a corporation duly organized and existing under and by virtue of the laws of the State of Oregon, having its principal office and place of business in the City and County of Hood River in said state (the "Company"), and U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION (formerly "Peoples National Bank of Washington"), a national banking association duly organized and existing under and by virtue of the national banking laws of the United States of America, having its principal office and place of business in the City of Seattle, County of King and State of Washington (the "Trustee") and S. M. DAVIS of said City of Seattle (hereinafter sometimes referred to as the "Individual Trustee"), as Trustees, the Trustee and the Individual Trustee being sometimes hereinafter referred to collectively as the "Trustees."

Recitals:

The background of this Eighteenth Supplemental Indenture is:

A. Until November 1, 1965, the corporate name of the Company was Oregon-Washington Telephone Company and such corporate name was changed on said date to United Telephone Company of the Northwest.

B. The Company heretofore executed and delivered to the Trustee and to E. L. Blaine, Jr., who has been succeeded by Robert G. Perry, who has been succeeded by Donald Greenfield, who has been succeeded by Leo M. Riley, who has been succeeded by S. M. Davis, as Individual Trustee, its Indenture of Mortgage and Deed of Trust (hereinafter called the "Original Indenture," and the Original Indenture and all supplemental indentures thereto hereinafter collectively called the "Indenture"), dated as of January 1, 1946, whereby the Company granted, bargained, mortgaged and conveyed unto the Trustees and to their successors in said trust, all real and personal property then owned or to be thereafter acquired by the Company (other than property excepted from the lien thereof), to be held by the Trustees in trust in accordance with the provisions of the Original Indenture for the equal pro rata benefit and security of all Bonds issued under the Original Indenture and indentures supplemental thereto.

C. The Company has heretofore executed and delivered to the Trustee and to E. L. Blaine, Jr. or his successor, Robert G. Perry, or his successor, Donald Greenfield, or his successor, Leo M. Riley, or his successor, S. M. DAVIS, a First Supplemental Indenture dated as of April 1, 1948, a Second Supplemental Indenture dated as of January 1, 1951, a

Third Supplemental Indenture dated as of September 1, 1954, a Fourth Supplemental Indenture dated as of June 1, 1959, a Fifth Supplemental Indenture dated as of July 1, 1960, a Sixth Supplemental Indenture dated as of December 1, 1960, a Seventh Supplemental Indenture dated as of June 1, 1962, an Eighth Supplemental Indenture dated as of September 1, 1964, a Ninth Supplemental Indenture dated as of April 1, 1966, a Tenth Supplemental Indenture dated as of December 1, 1967, an Eleventh Supplemental Indenture dated as of March 1, 1969, a Twelfth Supplemental Indenture dated as of July 1, 1971, a Thirteenth Supplemental Indenture dated as of February 1, 1972, a Fourteenth Supplemental Indenture dated as of August 1, 1973, a Fifteenth Supplemental Indenture dated as of September 1, 1974, a Sixteenth Supplemental Indenture dated as of February 1, 1977, and a Seventeenth Supplemental Indenture dated as of July 1, 1979, under and pursuant to which supplemental indentures and the Original Indenture the Company has issued its First Mortgage Bonds, Series A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, and P, and the Original Indenture has been amended and modified in the particulars therein set forth.

D. The Company proposes (1) to create and issue, and establish the terms and provisions applicable to, an additional series of Bonds to be designated 8.77% First Mortgage Bonds, Series Q, due August 1, 2017 ("Series Q Bonds"), limited in aggregate principal amount to \$29,000,000 and (2) to mortgage and convey additional properties acquired or constructed by the Company since the date of the Seventeenth Supplemental Indenture.

E. All acts and things necessary to make the Series Q Bonds, when executed by the Company and authenticated by the Trustee as in the Indenture provided, the valid, binding and legal obligations of the Company, and to constitute these presents a valid indenture and agreement according to its terms, have been done and performed, and the execution of this Eighteenth Supplemental Indenture and the issue of the Series Q Bonds have in all respects been duly authorized, and the Company in the exercise of the legal right and power vested in it executes this Eighteenth Supplemental Indenture.

NOW, THEREFORE, THIS EIGHTEENTH SUPPLEMENTAL INDENTURE WITNESSETH:

That UNITED TELEPHONE COMPANY OF THE NORTHWEST, in consideration of the premises and of the acceptance by the Trustees of the trusts

hereby created and of the purchase and acceptance of the Series Q Bonds by the owners thereof and of the sum of One Dollar lawful money of the United States of America to it duly paid by the Trustee, the receipt whereof is hereby acknowledged, in order to secure the payment both of the principal of, premium, if any, and interest on all bonds that may at any time be issued and outstanding under the Indenture according to their tenor and effect and the performance and observance by the Company of all the covenants expressed and implied in the Indenture and in said bonds, without in any way limiting the grant of after-acquired property contained in the Original Indenture, has given, granted, bargained, sold, released, conveyed, alienated, assigned, confirmed, transferred, mortgaged, warranted, pledged and set over and does by these presents give, grant, bargain, sell, release, convey, alien, assign, confirm, transfer, mortgage, warrant, pledge and set over unto U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION, and S. M. DAVIS, Trustees, and to their successors in the trust hereby and in said Original Indenture, as heretofore amended, created, and to them and their assigns forever:

All and singular the premises, plants, properties, leases and leaseholds, franchises, permits, patents, rights and powers of every kind and description, real and personal, of the Company constructed or acquired since the date of the Seventeenth Supplemental Indenture or not described in the Original Indenture or the first seventeen supplemental indentures, other than personal property of the nature of that excluded by the granting clauses of the Original Indenture, including, but without limiting the generality of the foregoing, the real property described in Schedule A hereto, together with all improvements thereon.

TO HAVE AND TO HOLD all said franchises and real and personal property, conveyed, transferred, assigned, mortgaged or pledged by the Company as aforesaid or intended so to be unto the Trustees and to their successors in said trust and to them and their assigns forever;

IN TRUST, NEVERTHELESS, for the purposes, with the powers and subject to the agreements, covenants and conditions set forth and expressed in the Original Indenture as supplemented and modified by the First through the Seventeenth Supplemental Indentures, it being agreed as follows, to wit:

ARTICLE ONE

SERIES Q BONDS

1.01. There is hereby created a series of bonds entitled "8.77% First Mortgage Bonds, Series Q, due August 1, 2017" (the "Series Q Bonds") limited in principal amount to \$29,000,000. The Series Q Bonds shall be fully registered bonds without coupons of the denomination of \$1,000 and integral multiples thereof. The Series Q Bonds shall be dated as of the date of authentication. All Series Q Bonds shall mature August 1, 2017, and shall pay interest thereon at the rate of eight and seventy-seven hundredths percent (8.77%) per annum (based on a 360-day year consisting of twelve 30-day months) from the date thereof or from the most recent date to which interest has been paid or duly provided for, semiannually on February 1 and August 1 in each year until the principal thereof becomes due and payable, and at the rate of nine and seventy-seven hundredths percent (9.77%) per annum (to the extent that the payment of such interest shall be legally enforceable) on any overdue principal, premium and on any overdue installment of interest; provided, however, that if the due date for any payment of principal, premium, or any installment of interest, shall not be a business day, such payment shall become due on the first business day following such date; and provided further that interest on any such overdue payment shall begin to accrue at the beginning of the day following such date, whether or not such following date is a business day. For purposes of this section a "business day" shall mean any weekday on which the bank at which payment is to be made is open and conducting normal banking operations. Principal of, premium, if any, and interest on Series Q Bonds shall be payable at the main office of U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION, in Seattle, Washington, or at the main office of its successor as corporate trustee, in lawful money of the United States of America. The text of the Series Q Bonds and the Trustee's certificate with respect thereto shall be substantially of the tenor and purport set forth in Exhibit A hereto.

1.02. At the option of the Company, the Series Q Bonds shall be redeemable in whole at any time, or in part from time to time prior to maturity in multiples of \$100,000, at the principal amount of the bonds being redeemed plus interest accrued thereon to the date fixed for such redemption, plus the Yield Maintenance Premium. The Yield Maintenance Premium shall be the excess, if any, of (i) the aggregate present value, as of the date fixed for redemption, of all remaining payments of

principal and interest scheduled to be made on or after the date fixed for redemption with respect to the principal amount of the bonds being redeemed (subtracting from the first such interest payment, interest accrued to the date fixed for redemption), determined by discounting on a semi-annual basis such amounts at the Discount Rate, over (ii) the principal amount of the bonds being redeemed. The Discount Rate shall be equal to the sum of (i) the Yield on U.S. Treasury securities, on the third trading day preceding the date fixed for redemption, having a maturity corresponding to the Weighted Average Life of the bonds being redeemed and (ii) one-half of one percent. If no U.S. Treasury security maturity exactly corresponds to such Weighted Average Life of the bonds to be redeemed, yields for the two such Treasury maturities most closely corresponding to such Weighted Average Life of the bonds to be redeemed shall be interpolated or extrapolated from such Treasury yields on a straight-line basis, rounding to the nearest month to determine the Yield on U.S. Treasury securities. The Weighted Average Life of the bonds being redeemed shall mean, as of the date of any determination thereof, the number of years obtained by dividing the Remaining Dollar-Years of such principal by the aggregate amount of such principal. The Remaining Dollar-Years of such principal shall equal the amount obtained by (i) multiplying (x) the remainder of (1) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (2) the amount of principal scheduled to become due after giving effect to such redemption, by (y) the number of years (calculated to the nearest one-twelfth) between the date of determination and such scheduled payment date, and (ii) totaling the products obtained in (i). The Yield on U.S. Treasury securities, with respect to a particular maturity on a particular date, shall mean the yield reported for U.S. Treasury securities of such maturity in the first listed of the following publications then available: (1) page "USD" of the Bloomberg Financial Markets Services Screen at 11:00 a.m., New York time, on such date, (2) any similar nationally recognized trading screen reporting on-line intra-day trading in U.S. Treasury securities at 11:00 a.m., New York time, on such date, (3) the arithmetic mean of the yields reported under the headings "This Week" and "Last Week" in the Federal Reserve

System's statistical release designated "H.15(519)" most recently published on or before such date, or (4) any other reasonably comparable index approved by the Company and the holders of 66%% in aggregate principal amount of the outstanding Series Q Bonds.

1.03. In addition to redemption at the option of the Company as provided above, the Series Q Bonds are subject to redemption for cash at the option of the Company in the manner provided for in the Indenture, at the principal amount thereof, together with accrued interest to the redemption date, by use of the money deposited with or paid to the Trustee (i) as proceeds for properties taken under power of eminent domain or sold under threat of such taking or (ii) as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of any of the mortgaged properties; provided, however, that in all such redemptions of some, but less than all of the bonds outstanding under the Indenture, there shall be first (in lieu of application of any other method of selection provided under the Indenture for bonds of other series) allocated to each registered holder of 2% or more of the total principal amount of Series Q Bonds then outstanding an amount of such proceeds that bears the same ratio to the total amount of such proceeds available for redemption as the principal amount of Series Q Bonds registered in the name of such holder bears to the total principal amount of all bonds outstanding under the Indenture and subject to such redemption; provided further, however, that the Trustee may adjust such allocations so that the principal amounts of the bonds to be redeemed from each of the holders thereof shall be as nearly as possible to integral multiples of one thousand dollars (\$1,000).

1.04. Notwithstanding anything in the Indenture to the contrary, in case of redemption, other than pursuant to Section 1.03 hereof, of less than all of the Series Q Bonds outstanding, the aggregate of all moneys to be applied to such redemption shall be apportioned by the Trustee pro rata as nearly as practicable in amounts of one thousand dollars (\$1,000) or any integral multiple thereof, among each of the registered holders of bonds of such series in the proportion that the aggregate principal amount of bonds of such series then held by each such holder bears to the aggregate principal amount of bonds of such series then outstanding; and the Trustee shall within ten (10) days after being notified by the Company of its intent to redeem, notify the Company in writing of the numbers and principal amounts of bonds designated or selected by the Trustee for redemption, whether in whole or in part. If exact apportionment proves impracticable, then any portion of the moneys available for

redemption, but not exactly apportionable shall be retained by the Trustee and applied as a part of the next succeeding apportionment in redemption as in this section provided.

1.05. The Series Q Bonds shall not be redeemable except as provided in Section 1.02 or Section 1.03 hereof. Notwithstanding anything in the Indenture to the contrary, in case the Company shall desire to exercise its right to redeem Bonds of Series Q pursuant to Section 1.02 or Section 1.03 hereof, notice of redemption shall be mailed by the Company, by certified or registered mail, postage prepaid, not less than thirty days and not more than sixty days prior to the date fixed for redemption, to the holders of the bonds to be redeemed, as a whole or in part, at their addresses as the same shall appear on the transfer register of the Company. Such notice shall specify the date fixed for redemption, the principal amount of such holder's bonds being redeemed, the amount of interest accrued to the date fixed for redemption and an estimate of the Yield Maintenance Premium, if any. In the case of a redemption pursuant to Section 1.02 hereof, the Company shall also determine the amount of the Yield Maintenance Premium and give notice to the Trustee and each holder of the bonds being redeemed by facsimile or other same-day written communication two days prior to the date fixed for redemption stating the amount of the Yield Maintenance Premium and providing the details of the calculation of the Yield Maintenance Premium, even if it equals zero. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the holder receives it. In any case, failure duly to give notice by mail, or defect in the notice, to the holder of any such bond shall not affect the validity of the proceedings for the redemption of any other bond.

1.06. The Bonds of Series Q, upon surrender thereof at the main office of the Trustee, may be exchanged for the same aggregate unpaid principal balance of fully registered bonds of such series of any authorized denominations.

Within a reasonable time after the receipt of a request for such an exchange, the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection therewith, and the Trustee shall make such exchange upon payment of a sum sufficient to reimburse the Company or the Trustee for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee in connection with the transfer. Notwithstanding anything in Article Two, Section .09

of the Original Indenture to the contrary, the Company shall make no charge in connection with the transfer of Series Q Bonds other than those set forth in this Section 1.05.

1.07. Fully registered bonds of Series Q shall be numbered “QR-1” and consecutively upwards.

1.08. Upon the execution of this Eighteenth Supplemental Indenture and from time to time thereafter, the Company may execute and deliver to the Trustee, and the Trustee (provided the Company has complied with the provisions of the Original Indenture with respect to the issuance of additional bonds) shall authenticate and deliver to, or upon the order of, the Company Bonds of Series Q in the form of fully registered bonds without coupons in the aggregate principal amount of Twenty-Nine Million Dollars (\$29,000,000).

ARTICLE TWO

AMENDMENTS TO THE INDENTURE

2.01. Upon the earlier of (a) the retirement of all Bonds of Series H through P and (b) the consent, pursuant to Section 17.04 of the Indenture, of the holders of Bonds of Series H through P, the Indenture shall be amended in accordance with this section.

(A) Section 4.01(A) shall be amended by deleting the words “located within the State of Oregon or the State of Washington”.

(B) Section 7.01 shall be amended by substituting in lieu of the words “a resolution” the words “an order of the Company”.

(C) The third sentence of Section 7.04 shall be amended by substituting for the words “not later than the last day on which the first notice by publication,” the words “not less than 30 days prior to the date fixed for redemption,” and by substituting for the words “where but one notice by publication is required, not later than the last day on which such notice by publication is required to be given” the words “not less than 10 days prior to the date fixed for redemption”.

(D) Section 11.04(A)(a) shall be amended by substituting for the words “A resolution” the words “An order of the Company”.

(E) Section 12.02 shall be amended by deleting the words “a resolution authorizing such redemption”.

(F) Section 12.03 shall be amended

(1) by replacing the words “two years” with the words “five years” at the end of the first paragraph thereof; and

(2) by replacing the words “a resolution” in the fourth paragraph thereof with the words “an order of the Company”.

(G) Section 12.04 shall be amended by

(1) by replacing the words “Two Hundred Thousand Dollars (\$200,000)” in the first paragraph thereof with the words “Two Million Dollars (\$2,000,000)”; and

(2) by replacing the words “One Hundred Thousand Dollars (\$100,000)” in the first paragraph thereof with the words “One Million Dollars (\$1,000,000)”.

(H) The first sentence of Section 12.05 shall be amended

(1) by deleting the first occurrence of the word “either”;

(2) by deleting the words “a resolution and”; and

(3) by replacing the words “Ten Thousand Dollars (\$10,000)” with the words “One Hundred Thousand Dollars (\$100,000)”.

(I) Section 13.02 shall be amended by adding after the words “property additions” in the first proviso thereof, the words “(except that cash may be withdrawn and property released on the basis of net bondable expenditures for property additions subject to the lien hereof by the successor corporation in the territory served by the Company immediately prior to such consolidation, merger, or transfer)”.

2.02. Effective upon the execution and recording of this Eighteenth Supplemental Indenture, the following amendments shall be made to the Indenture pursuant to Section 17.05 thereof for the purpose of correcting certain mistakes and curing certain ambiguities in the Indenture:

(A) There shall be added to Section 1.01 of the Indenture, the following definition of “Total Telephone Plant in Service”:

Total Telephone Plant in Service

As of any particular time, the net expenditures for property additions as shown in the most recent of (a) the Company’s annual

audited financial statements or (b) any certificate of net bondable expenditures for property additions delivered by the Company to the Trustee under any provision of the Indenture.

(B) Section 2.08 shall be amended by inserting in the first sentence thereof after the words "All bonds issued hereunder and secured hereby shall be executed" the words "by manual or facsimile signature".

(C) Section 4.01(A) shall be amended by adding after the words "constructed or acquired" the words "(including, for this purpose, property of a successor corporation in a consolidation or merger that assumes the duties and liabilities of the Company hereunder as described in Section 13.01)".

(D) Section 15.01 shall be amended by deleting paragraphs (g) and (h) thereof in their entirety and substituting therefor the following:

(g) The commencement by the Company or any subsidiary of a voluntary case or proceeding under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or the consent by the Company or any subsidiary to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any subsidiary or of any substantial part of its property, or the making by the Company of any subsidiary of an assignment for the benefit of creditors, or the failure by the Company or any subsidiary generally to pay its debts as they become due, or the taking of action by the Company or any subsidiary in furtherance of any of the foregoing; or

(h) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Company or any subsidiary in an involuntary case or proceeding under the Federal bankruptcy law, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or any subsidiary or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) days.

ARTICLE THREE

ADDITIONAL PROVISIONS

3.01. The Company covenants that it is lawfully seized and possessed of the property described in the granting clauses of this Eighteenth Supplemental Indenture and that it will warrant and defend the title to said property to the Trustees for the equal pro rata benefit of the holders of all bonds at any time outstanding under the Indenture against the claims and demands (except those which constitute permitted encumbrances) of all persons whomsoever.

3.02. The property of the Company will at all times be maintained and preserved in good repair and efficiency in accordance with accepted standards and the requirements of the Washington Utilities and Transportation Commission and the Public Utility Commissioner of Oregon with respect to properties within the respective states. So long as any Series Q Bonds remain outstanding, it will during the three year period beginning January 1, 1992, and each successive three year period, upon written request of the holders or registered owners of not less than twenty-five per cent (25%) in principal amount of the Series Q Bonds then outstanding, have the physical properties of the Company inspected at the Company's expense by an engineer or firm of engineers (who may be in the regular employ of the Company or under regular retainer from the Company) selected by the Board of Directors of the Company and satisfactory to the Trustee. Such engineer or firm of engineers will file with the Trustee a written report stating the extent to which the property of the Company has been maintained in compliance with this covenant. The Trustee will mail a copy of the report to each holder of Series Q Bonds.

The Company covenants and agrees that, if such engineer or firm of engineers shall report that a maintenance deficiency exists, the Company will with all reasonable speed make such repairs or do such other maintenance work as may be necessary to make good such deficiency as shall exist at the time of such report, whereupon such engineer or firm of engineers (or, in the case of his or its refusal or inability to act, some other engineer or firm of engineers similarly selected) shall report in writing to the Trustee that such deficiency has been made good.

If such deficiency shall not have been made good within one year, or such longer period as may be reported by such engineer or firm of engineers to be reasonably necessary for the purpose, the Trustee may, and upon proper request of the holders of at least twenty-five per centum

(25%) in principal amount of the bonds of all series at the time outstanding shall, in accordance with the provisions of Article Fifteen of the Original Indenture, proceed to enforce this covenant of the Company.

3.03. Notwithstanding anything in the Indenture to the contrary, the signatures of the officers executing the Bonds of Series Q may be manual signatures or facsimiles thereof, and the corporate seal may be mechanically reproduced thereon.

3.04. Except as herein specifically changed, the Original Indenture, as supplemented and amended by the First through the Seventeenth Supplemental Indentures, is hereby in all respects ratified and confirmed.

3.05. Although this Eighteenth Supplemental Indenture is dated for convenience and for the purpose of reference as of August 1, 1992, the actual dates of execution by the Company and by the Trustees are as indicated by their respective acknowledgments hereto annexed.

3.06. The warranties, representations, and agreements contained in this Eighteenth Supplemental Indenture, insofar as they apply exclusively to the Series Q Bonds, shall be construed in accordance with and governed by the laws of the State of Washington.

3.07. This Eighteenth Supplemental Indenture shall be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, UNITED TELEPHONE COMPANY OF THE NORTHWEST has caused these presents to be signed in its name and behalf by its President or Vice President and its corporate seal to be hereto affixed and attested by its Secretary or Assistant Secretary and to evidence their acceptance of the trusts hereby created; U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION, has caused these presents to be signed in its name and behalf by one of its Vice Presidents or Authorized Officers and its corporate seal to be hereto affixed and attested by one of its Trust Officers, and S. M. DAVIS has hereto set his hand, all as of August 1, 1992.

UNITED TELEPHONE COMPANY
OF THE NORTHWEST

By:/s/ Randy W. Osler.....
Randy W. Osler,
President

(CORPORATE SEAL)

Attest:

...../s/ Tim J. Bonansinga.....
Tim J. Bonansinga,
Secretary

U.S. BANK OF WASHINGTON,
NATIONAL ASSOCIATION

By:/s/ Donna A. Finche.....
Authorized Officer

(CORPORATE SEAL)

Attest:

...../s/ Kim Murphy.....
Authorized Officer

.....Corporate Officer.....

Signed, sealed and acknowledged by U.S.
BANK OF WASHINGTON, NATIONAL ASSOCI-
ATION in the presence of:

...../s/ S. M. Davis.....
S. M. Davis

Signed, sealed and acknowledged by S. M.
DAVIS in the presence of:

...../s/ Kim Murphy.....
Corporate Officer.....

STATE OF OREGON }
COUNTY OF HOOD RIVER } ss:

On this 14th day of September, 1992, before me, the undersigned officer, appeared Randy W. Osler and Tim J. Bonansinga, to me personally known, who, being duly sworn, did acknowledge themselves to be President and Secretary, respectively, of United Telephone Company of the Northwest, a corporation, and that said instrument was signed and sealed by Randy W. Osler as such President on behalf of said corporation and as the free act and deed of said corporation by authority of its Board of Directors and that Tim J. Bonansinga as such Secretary affixed the corporate seal of said corporation thereto and attested the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this day and year first in this my certificate above written.

...../s/ Rebecca M. Bugge.....
Notary Public

My Commission Expires:

.....9/16/94.....

STATE OF WASHINGTON }
COUNTY OF KING } ss:

On this 16th day of September, before me, the undersigned officer, personally appeared Donna A. Finche and Kim Murphy to me known to be Authorized Officers of U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION, the national banking association which executed the within and foregoing instrument, and Donna A. Finche and Kim Murphy as Authorized Officers acknowledged said instrument to be the free and voluntary act and deed of said association for the uses and purposes therein mentioned and, on oath, stated that they were authorized to execute said instrument and Kim Murphy as authorized officer on oath stated that she was authorized to affix the seal of said association to said instrument and to attest the same and that the seal affixed to said instrument is the seal of said association.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this the day and year first in this my certificate above written.

...../s/ Teresa A. Carroll.....
Notary Public

My Commission Expires:

.....01-09-93.....

STATE OF WASHINGTON }
COUNTY OF KING } ss:

On this 16th day of September, 1992, before me, the undersigned officer, personally appeared S. M. DAVIS, to me known to be the individual described in and who executed the within and foregoing instrument and acknowledged that he executed and signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this the day and year first in this my certificate above written.

...../s/ Teresa A. Carroll.....
Notary Public

My Commission Expires:

.....01-09-93.....

SCHEDULE A

Real Property Descriptions

PARCEL 1 TOPPENISH — BUENA RLS (9, 10, 11/81)

Situated in the County of Yakima, State of Washington:

Beginning at a point on the East line of Section 21, Township 11 North, Range 20, E.W.M., 635.9 feet South of the Northeast corner of said section; thence South 55°17' West 335.9 feet, more or less, to the East line of county road (Buena Road); thence Northwesterly along the East line of said road 124 feet to the true point of beginning; thence North 55°17' East 102.51 feet; thence North 47°25' West 51.25 feet; thence South 55°17' West 102.51 feet to the Easterly line of county road; thence South 47°25' East along the East line of said road 51.25 feet to the true point of beginning, records of Yakima County, Washington.

TOGETHER WITH all water rights appurtenant thereunto and all water rights possessed by grantor appertaining thereto.

PARCEL 2 PARKER (9/82)

Situated in the County of Yakima, State of Washington:

The West half of Lots 15 and 16, Block 3, TOWN OF PARKER, as recorded in Volume "B" of Plats, page 92, records of Yakima County, Washington. Parcel No. 191229-12694

TOGETHER WITH all water rights appurtenant thereunto and all water rights possessed by grantor appertaining thereto.

PARCEL 3 SUNNYSIDE DISTRICT OFFICE EXPANSION (12/89)

Situated in the County of Yakima, State of Washington:

Lots 7, 8, 9 and 10, Block 21, of SUNNYSIDE, Washington, according to the official plat thereof recorded in Volume "A" of Plats, Page 59, records of Yakima County, Washington.

PARCEL 4 SUNNYSIDE Y (01, 02, 03, 04/81)

Situated in the County of Benton, State of Washington:

Lot 2, as delineated in Volume 1 of Short Plats, Page 1284, being a portion of the West 1320 feet of the Southwest quarter of Section 7, Township 12 North, Range 24 East, W.M., Benton County, Washington.

TOGETHER WITH a drainage, utility, and access easement over and across a strip of land located in the SW 1/4 of Section 7, Township 12 N, Range 24, E.W.M., described as follows: An easement 30 feet in width, 15 feet of such width on each side of the following described centerline: Beginning at a point 90 feet right of Highway Engineer's Station 1602+38.21 on the center of SR 24, M.P. 30.40 to M.P. 31.56, being on the Southerly right of way margin of SR 24, the true point of beginning; thence S 68°18'25" W for 147.21 feet; thence S 65°41'55" W for 206.50 feet; thence S 68°32'35" W for 32.42 feet to the E line of the W 1320 feet of said 1/4 of Section 7, and the terminus of said centerline, said access easement being personal and granted to United Telephone Company of the Northwest only.

TOGETHER WITH drainage, utility, and access easements over and across Lot 1 of said Short Plat as delineated on the face of said Short Plat.

PARCEL 5 SUNNYSIDE POLEYARD (08, 09, 10/90)

Situated in Yakima County, State of Washington:

That part of the Northwest quarter of the Southeast quarter of Section 35, Township 10 North, Range 22 East, W.M., described as follows:

Beginning at the Southeast corner of the Northwest quarter of the Southeast quarter of Section 35, Township 10 North, Range 22 East, W.M.; thence West along the South line of said Northwest quarter of the Southeast quarter a distance of 660 feet; thence North 15°55' East along a certain drain ditch a distance of 757 feet to a point which is 452 feet due West of the East line of the Northwest quarter of the Southeast quarter; thence North 51°32' East a distance of 577 feet, more or less, to a point on the East line of said Northwest quarter of the Southeast quarter; thence South along the said East line to the Point of Beginning;

EXCEPT that portion lying South of the North line of Interstate 82 as adjudicated in Yakima County Superior Court Cause No. 78-2-00709-0.

PARCEL 6 PATTERSON C.O. (05, 06, 07/84)

Situated in the County of Benton, State of Washington:

Lot 1, as delineated in Volume 1 of Short Plats, Page 1393, being a portion of the Northeast quarter of the Northeast quarter of Section 7, Township 5 North, Range 26 East, W.M., TOGETHER WITH an easement for ingress and egress over and across the South 20 feet of the North 30 feet of the East 90 feet of Lot 2 of said Short Plat.

EXCEPTING AND RESERVING THEREFROM all coal, oil, gas and other minerals and mineral rights in, under and upon the described parcel of land and the right to remove the same by subterranean process.

PARCEL 7 POULSBO POLEYARD (04, 07/79)

Situated in the County of Kitsap, State of Washington:

The southeast quarter of the southeast quarter of Section 3, Township 26 North, Range 1 East, W.M.; lying West of the Westerly Right of Way Margin of SR-3; EXCEPT the north 260 feet; EXCEPT the Plat of Poulsbo Acres recorded in Volume 21 of Plats, pages 66, 67 and 68, records of Kitsap County; and EXCEPT the west 506 feet thereof.

PARCEL 8 E. POULSBO/LINCOLN HILL DMS-1 (12/79)

Situated in the County of Kitsap, State of Washington:

Tract A: That portion of the northwest quarter of the northeast quarter, Section 13, Township 26 North, Range 1 East, W.M., in Kitsap County, Washington, described as follows: Commencing in an angle of County Road where it bends off from a line between the northeast quarter of the northeast quarter, Section 13, and the southeast quarter of the southeast quarter, Section 12, all in Township 26 North, Range 1 East, W.M., in Kitsap County, Washington; thence following said County Road in a southwesterly direction 696 feet to the true point of beginning; thence at right angles to said County Road, in a southeasterly direction 208 feet; thence at right angles to the last described course in a southwesterly direction 208 feet; thence at right angles to the last described course in a northwesterly direction 208 feet; thence at right angles to the last described course in a northeasterly direction 208 feet to the true point of beginning; EXCEPT County Road.

Tract B: That portion of the northwest quarter of the northeast quarter, Section 13, Township 26 North, Range 1 East, W.M., in Kitsap County, Washington, described as follows: Commencing in an angle of County Road where it bends off from a line between the northeast quarter of the northeast quarter, Section 13, and the southeast quarter of the southeast quarter, Section 12, all in Township 26 North, Range 1 East, W.M., in Kitsap County, Washington; thence following said County Road in a southwesterly direction 696 feet to the true point of beginning; thence at right angles to said County Road in a southeasterly direction 208 feet to the most easterly corner of that certain tract of land conveyed to School District No. 45 by deed bearing Auditor's File No. 17108; thence northeasterly along the easterly line extended of said School District No. 45 tract 80 feet, more or less, to the westerly margin of County Road No. 206-1/2; thence northerly along said westerly margin 350 feet, more or less, to its intersection with the easterly boundary of County Road No. 37; thence southwesterly along said boundary 300 feet, more or less, to the true point of beginning; EXCEPT Roads; and EXCEPT that portion sold under contract recorded under Recording No. 8803300131.

PARCEL 9 STEVENSON — CARSON DMS-1 (7/85)

Situated in the County of Skamania, State of Washington: A tract of land in the Northwest Quarter of the Northeast Quarter (NW 1/4 NE 1/4) of Section 20, Township 3 North, Range 8 E.W.M. described as follows:

Commencing at a point on the East line of the Northwest Quarter of the Northeast Quarter of said Section 20 South 660 feet from the Northeast corner thereof; thence West parallel to the North line of said Section 20 a distance of 230 feet to the true point of beginning; thence continuing parallel to said North line 200 feet; thence South 100 feet; thence East 200 feet; thence North 100 feet to the true point of beginning. Said property being the West 200 feet of that property described in Real Estate Contract recorded March 4, 1974 in Book 66, page 335 of the Deed Records of Skamania County, Washington;

TOGETHER WITH: an easement over and across an existing private road known as Hughes Road for purposes of ingress and egress from Skamania County Road known as Wind River Highway to subject property.

PARCEL 10 CASCADE LOCKS CO. (6/83)

Situated in the County of Hood River, State of Oregon:

A tract of land situated in the Southeast one-quarter of the Southwest one-quarter of Section 12, Township 2 North, Range 7 East of the Willamette Meridian, in the County of Hood River and State of Oregon, being more particularly described as follows:

Beginning at an iron rod in the Southerly line of that certain tract of land conveyed to the Pacific Telephone and Telegraph Co. by deed described in Book 28, page 143 and recorded May, 1940 in Deed Records, said County; said iron rod bears South $81^{\circ}40'00''$ West a distance of 49.75 feet from a found iron pipe marking the most Easterly corner thereof; thence South $26^{\circ}25'45''$ West leaving said Southerly line a distance of 15.43 feet to an iron rod; thence North $63^{\circ}34'15''$ West a distance of 22.23 feet to an iron rod in said Southerly line; thence North $81^{\circ}40'00''$ East along said Southerly line a distance of 27.06 feet to the point of beginning.

PARCEL 11 HOOD RIVER PARKING LOT (STATE STREET) (12/88)

Situated in the City of Hood River, the County of Hood River, State of Oregon:

Lots 1, 2, 27, 28 and East 6 feet of Lots 3 and 26, Block 1, WAUCOMA;

TOGETHER WITH: Lots 3 and 26 (except the East 6 feet thereof) and Lots 4 and 25, Block 1, WAUCOMA;

TOGETHER WITH: Lots 5 and 24, Block 1, WAUCOMA.

PARCEL 12 THE DALLES WORK CENTER (09/89)

Situated in the County of Wasco, State of Oregon:

A tract of land in Government Lot 8, Section 33, Township 2 North, Range 13 East of the Willamette Meridian, Wasco County, Oregon, more particularly described as follows:

Commencing at a point on the Northeasterly right-of-way of the Old Columbia River Highway, which point is the Southeasterly corner of that tract of land conveyed to Eddins Brothers as recorded in Volume 122, page 720, Deed Records of Wasco County, Oregon said point also being 262.02 feet South and 932.88 feet West of the center of said Section 33;

thence Southeasterly along the Northerly right-of-way of the Old Columbia River Highway, said right-of-way being 50 feet from the centerline of said highway (when measured at right angles) on a 3,769.72 foot radius curve left 183.10 feet (the long chord of which bears South 34°39'40" East 183.08 feet) to the Southeasterly corner of that tract of land conveyed to Eric Ward as recorded in Microfilm No. 851112, Deed of Records of Wasco County, Oregon; thence continuing Southeasterly along the said Northerly right-of-way of the Old Columbia River Highway on a 3,769.72 foot radius curve left 375.43 feet (the long chord of which bears South 38°54'20" East 375.27 feet) to the true point of beginning of the description; thence continuing along the said Northerly right-of-way of the Old Columbia River Highway on a 3,769.72 foot radius curve left 358.03 feet (the long chord of which bears South 44°28'46" East 357.90 feet) to the Northwesterly corner of that tract of land conveyed to the State of Oregon as described in Instrument No. 850221, Microfilm Records of Wasco County, Oregon; thence along the Northerly line of said State of Oregon tract North 76°42'08" East 33.66 feet to the Northeasterly corner thereof, said point being on the Westerly right-of-way of said Webber Road, said right-of-way being 40 feet from the centerline of said Road (when measured at right angles); thence along the said right-of-way North 20°50'00" East 146.70 feet; thence along the radius of a 278.73 foot radius curve right 148.93 feet (the long chord of which bears North 36°08'19" East 147.16 feet) to the intersection with the Southwesterly right-of-way of the Union Pacific Railroad, said right-of-way being 50 feet (when measured from the centerline of the original main track when measured at right angles); thence Northwesterly along the said right-of-way along a 1,959.86 foot radius curve right 309.08 feet (the long chord of which bears North 54°39'11" West 308.76 feet); thence South 42°23'10" West 253.13 feet to the point of beginning.

PARCEL 13 WILLAMINA CO. (12/79)

Situated in Yamhill County, State of Oregon:

Lot 1 in Block 3 of the Original Town of Willamina in Yamhill County, Oregon, together with a strip of land 7 feet wide adjoining said Lot 1 on the East.

PARCEL 14 CLOVERDALE — NESKOWIN T-CARRIER HUT (02/80)

Situated in the County of Tillamook, State of Oregon:

Beginning at the Initial Point of that subdivision known as Hawk Creek Hills in Section 25, Township 5 South, Range 11 West, of the Willamette Meridian; thence North $67^{\circ}32'23''$ West along the North side-line of the old County road a distance of 50 feet; thence North $7^{\circ}19'50''$ East, 50 feet; thence South $67^{\circ}32'23''$ East, 50 feet; thence South $7^{\circ}19'50''$ West, 50 feet to the beginning point;

TOGETHER WITH: a non-exclusive easement for underground cable installation and maintenance, and for ingress and egress to the aforementioned property, which easement over an existing roadway is described as follows:

Beginning at a point on the northerly side-line of Summit Road in that subdivision known as Hawk Creek Hills, in Section 25, Township 5 South, Range 11 West, Willamette Meridian, Tillamook County, State of Oregon, such point lying South $67^{\circ}32'23''$ East from the Initial Point of said subdivision a distance of 14 feet; thence North $7^{\circ}19'50''$ East, 25 feet; thence North $67^{\circ}32'23''$ West, 14 feet; thence North $7^{\circ}19'50''$ East, 25 feet; thence South $67^{\circ}32'23''$ East, 30 feet; thence South $7^{\circ}19'50''$ West, 50 feet; thence North $67^{\circ}32'23''$ West, 16 feet to the beginning point.

PARCEL 15 PACIFIC CITY — SANDLAKE (12/90)

Situated in the County of Tillamook, State of Oregon:

Lot 10, Block 8, TIERRA DEL MAR, in Tillamook County, Oregon, according to the official plat thereof recorded in Book 2, Page 61, Plat records.

PARCEL 16 LINCOLN CITY — PANTHER CREEK (11/83)

Situated in the County of Lincoln, State of Oregon:

That part of Lot 67, Block 4, Panther Creek, in Lincoln County lying Northerly of the centerline of Panther Creek, except any portion deeded to Lincoln County by deed recorded August 17, 1964 in Book 247, Page 185, Deed Records.

PARCEL 17 WHITE CITY

Situated in the County of Jackson, State of Oregon:

Tract A: Commencing at the corner common to Sections 17, 18, 19 and 20 Township 36 South, Range 1 West, Willamette Meridian, Jackson County, Oregon; thence North 1427.2 feet, thence East, 3190.7 feet to a 5/8" iron pin located on the South boundary of Avenue "G" for the true point of beginning; thence along the South boundary of Avenue "G", being 40.00 feet Southerly at right angles from the monumented centerline thereof, South 89°48' East, 400.00 feet; thence South 0°12' West, 47.00 feet; thence South 36°23' 20" West, 201.97 feet; thence North 89°48' West, 280.75 feet; thence North 0°12' East, 210.00 feet to the true point of beginning.

Tract B: Commencing at the corner common to Sections 17, 18, 19 and 20 in Township 36 South, Range 1 West of the Willamette Meridian in Jackson County, Oregon, thence North 0°17'40" West, along the centerline of Agate Road, 1478.355 feet, thence South 89°48' East, along the centerline of Avenue "G", 2798.64 feet to a bronze disk set in the concrete pavement on the centerline of Eighteenth Street, thence continue South 89°48' East, along the centerline of Avenue "G", 800.33 feet, thence South 0°12' West 40.00 feet to the south boundary of Avenue "G", thence continue South 0°12' West 47.00 feet, thence South 36°23'20" West 201.97 feet to the true point of beginning; thence North 89°48' West 280.75 feet to a 5/8" iron pin on the east line of tract described in deed recorded as No. 72-01584 of the Official Records of Jackson County, Oregon; thence South 0°12' West, along the said east line of said tract, 90.00 feet to the southeast corner thereof; thence South 89°48' East 158.69 feet to a 3/4" iron pin; thence North 53°03'45" East 152.32 feet to the true point of beginning.

TOGETHER WITH an easement 30 feet wide for vehicle and pedestrian access over and across the following described real property:

Commencing at the corner common to Sections 17, 18, 19 and 20, in Township 36 South, Range 1 West, Willamette Meridian, Jackson County, Oregon; thence along the center line of Agate Road, North 0°17'40" West, 1478.35 feet; thence along the center line of Avenue "G", South 89°48' East, 2798.64 feet, to a bronze disk set in the concrete pavement, and located on the center line of Eighteenth Street; thence along the center line of Avenue "G", South 89°48' East, 800.33 feet;

thence South 0°12' West, 87.00 feet, to an angle point on the Easterly boundary of tract described in instrument recorded as Document No. 67-02458, Official Records of Jackson County, Oregon; thence along the Southeasterly boundary of said tract, South 36°23'20" West, 121.75 feet, to a 3/4" rebar, for the true point of beginning; thence South 45°06' East, 249.13 feet, to intersect the Northwesterly right of way line of the Crater Lake Highway (State Highway No. 62); thence along said highway line, South 44°51'20" West, 228.96 feet; thence North 45°08'40" West, 260.89 feet; thence North 89°48' West, 158.69 feet, to the Southeast corner of that parcel described in instrument recorded as Document No. 72-01584, said Official Records; thence North 0°12' East, 90.00 feet, to a 5/8" iron pin located at the Southwest corner of tract described in instrument recorded as Document No. 67-02458, said Official Records; thence South 89°48' East, 280.75 feet, to a corner on the South boundary of said tract, thence North 36°23'20" East, 80.22 feet, to the true point of beginning.

LESS the real property described above.

PARCEL 18 WHITE CITY — EAGLE POINT REMOTE (02/80)

Situated in the County of Jackson, State of Oregon:

A parcel of land located in the Southwest one-quarter (1/4) of Section 3, Township 36 South, Range 1 West, Willamette Meridian, Jackson County, Oregon and being more particularly described as follows:

Commencing at the Southwest corner of Donation Land Claim No. 46 in Township 36 South, Range 1 West, Willamette Meridian, Jackson County, Oregon; thence along the West line of said Donation Land Claim No. 46, North 00°04'25" East 801.90 feet; thence North 89°59'38" East 1200.34 feet, parallel with the South line of said Claim No. 46 to a 5/8 inch iron pin on the Easterly right of way line of Crater Lake Highway (State Highway No. 62) for the true point of beginning; thence continue North 89°59'38" East 22.00 feet to a 5/8 inch iron pin; thence South 09°35' 30" East (Record South 09°34' East) 197.00 feet to a 5/8 inch iron pin; thence North 69°14'25" West 117.84 feet to a 5/8 inch iron pin on said Easterly right of way of Crater Lake Highway; thence along said Easterly right of way line on the arc of a curve to the left having a radius of 5789.58 feet a distance of 162.22 feet (the long chord bears North 19°57'25" East 162.215 feet) to the true point of beginning.

PARCEL 19 WHITE CITY — DODGE RLCM (BEAGLE) (06/81)

Situated in the County of Jackson and State of Oregon:

Beginning at the northeast corner of Lot Fourteen (14) of DONEGAN ORCHARD TRACTS in Jackson County, Oregon, according to the official plat thereof, now of record; thence West 100.00 feet; thence South, parallel with the east line of said Lot 14, a distance of 100.0 feet; thence East 100.0 feet to the east line of said Lot 14; thence North, along said east line to the point of beginning.

EXHIBIT A

**Form of Series Q Fully
Registered Bond Without Coupon**

No. QR-..... \$.....

UNITED TELEPHONE COMPANY OF THE NORTHWEST

8.77% FIRST MORTGAGE BOND SERIES Q, DUE AUGUST 1, 2017

UNITED TELEPHONE COMPANY OF THE NORTHWEST, a corporation of the State of Oregon (the "Company"), for value received, hereby promises to pay to _____ or registered assigns, on the first day of August, 2017, the principal sum of _____ and to pay interest thereon at the rate of eight and seventy-seven hundredths percent (8.77%) per annum (based on a 360-day year consisting of twelve 30-day months) from the date hereof or from the most recent date to which interest has been paid or duly provided for, semiannually on February 1 and August 1 in each year until the principal hereof becomes due and payable, and at the rate of nine and seventy-seven hundredths percent (9.77%) per annum (to the extent that the payment of such interest shall be legally enforceable) on any overdue principal, premium and on any overdue installment of interest; provided, however, that if the due date for any payment of principal, premium, or any installment of interest, shall not be a business day, such payment shall become due on the first business day following such date; and provided further that interest on any such overdue payment shall begin to accrue at the beginning of the day following such date, whether or not such following date is a business day. Both the principal of and the interest on this Bond shall be payable at the main office of U.S. Bank of Washington, National Association, in Seattle, Washington, or at the main office of its successor as corporate trustee in the trust hereinafter referred to, in lawful money of the United States of America.

This Bond is one of a duly authorized issue of first mortgage bonds of the Company, of a series designated 8.77% First Mortgage Bonds, Series Q, due August 1, 2017, limited as to aggregate principal amount as set forth in the Eighteenth Supplemental Indenture hereinafter mentioned, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other analogous fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the

bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of January 1, 1946, as amended and modified by First through Seventeenth Supplemental Indentures and an Eighteenth Supplemental Indenture dated as of August 1, 1992 (said nineteen instruments being collectively called the Indenture), all duly executed and delivered by the Company to U.S. Bank of Washington, National Association, of Seattle, Washington (the "Trustee"), and to either S. M. Davis of Seattle, Washington (the "Individual Trustee") or to S. M. Davis's predecessors in the office of individual trustee pursuant to the Indenture, as trustees, to which Indenture and to all indentures supplemental thereto reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustees, and the Company in respect to such security. Subsequent series of said bonds may vary as to date, date of maturity, rate of interest, and in other ways as in the Indenture provided or permitted.

At the option of the Company and upon notice as provided in the Indenture, the Series Q Bonds shall be redeemable in whole at any time, or in part from time to time prior to maturity in multiples of \$100,000, at the principal amount of the bonds being redeemed plus interest accrued thereon to the date fixed for such redemption, plus the Yield Maintenance Premium. The Yield Maintenance Premium shall be the excess, if any, of (i) the aggregate present value, as of the date fixed for redemption, of all remaining payments of principal and interest scheduled to be made on or after the date fixed for redemption with respect to the principal amount of the bonds being redeemed (subtracting from the first such interest payment, interest accrued to the date fixed for redemption), determined by discounting on a semi-annual basis such amounts at the Discount Rate (as defined in the Indenture by reference to the yield three trading days prior to the date fixed for redemption of U.S. Treasury securities having a maturity corresponding to the weighted average life of the bonds being redeemed on the date fixed for redemption), over (ii) the principal amount of the bonds being redeemed.

On the conditions and in the manner provided in the Indenture and in addition to redemption at the option of the Company as explained above, the Series Q Bonds are subject to redemption for cash at the option of the Company in the manner provided for in the Indenture, at the

principal amount thereof, together with accrued interest to the redemption date, by use of the money deposited with or paid to the Trustee (i) as proceeds for properties taken under power of eminent domain or sold under threat of such taking or (ii) as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of any of the mortgaged properties; provided, however, that in all such redemptions of some, but less than all of the bonds outstanding under the Indenture, there shall be first (in lieu of application of any other method of selection provided under the Indenture for bonds of other series) allocated to each registered holder of 2% or more of the total principal amount of Series Q Bonds then outstanding an amount of such proceeds that bears the same ratio to the total amount of such proceeds available for redemption as the principal amount of Series Q Bonds registered in the name of such holder bears to the total principal amount of all bonds outstanding under the Indenture and subject to such redemption; provided further, however, that the Trustee may adjust such allocations so that the principal amounts of the bonds to be redeemed from each of the holders thereof shall be as nearly as possible to integral multiples of one thousand dollars (\$1,000).

This Bond is transferable by the registered owner either in person or by attorney duly authorized in writing in the office of the Trustee upon surrender and cancellation of this Bond and upon payment of charges, and upon any such transfer a new registered Bond without coupons of the same series in the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Company and the Trustee may treat the registered owner of this Bond as the absolute owner hereof for the purpose of receiving payment hereof, or on account hereof, and for all other purposes.

No recourse shall be had for the payment of the principal of, premium, if any, or the interest on this Bond, or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company or of any successor company, whether by virtue of any statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This Bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

IN WITNESS WHEREOF, UNITED TELEPHONE COMPANY OF THE NORTHWEST has caused this Bond to be signed in its name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Secretary or one of its Assistant Secretaries.

UNITED TELEPHONE COMPANY
OF THE NORTHWEST

By:
President

Attest:

.....
Secretary

TRUSTEE'S CERTIFICATE

This Bond is one of the Bonds of the 8.77% First Mortgage Bonds, Series Q, due August 1, 2017 referred to in the within-mentioned Indenture.

U.S. BANK OF WASHINGTON,
NATIONAL ASSOCIATION

Dated: By:
Authorized Officer

**Recording Information
Eighteenth Supplemental Indenture**

<u>State</u>	<u>County</u>	<u>Date</u>	<u>Book</u>	<u>Page</u>	<u>Inst. No.</u>
Oregon	Crook	9/18/92			105664
Oregon	Deschutes	9/21/92	276	2233	92-31039
Oregon	Douglas	9/18/92	1199	428	92-16939
Oregon	Gilliam	9/18/92			M-20-425
Oregon	Grant	9/18/92			921952
Oregon	Harney	9/18/92			921538
Oregon	Hood River	9/18/92			922784
Oregon	Jackson	9/18/92			92-28312
Oregon	Jefferson	9/18/92			922776
Oregon	Klamath	9/18/92	M92	21423	
Oregon	Lake	9/18/92	95	636	
Oregon	Lane	9/18/92	1791R		9252613
Oregon	Lincoln	9/18/92	250	1577	
Oregon	Malheur	9/18/92			92-6595
Oregon	Polk	9/18/92	258	901	
Oregon	Tillamook	9/18/92	345	191	
Oregon	Wasco	9/18/92			923510
Oregon	Yamhill	9/18/92	275	150	
Washington	Benton	9/18/92			92-23163
Washington	Grant	9/18/92	19	1317	920918052
Washington	Kitsap	9/18/92	671	743	9209180289
Washington	Klickitat	9/21/92	287	700	230659
Washington	Skamania	9/18/92	180	805	
Washington	Yakima	9/18/92			2974487
Washington	Jefferson	9/18/92	387	527	

OREGON-WASHINGTON TELEPHONE COMPANY

TO

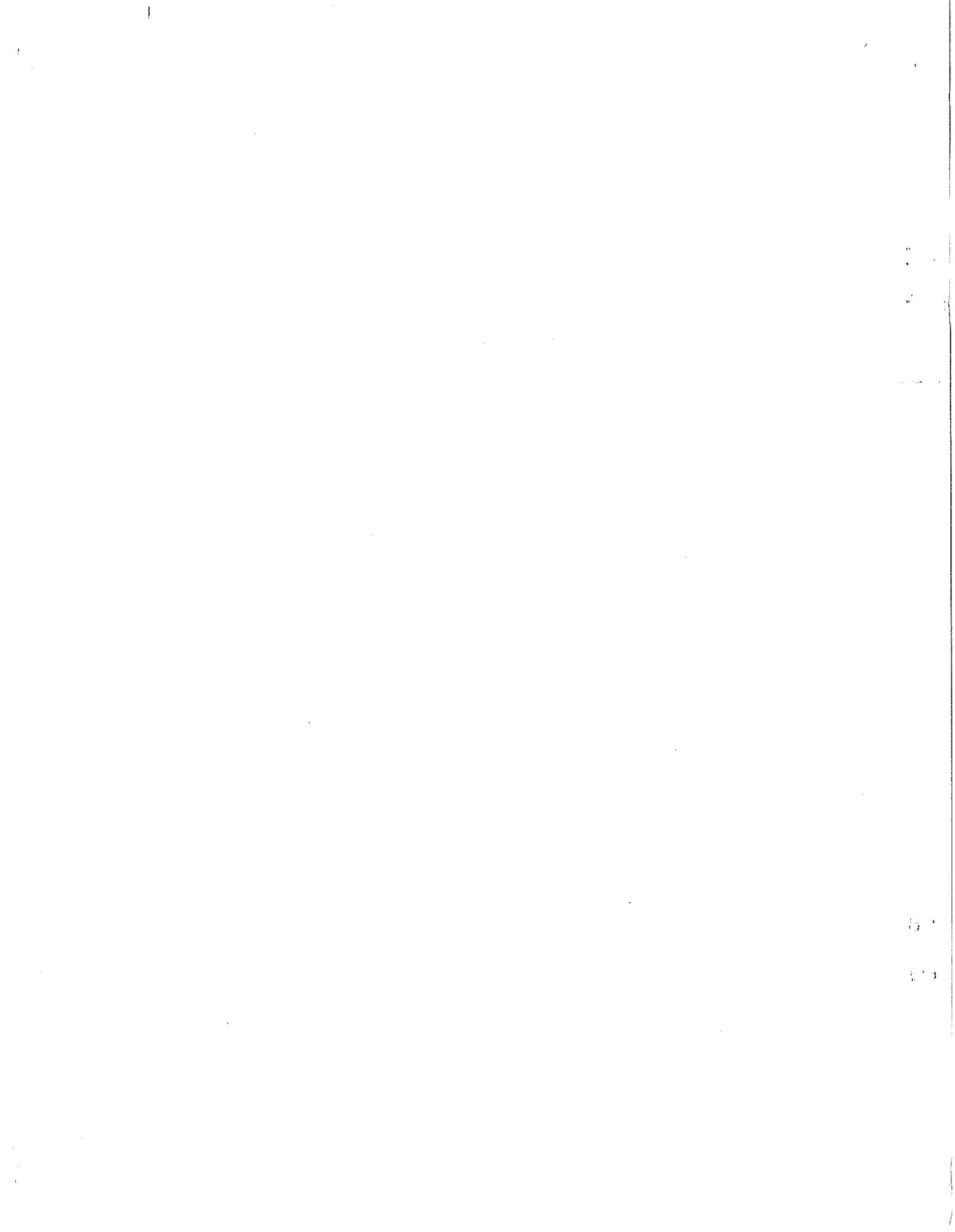
PEOPLES NATIONAL BANK OF WASHINGTON IN SEATTLE

AND

E. L. BLAINE, Jr.
Trustees

Indenture of Mortgage and Deed of Trust

Dated as of January 1, 1946



OREGON-WASHINGTON TELEPHONE COMPANY

Indenture of Mortgage and Deed of Trust

Dated as of January 1, 1946

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This Indenture dated and entered into as of January 1, 1946 by and between OREGON-WASHINGTON TELEPHONE COMPANY, a corporation duly organized and existing under and by virtue of the laws of the State of Oregon, having its principal office and place of business in the City and County of Hood River in said State, (hereinafter sometimes called the "Company") and PEOPLES NATIONAL BANK OF WASHINGTON IN SEATTLE, a national banking association duly organized and existing under and by virtue of the National Banking Laws of the United States of America having its principal office and place of business in the City of Seattle, County of King and State of Washington, and E. L. BLAINE, JR. of said City of Seattle, as Trustees (hereinafter sometimes called respectively the "Trustee", the "Individual Trustee" and collectively the "Trustees"):

WHEREAS the Company is duly authorized by law to issue, sell or otherwise dispose of its obligations for its lawful corporate purposes and to secure the payment of such obligations by a mortgage and deed of trust of and upon its properties, rights, privileges and franchises now owned or hereafter acquired; and

WHEREAS the Company deems it necessary and advisable to borrow money from time to time to retire its obligations and for other proper corporate purposes, and to issue its bonds therefor, and to mortgage and pledge its property hereinafter described to secure the payment of said bonds, and to that end has authorized and directed the issue of its bonds from time to time, limited in aggregate principal amount as hereinafter provided, to be designated as its First Mortgage Bonds, to be issuable in one or more series, to be coupon bonds registerable as to principal and fully registered bonds without coupons, to bear such date or dates, to mature on such date or dates, to bear interest at such rates and to contain and enjoy or to be subject to such provisions as shall be determined for each series by the Board of Directors of the Company prior to the issue thereof; and

WHEREAS the Company has determined by due corporate action to provide for the immediate issuance, authentication and delivery of Six Hundred Thousand Dollars (\$600,000) in aggregate principal amount of said First Mortgage Bonds, to be known as the Company's

First Mortgage Bonds, Series A, to be in the form and tenor substantially as hereinafter set forth; and

WHEREAS the execution and delivery of this Indenture and the issuance from time to time of bonds secured hereby as herein provided have been in all respects duly and validly authorized by the Board of Directors of the Company; and

WHEREAS each of the bonds of Series A to be issued hereunder, the interest coupons to be attached to coupon bonds and the certificate of the Trustee to be endorsed on the bonds are to be substantially in the following forms respectively, to wit:

(FORM OF SERIES A COUPON BOND)

No. \$1,000

OREGON-WASHINGTON TELEPHONE COMPANY

FIRST MORTGAGE BOND, SERIES A

Due January 1, 1976

OREGON-WASHINGTON TELEPHONE COMPANY, a corporation of the State of Oregon (herein called the Company), for value received, hereby promises to pay to bearer or if this bond be registered as to principal then to the registered owner hereof on the first day of January, 1976, the principal sum of One Thousand Dollars (\$1,000) and to pay interest thereon from the date hereof (unless this bond shall have been called for previous redemption and payment duly provided therefor) at the rate of three and one-half per cent. (3½%) per annum, payable semi-annually on the first day of January and the first day of July in each year until said principal sum is paid, but until maturity hereof only upon the presentation and surrender of the interest coupons hereto appertaining as they severally become due. Both the principal of and the interest on this bond shall be payable at the main office of Peoples National Bank of Washington in Seattle, in Seattle, Washington, or at the main office of its successor as corporate trustee in the trust hereinafter referred to, in lawful money of the United States of America.

This bond is one of a duly authorized issue of First Mortgage Bonds of the Company, limited as to aggregate principal amount as set forth in the Indenture hereinafter mentioned, issuable in series, and is one of a series known as First Mortgage Bonds, Series A, all bonds of all series being issued and to be issued under and pursuant to and

all equally secured (except as any sinking or other analogous fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of January 1, 1946 (herein called the Indenture) duly executed and delivered by the Company to Peoples National Bank of Washington in Seattle, of Seattle, Washington (herein called the Trustee) and E. L. Blaine, Jr. of Seattle, Washington (herein called the Individual Trustee), as trustees, to which Indenture and to all indentures supplemental thereto reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustees and of the Company in respect to such security. Subsequent series of said bonds may vary as to date, date of maturity, rate of interest and in other ways as in the Indenture provided or permitted.

Bonds of this series are redeemable in whole or in part at the option of the Company at any time, at the principal amount thereof plus interest accrued to the date fixed for redemption, plus a premium equal to the then applicable percentage of the principal amount thereof:

If redeemed on or before January 1, 1947	13 $\frac{3}{4}$ %
Thereafter and on or before January 1, 1948	13 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1949	13 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1950	12 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1951	12 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1952	12 $\frac{3}{8}$ %
Thereafter and on or before January 1, 1953	12 %
Thereafter and on or before January 1, 1954	11 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1955	11 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1956	10 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1957	10 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1958	10 $\frac{1}{8}$ %
Thereafter and on or before January 1, 1959	9 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1960	9 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1961	8 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1962	8 $\frac{3}{8}$ %
Thereafter and on or before January 1, 1963	8 %
Thereafter and on or before January 1, 1964	7 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1965	7 %
Thereafter and on or before January 1, 1966	6 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1967	6 %
Thereafter and on or before January 1, 1968	5 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1969	4 $\frac{7}{8}$ %

Thereafter and on or before January 1, 1970.....	4 ³ / ₈ %
Thereafter and on or before January 1, 1971.....	3 ³ / ₄ %
Thereafter and on or before January 1, 1972.....	3 ¹ / ₈ %
Thereafter and on or before January 1, 1973.....	2 ⁵ / ₈ %
Thereafter and on or before January 1, 1974.....	2 %
Thereafter and on or before January 1, 1975.....	1 ¹ / ₄ %
Thereafter and prior to maturity.....	5 ⁵ / ₈ %

all on the conditions and in the manner provided in the Indenture.

On the conditions and in the manner provided in the Indenture Series A bonds may become subject to redemption in whole or in part at any time by the use of moneys deposited with or paid to the Trustee (a) as the proceeds of property sold; or (b) as the proceeds of property taken under power of eminent domain or as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of property or out of moneys deposited with or paid to the Trustee by the Company because of a failure on the part of the Company to meet certain requirements of the Indenture respecting the replacement of property. Series A bonds so redeemed shall be redeemed at their principal amount plus interest accrued to the date fixed for redemption plus, in the case of bonds of such series redeemed with moneys referred to in (a) above, the then applicable premium set forth in the preceding paragraph and, in the case of bonds of such series redeemed with moneys referred to in (b) above, the then applicable premium set forth in the succeeding paragraph.

Bonds of this series are entitled to the benefit of a sinking fund provided for in the Indenture and are subject to redemption on January 1st of any year prior to maturity for the purpose of said sinking fund at the principal amount thereof, plus interest accrued thereon to the date fixed for such redemption, plus a premium equal to the then applicable percentage of the principal amount thereof:

If redeemed on or before January 1, 1947.....	8 ³ / ₄ %
Thereafter and on or before January 1, 1948.....	8 ⁵ / ₈ %
Thereafter and on or before January 1, 1949.....	8 ¹ / ₂ %
Thereafter and on or before January 1, 1950.....	8 ¹ / ₄ %
Thereafter and on or before January 1, 1951.....	8 %
Thereafter and on or before January 1, 1952.....	7 ⁷ / ₈ %
Thereafter and on or before January 1, 1953.....	7 ⁵ / ₈ %
Thereafter and on or before January 1, 1954.....	7 ¹ / ₂ %
Thereafter and on or before January 1, 1955.....	7 ¹ / ₄ %
Thereafter and on or before January 1, 1956.....	7 %
Thereafter and on or before January 1, 1957.....	6 ³ / ₄ %
Thereafter and on or before January 1, 1958.....	6 ¹ / ₂ %
Thereafter and on or before January 1, 1959.....	6 ¹ / ₄ %
Thereafter and on or before January 1, 1960.....	6 %

Thereafter and on or before January 1, 1961	5 ⁵ / ₈ %
Thereafter and on or before January 1, 1962	5 ³ / ₈ %
Thereafter and on or before January 1, 1963	5 ¹ / ₈ %
Thereafter and on or before January 1, 1964	4 ⁷ / ₈ %
Thereafter and on or before January 1, 1965	4 ¹ / ₂ %
Thereafter and on or before January 1, 1966	4 ¹ / ₄ %
Thereafter and on or before January 1, 1967	3 ⁷ / ₈ %
Thereafter and on or before January 1, 1968	3 ¹ / ₂ %
Thereafter and on or before January 1, 1969	3 ¹ / ₄ %
Thereafter and on or before January 1, 1970	2 ⁷ / ₈ %
Thereafter and on or before January 1, 1971	2 ¹ / ₂ %
Thereafter and on or before January 1, 1972	2 %
Thereafter and on or before January 1, 1973	1 ³ / ₄ %
Thereafter and on or before January 1, 1974	1 ¹ / ₄ %
Thereafter and on or before January 1, 1975	⁷ / ₈ %
Thereafter and prior to maturity	¹ / ₂ %

all on the conditions and in the manner provided in the Indenture.

Notice of any of the aforesaid redemptions, except redemptions for the sinking fund, shall be published once a week for two successive weeks in one daily newspaper printed in the English language and published and of general circulation in the City of Chicago, Illinois, the first such publication to be not more than seventy (70) nor less than sixty (60) days prior to the date fixed for redemption. Notice of sinking fund redemptions shall be published once in such newspaper not more than twenty (20) nor less than ten (10) days prior to the date fixed for redemption, all on the conditions and in the manner provided in the Indenture. If any of the bonds to be redeemed at the time of any redemption of bonds are fully registered bonds without coupons or are coupon bonds registered as to principal, notice of any such redemption shall be mailed to the registered owner of each such bond by registered mail, addressed to him at his registered address, not later than the last date on which the first notice by publication (or in the case of redemptions for the sinking fund, the notice by publication) is required to be given, provided, however, that if the bonds to be redeemed include none except fully registered bonds without coupons and coupon bonds registered as to principal published notice of such redemption need not be given. The Indenture provides among other things that notice of redemption having been duly given, this bond shall become due and payable upon the redemption date and, if the redemption price shall have been duly deposited with the Trustee, interest hereon shall cease to accrue from and after the date fixed for redemption and that whenever the redemption price hereof shall have been duly deposited with the Trustee and notice of redemption shall have been duly given or provision therefor made as provided in the Indenture, this bond shall no longer be entitled to any lien or benefit of the Indenture.

In the event that all or any part of the bonds of this Series shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, the holders or registered owners of such bonds shall be entitled to be paid therefor an amount equal to the redemption price then applicable in the case of a redemption at the option of the Company.

In case an event of default, as defined in the Indenture, occurs, the principal of this bond may become or may be declared due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Indenture.

This bond is transferable by delivery unless registered as to principal in the owner's name upon books of the Company to be kept for that purpose at the office of the Trustee under the Indenture, such registration being noted hereon. After such registration no transfer of this bond shall be valid unless made on said books by the registered owner hereof in person, or by attorney duly authorized therefor, and similarly noted hereon; but this bond may be discharged from registry by being in like manner transferred to bearer, whereupon transferability by delivery shall be restored and this bond may again and from time to time be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the annexed coupons, which shall always be transferable by delivery and be payable to bearer, and payment to the bearer thereof shall fully discharge the Company in respect of the interest therein mentioned, whether or not this bond be registered as to principal and whether or not any such coupons be overdue.

The Company and the Trustee may treat the bearer of this bond or, if registered as to principal, the registered owner as the absolute owner hereof for the purpose of receiving payment hereof or on account hereof and for all other purposes.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, property may be released from the lien thereof and the terms and provisions of the Indenture or of any instrument supplemental thereto and may be modified or altered by the assent or authority of the holders of at least eighty per cent. (80%) in amount of the bonds then outstanding thereunder, provided, however, that no such modification or alteration shall be made which will (a) affect the terms of payment of the principal of or of interest on the bonds outstanding thereunder, or (b) authorize the creation of any lien prior or equal to the lien of the Indenture upon any of the mortgaged and pledged property, or (c) give to any bond or bonds secured thereby any preference over any other bond or bonds secured thereby, and pro-

vided further, that no modification of any right which shall have been specifically provided in respect of any particular series of bonds shall be effective unless assented to by the holders of at least eighty per cent. (80%) in amount of the bonds of such particular series.

No recourse shall be had for the payment of the principal of or the interest on this bond, or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company, or of any successor company, whether by virtue of any statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

IN WITNESS WHEREOF, OREGON-WASHINGTON TELEPHONE COMPANY has caused this bond to be signed in its name by its President or one of its Vice-Presidents and its corporate seal to be hereunto affixed and attested by its Secretary or by one of its Assistant Secretaries, and interest coupons bearing the facsimile signature of its Treasurer to be attached hereto, and this bond to be dated the first day of January, 1946.

OREGON-WASHINGTON TELEPHONE COMPANY,

By.....
President.

Attest:

.....
Secretary.

(FORM OF INTEREST COUPON)

No. \$17.50

On the first day of , 19 , upon surrender of this coupon, unless the bond hereinafter mentioned shall have been previously called for redemption and payment duly provided therefor, Oregon-Washington Telephone Company will pay to bearer at the main office of Peoples National Bank of Washington in Seattle, in Seattle, Washington, Seventeen and 50/100 Dollars (\$17.50) in lawful money of the United States of America, being six (6) months interest then due

on its First Mortgage Bond, Series A, dated January 1, 1946,
No.

OREGON-WASHINGTON TELEPHONE COMPANY,

By
Treasurer.

(FORM OF SERIES A FULLY REGISTERED BOND WITHOUT COUPONS)

No. \$

OREGON-WASHINGTON TELEPHONE COMPANY

FIRST MORTGAGE BOND, SERIES A

Due January 1, 1976

OREGON-WASHINGTON TELEPHONE COMPANY, a corporation of the
State of Oregon (herein called the Company), for value received, here-
by promises to pay to or registered
assigns, on the first day of January, 1976, the principal sum of

Dollars (\$) and

to pay interest thereon from the date hereof (unless this bond shall
have been called for previous redemption and payment duly provided
therefor) at the rate of three and one-half per cent. (3½%) per annum
payable semi-annually on the first day of January and the first day of
July in each year until said principal sum is paid. Both the principal
of and the interest on this bond shall be payable at the main office of
Peoples National Bank of Washington in Seattle, in Seattle, Washing-
ton, or at the main office of its successor as corporate trustee in the
trust hereinafter referred to, in lawful money of the United States of
America. When funds have been made available for the purpose, said
bank, or its successor corporate trustee, shall mail its check for said
interest to the registered owner hereof at his registered address.

This bond is one of a duly authorized issue of First Mortgage
Bonds of the Company, limited as to aggregate principal amount as set
forth in the Indenture hereinafter mentioned, issuable in series, and is
one of a series known as First Mortgage Bonds, Series A, all bonds of
all series being issued and to be issued under and pursuant to and all
equally secured (except as any sinking or other analogous fund, estab-
lished in accordance with the provisions of the Indenture hereinafter
mentioned, may afford additional security for the bonds of any par-
ticular series) by an Indenture of Mortgage and Deed of Trust dated as
of January 1, 1946 (herein called the Indenture) duly executed and
delivered by the Company to Peoples National Bank of Washington in
Seattle, of Seattle, Washington (herein called the Trustee) and E. L.

Blaine, Jr., of Seattle, Washington (herein called the Individual Trustee), as trustees, to which Indenture and to all indentures supplemental thereto reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustees and of the Company in respect to such security. Subsequent series of said bonds may vary as to date, date of maturity, rate of interest and in other ways as in the Indenture provided or permitted.

Bonds of this series are redeemable in whole or in part at the option of the Company at any time, at the principal amount thereof plus interest accrued to the date fixed for redemption, plus a premium equal to the then applicable percentage of the principal amount thereof:

If redeemed on or before January 1, 1947	13 $\frac{3}{4}$ %
Thereafter and on or before January 1, 1948	13 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1949	13 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1950	12 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1951	12 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1952	12 $\frac{3}{8}$ %
Thereafter and on or before January 1, 1953	12 %
Thereafter and on or before January 1, 1954	11 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1955	11 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1956	10 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1957	10 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1958	10 $\frac{1}{8}$ %
Thereafter and on or before January 1, 1959	9 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1960	9 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1961	8 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1962	8 $\frac{3}{8}$ %
Thereafter and on or before January 1, 1963	8 %
Thereafter and on or before January 1, 1964	7 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1965	7 %
Thereafter and on or before January 1, 1966	6 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1967	6 %
Thereafter and on or before January 1, 1968	5 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1969	4 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1970	4 $\frac{3}{8}$ %
Thereafter and on or before January 1, 1971	3 $\frac{3}{4}$ %
Thereafter and on or before January 1, 1972	3 $\frac{1}{8}$ %
Thereafter and on or before January 1, 1973	2 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1974	2 %
Thereafter and on or before January 1, 1975	1 $\frac{1}{4}$ %
Thereafter and prior to maturity	$\frac{5}{8}$ %

all on the conditions and in the manner provided in the Indenture.

On the conditions and in the manner provided in the Indenture Series A bonds may become subject to redemption in whole or in part at any time by the use of moneys deposited with or paid to the Trustee (a) as the proceeds of property sold; or (b) as the proceeds of property taken under power of eminent domain or as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of property or out of moneys deposited with or paid to the Trustee by the Company because of a failure on the part of the Company to meet certain requirements of the Indenture respecting the replacement of property. Series A bonds so redeemed shall be redeemed at their principal amount plus interest accrued to the date fixed for redemption plus, in the case of bonds of such series redeemed with moneys referred to in (a) above, the then applicable premium set forth in the preceding paragraph and, in the case of bonds of such series redeemed with moneys referred to in (b) above, the then applicable premium set forth in the succeeding paragraph.

Bonds of this series are entitled to the benefit of a sinking fund provided for in the Indenture and are subject to redemption on January 1st of any year prior to maturity for the purpose of said sinking fund at the principal amount thereof, plus interest accrued thereon to the date fixed for such redemption, plus a premium equal to the then applicable percentage of the principal amount thereof:

If redeemed on or before January 1, 1947	8 $\frac{3}{4}$ %
Thereafter and on or before January 1, 1948	8 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1949	8 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1950	8 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1951	8 %
Thereafter and on or before January 1, 1952	7 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1953	7 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1954	7 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1955	7 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1956	7 %
Thereafter and on or before January 1, 1957	6 $\frac{3}{4}$ %
Thereafter and on or before January 1, 1958	6 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1959	6 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1960	6 %
Thereafter and on or before January 1, 1961	5 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1962	5 $\frac{3}{8}$ %
Thereafter and on or before January 1, 1963	5 $\frac{1}{8}$ %
Thereafter and on or before January 1, 1964	4 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1965	4 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1966	4 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1967	3 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1968	3 $\frac{1}{2}$ %

Thereafter and on or before January 1, 1969	3 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1970	2 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1971	2 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1972	2 %
Thereafter and on or before January 1, 1973	1 $\frac{3}{4}$ %
Thereafter and on or before January 1, 1974	1 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1975	$\frac{7}{8}$ %
Thereafter and prior to maturity	$\frac{1}{2}$ %

all on the conditions and in the manner provided in the Indenture.

Notice of any of the aforesaid redemptions shall be given by registered mail to the registered owner hereof at his registered address, such notice to be mailed at least sixty (60) days prior to the date fixed for redemption, provided that notice of redemptions for the sinking fund may be mailed as aforesaid not less than ten (10) days prior to the date fixed for redemption; all on the conditions and in the manner provided in the Indenture. The Indenture provides that if less than all bonds of this series are to be called for redemption, bonds to be so called shall be selected by lot, each fully registered bond of a denomination of a multiple (greater than one) of \$1,000 to be represented by a separate number for each \$1,000 of its principal amount, and that if notice of the redemption of any fully registered bond without coupons or of any portion of its principal amount so selected as aforesaid has been duly given, then such bond or such portion thereof shall become due and payable on the redemption date and if the redemption price shall have been duly deposited with the Trustee, interest on such bond or on such portion thereof shall cease to accrue from and after the redemption date, and that whenever the redemption price thereof shall have been duly deposited with the Trustee and notice of redemption shall have been duly given or provision therefor made as provided in the Indenture, such bond or such portion thereof shall no longer be entitled to any lien or benefit of the Indenture. In the event that a portion only of this bond shall be so called for redemption, the Company will issue a new fully registered bond without coupons in like form for the unredeemed portion thereof.

In the event that all or any part of the bonds of this Series shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, the holders or registered owners of such bonds shall be entitled to be paid therefor an amount equal to the redemption price then applicable in the case of a redemption at the option of the Company.

In case an event of default, as defined in the Indenture, occurs, the principal of this bond may become or may be declared due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Indenture.

This bond is transferable by the registered owner hereof, in person or by duly authorized attorney, upon books of the Company to be kept for that purpose at the office of the Trustee under the Indenture, upon surrender thereof at said office for cancellation and upon presentation of a written instrument of transfer duly executed, and thereupon the Company shall issue in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new registered bond or bonds, of like form and in an authorized denomination or in authorized denominations and of the same series, for the same aggregate principal amount. Fully registered bonds without coupons of this series upon surrender thereof at said office may be exchanged for the same aggregate principal amount either of fully registered bonds of this series of another authorized denomination or other authorized denominations, or of coupon bonds of this series of the denomination of \$1,000 with coupons attached representing interest from the date to which interest shall have been paid on the surrendered bonds or of both; all upon payment of the charges, if any, and subject to the terms and conditions specified in the Indenture.

The Company and the Trustee may treat the registered owner of this bond as the absolute owner hereof for the purpose of receiving payment hereof, or on account hereof, and for all other purposes.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, property may be released from the lien thereof and the terms and provisions of the Indenture or of any instrument supplemental thereto may be modified or altered by the assent or authority of the holders of at least eighty per cent. (80%) in amount of the bonds then outstanding thereunder, provided, however, that no such modification or alteration shall be made which will (a) affect the terms of payment of the principal of or of interest on the bonds outstanding thereunder, or (b) authorize the creation of any lien prior or equal to the lien of the Indenture upon any of the mortgaged and pledged property, or (c) give to any bond or bonds secured thereby any preference over any other bond or bonds secured thereby, and provided further, that no modification of any right which shall have been specifically provided in respect of any particular series of bonds shall be effective unless assented to by the holders of at least eighty per cent. (80%) in amount of the bonds of such particular series.

No recourse shall be had for the payment of the principal of or the interest on this bond, or of any claim based hereon or in respect

hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company, or of any successor company, whether by virtue of any statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

IN WITNESS WHEREOF, OREGON-WASHINGTON TELEPHONE COMPANY has caused this bond to be signed in its name by its President or one of its Vice-Presidents and its corporate seal to be hereunto affixed and attested by its Secretary or one of its Assistant Secretaries, and this bond to be dated the first day of _____, 19 .

OREGON-WASHINGTON TELEPHONE COMPANY,

By
President.

Attest:

.....
Secretary.

(FORM OF TRUSTEE'S CERTIFICATE FOR BONDS OF SERIES A)

This is one of the First Mortgage Bonds, Series A, referred to in the within mentioned Indenture.

PEOPLES NATIONAL BANK OF WASHINGTON IN SEATTLE, TRUSTEE,

By
Authorized Officer.

AND WHEREAS all things necessary to make the said bonds, when authenticated by the Trustee and issued as in this Indenture provided, valid, binding and legal obligations of the Company, and to constitute this Indenture a valid First Mortgage and Deed of Trust to secure the payment of the principal of and interest on all bonds issued hereunder, have been done and performed, and the creation, execution and deliv-

ery of this Indenture, and the creation, execution and issue of said bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW THEREFORE, THIS INDENTURE WITNESSETH:

That OREGON-WASHINGTON TELEPHONE COMPANY, in consideration of the premises and of the acceptance by the Trustees of the trusts hereby created and of the purchase and acceptance of said bonds by the owners thereof and of the sum of One Dollar lawful money of the United States of America to it duly paid by the Trustees, the receipt whereof is by it hereby acknowledged, in order to secure the payment both of the principal of and interest on all bonds that may at any time be issued and outstanding under this Indenture according to their tenor and effect and the performance and observance by the Company of all the covenants expressed or implied herein and in said bonds, has given, granted, bargained, sold, released, conveyed, aliened, assigned, confirmed, transferred, mortgaged, warranted, pledged and set over and does by these presents give, grant, bargain, sell, release, convey, alien, assign, confirm, transfer, mortgage, warrant, pledge and set over unto Peoples National Bank of Washington in Seattle, of Seattle, Washington, and E. L. Blaine, Jr. of said Seattle, as Trustees, and to their successors in the trusts hereby created, and to them and their assigns forever, all the right, title and interest of the Company in and to any and all premises, plants, properties, leases and leaseholds, franchises, permits, patents, rights and powers of every kind and description, real and personal, now owned or hereafter acquired by the Company, together with the tolls, rents, revenues, issues, products and profits therefrom, *excepting, however, and there is expressly reserved and excluded from the lien hereof:* (A) all right, title and interest of the Company now owned or hereafter acquired in and to (a) all cash, bonds, notes, shares of stock, obligations and other securities not deposited with the Trustee under the provisions of this Indenture or otherwise specifically subjected to the lien hereof; (b) all accounts and bills receivable, judgments (other than for the recovery of real property or establishing a lien or charge thereon or right therein) and choses in action not specifically assigned to the Trustees and pledged

with the Trustee hereunder; (c) all goods, wares, merchandise, equipment or apparatus manufactured or acquired for the purpose of sale or resale in the usual course of business; (d) all materials and supplies held for consumption in operation; (e) all motor vehicles; and (B) the last day of each of the demised terms created by any lease of property now leased to the Company and the last day of any demised term under each and every lease hereafter made or acquired by the Company and under each and every renewal of any lease, the last day of each and every such demised term being hereby expressly reserved to and by the Company; provided, however, that if upon the happening of an event of default as hereinafter defined in this Indenture the Trustees or the Trustee or a receiver or trustee shall have entered upon or taken possession of the mortgaged property, the Trustees or Trustee or such receiver or trustee may, to the extent permitted by law, take, hold and administer in connection with the mortgaged property all of the said properties set forth in (A) above.

Without in any way limiting or restricting the generality of the foregoing description or the foregoing exception and reservation, the Company does hereby, give, grant, bargain, sell, release, convey, alien, assign, confirm, transfer, mortgage, warrant, pledge and set over unto Peoples National Bank of Washington in Seattle and E. L. Blaine, Jr., as Trustees, and to their respective successor or successors in the trusts hereby created, and to them and their assigns forever, the following described property, together with the tenements, hereditaments and appurtenances thereunto belonging or appertaining, to wit:

I.

The following described real estate, together with all improvements thereon:

A. Situated in the County of Hood River in the State of Oregon, to wit:

Parcel 1.

(a) The North One Hundred (100) feet of Lot One (1), in Block Twenty-one (21) in the City of Hood River proper, subject to the reservation of a right-of-way over and across the South Ten (10) feet thereof for road purposes.

(b) The North One Hundred (100) feet of Lot Two (2) in Block Twenty-one (21) in the City of Hood River proper, together with an easement and right-of-way for travel over and across the South Ten (10) feet of the North One Hundred (100) feet of Lot One (1) in Block Twenty-one (21) of the City of Hood River proper.

Parcel 2.

The West Half of Lot Two (2), in Block Six (6) in the Townsite of Parkdale, Oregon, according to the duly recorded plat thereof.

Parcel 3.

Lot Eight (8) in Block Two (2) in the Town of Odell, being a subdivision of the Northwest Quarter of the Southwest Quarter of Section Twenty-six (26), Township Two (2) South, Range Ten (10) East of the Willamette Meridian in Hood River County, Oregon, as per duly recorded plat thereof.

B. Situated in the County of Harney in the State of Oregon,
to wit:

Lot One (1) in Block Thirty-one (31) in the original Town of Crane.

C. Situated in the County of Wasco in the State of Oregon,
to wit:

The East Twenty-five (25) feet of Lots One (1) and Two (2) in Block One (1) in the Town of Mosier according to the duly recorded plat thereof, Also an easement and right to place telephone lines, wires, cables and one (1) pole on, over and across Lots Three (3) and Four (4) and the West Seventy-five (75) feet of Lot Two (2) in Block Two (2) of the Town of Mosier, according to the duly recorded plat thereof.

D. Situated in the County of Yakima, State of Washington,
to wit:

Parcel 1.

Lot Seven (7) Block Thirty-two (32) of the original Town of Wapato, according to the duly recorded plat thereof.

Parcel 2.

Lot Fifteen (15) Block Twenty (20) in the Town of Sunny-side, according to the duly recorded plat thereof, SUBJECT

HOWEVER to two certain party-wall agreements Dated September 14th, 1912 and October 28th, 1916, respectively and both recorded July 27th, 1920.

Parcel 3.

The South Eighteen (18) feet of the North Forty-eight (48) feet of Lot (6) in Block Twenty (20) in the Town of Zillah, Washington, according to the duly recorded plat thereof.

E. Situated in the County of Klickitat, in the State of Washington, to wit:

Lot One (1) in Block Six (6) in the Town of Bickleton, according to the duly recorded plat thereof.

II.

(a) All improvements and structures, offices, buildings and exchanges which now are or hereafter shall be located, erected or placed upon any of the lands and premises hereinbefore described or hereafter acquired by the Company.

(b) All equipment, switchboards, machinery, tools and appliances of every kind and nature, located in and upon and necessary or used or useful in and about the maintenance or operation of any of the premises hereinbefore described, and now or in the future owned by the Company, or necessary or used or useful in or about the maintenance or operation of any of the telephone exchanges now and in the future located or conducted therein, including all of the equipment, switchboards, machinery, tools and appliances of every kind and nature located in and upon, and necessary or used or useful in and about the maintenance or operation of any of the telephone exchanges now owned or operated in Hood River, Odell, and Parkdale, in Hood River County, Oregon; Mosier in Wasco County, Oregon; Burns and Crane in Harney County, Oregon; Stevenson in Skamania County, Washington; White Salmon, Goldendale, Trout Lake, Lyle, Klickitat, Bickleton and Roosevelt in Klickitat County, Washington; Prosser, in Benton County, Washington; Grandview, Sunnyside, Zillah, Toppenish and Wapato, in Yakima County, Washington.

III.

(a) All franchises, grants, permits, easements, licenses, rights and privileges to construct, maintain and operate poles, wires and other necessary equipment with which to transmit, relay and receive messages and images by telephone, telegraph, teletype, telephoto, radio and television, or by any other means whereby messages and images may now or hereafter be transmitted, relayed and/or received in, over, upon, under or through streets, avenues, roads, alleys, lanes and other public and private places in Hood River, Odell, Parkdale and elsewhere in Hood River County, Oregon; Mosier and elsewhere in Wasco County, Oregon; Burns, Hines, Crane and elsewhere in Harney County, Oregon; in Grant County, Oregon; in Malheur County, Oregon; in Stevenson, North Bonneville, Carson, Underwood and elsewhere in Skamania County, Washington; in White Salmon, Bingen, Trout Lake, Lyle, Klickitat, Goldendale, Bickleton, Roosevelt and elsewhere in Klickitat County, Washington; in Prosser and elsewhere in Benton County, Washington; in Grandview, Sunnyside, Zillah, Toppenish, Wapato, White Swan, Mabton, Granger and elsewhere in Yakima County, Washington; heretofore or hereafter granted to the Company, or to its predecessors in interest, and now or hereafter held and enjoyed by the Company, including

(A) Easement from C. M. Hibler, dated September 1, 1923, recorded Volume 228 of Deeds, page 113, Records Yakima County, Washington.

(B) Easement from Oda Knight, dated December 14, 1933, recorded Volume 71, of Deeds, page 290, Records of Klickitat County, Washington.

(C) Easement from E. W. R. Taylor, et al., dated October 31, 1922, recorded Volume 53 of Deeds, page 144, Records of Benton County, Washington. Assignment recorded Volume 60 of Deeds, page 628, same county and state.

(D) Easement from Federal Land Bank of Spokane, dated October 8, 1931, Klickitat County, Washington, not recorded.

(E) Easement from Hester Daffron, dated March 17, 1928, Klickitat County, Washington, not recorded.

(F) Right of way easement granted by Bessie Young and Preston Ash, by deed dated April 15, 1927, recorded in Book V of Deeds, page 312-3, Records of Skamania County, Washington.

(G) Right of way easement granted by Hugh B. Smith and wife, dated March 5, 1928, recorded in Book V of Deed Records of Skamania County, Washington, at page 527.

(H) Right of way easement granted by Frank H. Hapgood and wife, dated February 21, 1928, and recorded in Book V of Deed Records of Skamania County, Washington, at page 526.

(I) The following described rights of way acquired from the following named parties, by following described conveyances, reference to which is made for a more particular description, to-wit:

(J) Nellie E. Ash right of way, dated June 11, 1923, acquired by a decree of condemnation in case No. 1452 in Superior Court of Skamania County, Washington.

(K) Interlaken Resort Company, right of way, dated July 5, 1922, recorded in Book S of Deed Records of Skamania County, Washington, page 629, and as changed by Deed Records Book V, page 487 of said Records.

(L) I. C. Lott right of way, dated June 30, 1922, recorded in Book 5 of Deeds, page 630, Records of Skamania County, Washington.

(M) Harry Hazzard, right of way, dated June 30, 1922, recorded in Book 5 of Deeds, page 628, Records of Skamania County, Washington.

(N) Right of way easement, Ernest Bannister and wife, dated October 1, 1936.

(O) Right of way easement from F. H. Hapgood and wife, dated September 12, 1928, recorded in Book W of Deed Records, page 43, Skamania County, Washington.

(P) Right of way easement from Hugh B. Smith and wife, dated September 12, 1928, recorded in Volume W of Deed Records of Skamania County, Washington on, pages 45-6

And as well the poles, supports, towers, cross arms, conduits, subways, underground pipes, cables, wires, fixtures, apparatus and other equipment comprising the systems of the Company now or hereafter constructed, erected, maintained and operated thereunder, and including, in addition to the exchanges herein named, the following toll lines:

Between Benton City, Washington, and White Swan, Washington, and connecting Prosser, Grandview, Sunnyside, Zillah, Toppenish, Mabton, Granger, and Wapato.

Between Sunnyside, Washington, and Arlington, Oregon, and connecting Bickleton and Roosevelt, Washington, and including a submarine cable across the Columbia River at Roosevelt.

Between Goldendale, Washington, and White Salmon, Washington, and connecting Klickitat and Lyle, Washington.

Between Goldendale, Washington, and Maryhill, Washington.

Between White Salmon, Washington, and Trout Lake, Washington.

Between White Salmon, Washington, and Hood River, Oregon, including a submarine cable across the Columbia River at said point.

Between Stevenson, Washington, and North Bonneville, Washington.

Between Hood River, Oregon, and Parkdale, Oregon, and connecting Odell.

Between Burns, Oregon, and John Day City, Oregon.

Between Burns, Oregon, and Crane, Oregon.

Between Juntura, Oregon, and a point nine miles west of Vale, Oregon. Combination toll and subscriber lines as follows:

Between Stevenson, Washington, and Government Springs, Washington, connecting Carson.

Between White Salmon, Washington, and Glenwood, Washington.

Between Prosser, Washington, and Patterson, Washington.

Between Klickitat, Washington, and Glenwood, Washington, to the extent of an undivided one-half interest therein.

Between Lyle, Washington, and Dallesport, Washington.

And also including the submarine cable which crosses under the Columbia River between Dallesport, Washington, and the Oregon shore near The Dalles, Oregon, and also the submarine cable which crosses under the Columbia River between Lyle, Washington, and the Oregon shore.

(b) All interconnection, toll, joint facilities, facility license and other contracts to which the Company is, or may hereafter become, party and all rights of the Company thereunder other than such as may be classed as current assets.

IV.

Any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Company, or by anyone in its behalf or with its written consent, to the trustees, which are hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all said franchises and property, real, personal and mixed, conveyed, transferred, assigned, mortgaged or pledged by the Company as aforesaid or intended so to be unto the Trustees, and to their successors in said trust, and to them and their assigns forever;

IN TRUST, nevertheless, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders of the bonds and interest coupons issued or to be issued under and secured by this Indenture (except as otherwise required by Section 8.16 hereof), without preference, priority or distinction as to lien or otherwise of any of the bonds or coupons over any of the others by reason of the date of maturity thereof, or for any other reason whatsoever, subject, however, to the provisions of this Indenture and of any supplemental indenture relating to any sinking fund or similar fund for the benefit of the bonds of any particular series issued under this Indenture.

Provided, however, that if the Company, its successors or assigns, shall well and truly pay or cause to be paid the principal of the bonds and the interest due or to become due thereon, at the times and in the manner mentioned in the bonds and the interest coupons appertaining to coupon bonds, respectively, according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this

Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared that all bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property hereby mortgaged or pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed and the Company has agreed and covenanted and does hereby agree and covenant with the Trustees and with the respective holders, from time to time, of the said bonds or coupons or any part thereof as follows, that is to say:

ARTICLE ONE.

DEFINITIONS.

SECTION 1.01. As hereinafter used in this Indenture each of the following terms shall be construed to have the meaning hereinafter specified respectively, unless otherwise clearly indicated by the context.

Available Bonds:

Bonds issued under and secured by the lien of this Indenture, together, in the case of coupon bonds, with all unmatured coupons appertaining thereto, which have been purchased or redeemed by the Company but have not been either (a) redeemed by the use of any money deposited with the Trustee for the purpose of any sinking fund; (b) purchased or redeemed with the proceeds of the sale or taking of, or with insurance moneys resulting from damage to or destruction of, any of the mortgaged property, or with moneys deposited with the Trustee to offset a maintenance deficit; or (c) theretofore used as the basis for the issue of bonds under Article Five, or delivered to the Trustee in lieu of payments for any sinking fund, or to offset any maintenance deficit, or credited under any other requirement hereof.

Bonds and coupons for the redemption of which moneys shall have been or are concurrently being deposited with the Trustee shall be deemed to have been redeemed within the meaning of this definition, provided that notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made therefor or such notice shall have been waived.

Company:

Oregon-Washington Telephone Company, and, subject to the provisions of Article Thirteen hereof, its successors and assigns.

Default:

Default by the Company in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture or in the bonds outstanding hereunder exclusive of any period of grace provided for in Section 15.01.

Engineer:

An individual, copartnership or corporation engaged in an engineering business or employed by the Company to pass upon engineering questions.

Engineer's Certificate:

A certificate signed and verified by an engineer (who, except during the continuance of a default, may be an employee of the Company) appointed by the Board of Directors of the Company.

Indenture:

This instrument together with any and all indentures which may hereafter be made supplemental hereto.

Independent Engineer's Certificate:

A certificate signed and verified by an engineer satisfactory to the Trustee who is not in the employ of the Company and who shall certify in his certificate that he has not been in the employ of the Company for a specified period, which period shall be satisfactory to the Trustee.

Individual Trustee:

E. L. Blaine, Jr. and, subject to the provisions of Article Sixteen hereof, his successors as individual trustee in the trust hereby created.

Maintenance Period:

The period from January 1, 1946 to the end of the Company's first fiscal year ending after January 1, 1946, and each fiscal year subsequent thereto.

Mortgaged Property, Trust Estate:

The assets of the Company now or hereafter subject or subjected to the lien of this Indenture.

Opinion of Counsel:

An opinion in writing signed by legal counsel satisfactory to the Trustee, who, except during the continuance of a default, may be of counsel to the Company.

Order of the Company:

A written instrument signed and verified by the President or a Vice-President and either by the Secretary or an Assistant Secretary or by the Treasurer or an Assistant Treasurer of the Company requesting or directing the particular action in question to be taken.

Outstanding Hereunder:

When used with reference to bonds or to bonds of a specified series shall mean all bonds which have been authenticated and delivered under this Indenture or all bonds of the series specified which have been so authenticated and delivered except

(a) bonds cancelled prior to the particular time;

(b) bonds for the payment or redemption of which moneys shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or redemption date of said bonds), provided that if such bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or

provision satisfactory to the Trustee shall have been made therefor or such notice shall have been waived; and

(c) bonds in substitution for which other bonds have been authenticated and delivered pursuant to Section 2.11;

and, whenever such term is used with reference to any action or non-action which may be requested or taken by or to which objection may be made by the owners or holders of a specified percentage or proportion of bonds outstanding hereunder, or of bonds of a specified series outstanding hereunder, shall also except bonds directly or indirectly owned or held by or for the account of, or for the benefit or interest of, the Company or of any person, association or corporation directly or indirectly in control of, or controlled by, or in common control with, the Company.

Permitted Encumbrances:

As of any particular time any of the following:

(a) liens for taxes, assessments or governmental charges not then delinquent or the validity of which the Company is contesting in good faith (unless thereby in the opinion of counsel any of the trust estate will be in danger of being lost or forfeited), liens for workmen's compensation awards and similar obligations not then delinquent and liens for judgments, payment of which in the opinion of counsel has been adequately secured;

(b) any obligations or duties, affecting the property of the Company, to any municipality or public authority with respect to any franchise, grant, license or permit, provided, however, that such franchise, grant, license or permit does not give such municipality or public authority any right to purchase property at less than its fair value;

(c) building or building line restrictions or agreements, easements or reservations in any property of the Company for the purpose of roads, streets, pipe lines, sewer or gas lines or mains, water lines or ditches, telephone, telegraph or electric transmission lines and other like purposes and which, as shown by an engineer's certificate, do not impair the use of such property for the purposes for which it is held by the Company.

Resolution:

A copy of a resolution certified by the Secretary or an Assistant Secretary of the Company under the corporate seal of the Company to have been duly adopted by its Board of Directors.

Stockholders Resolution:

A copy of a resolution similarly certified to have been duly adopted by the stockholders of the Company entitled to vote upon the subject of such resolution.

Trustee:

Peoples National Bank of Washington in Seattle and, subject to the provisions of Article Sixteen hereof, its successors as corporate trustee in the trust hereby created.

Trustees:

Peoples National Bank of Washington in Seattle and E. L. Blaine, Jr., and, subject to the provisions of Article Sixteen hereof, their respective successors in the trusts hereby created.

Trust Estate, Mortgaged Property:

The assets of the Company now or hereafter subject or subjected to the lien of this Indenture.

Underlying Mortgage:

A purchase money mortgage, vendor's lien, or an existing mortgage lien or other lien or charge (exclusive of permitted encumbrances) prior to the lien of this Indenture upon any property, plant or equipment acquired by the Company after the execution and delivery of this instrument.

SECTION 1.02. Definitions of terms elsewhere defined herein are set forth respectively:

	<i>Section</i>
Annual Bond Interest Requirements	4.02 C
Bonded	4.01 G
Certificate of Net Bondable Expenditures for Property Additions	4.01 I
Escrow Funds	12.04
Event of Default	15.01
Fixed Property	4.01 A
Gross Expenditures	4.01 C
Gross Expenditures for Property Additions	4.01 C
Gross Operating Revenues	4.02 A
Maintenance Certificate	9.02
Maintenance Credit	9.02
Maintenance Deficit	9.02
Net Bondable Expenditures	4.01 H
Net Bondable Expenditures for Property Additions ..	4.01 H
Net Expenditures	4.01 F
Net Expenditures for Property Additions	4.01 F
Net Income	4.02 D
Net Operating Earnings	4.02 B
Net Operating Earnings Certificate	4.02 C
Net Retirements	4.01 E
New Gross Expenditures	4.01 I
New Gross Expenditures for Property Additions	4.01 I
New Property Additions	4.01 I
Property Additions	4.01 A
Purchased Property	4.01 B
Retirements	4.01 D

ARTICLE TWO.

THE BONDS.

SECTION 2.01. The issue of bonds hereunder is hereby limited as to aggregate principal amount of \$600,000 in aggregate principal amount of Series A bonds as provided in Section 3.06 and to addi-

tional issues of bonds of Series A or other series in the amounts permitted under the terms of Articles Four, Five and Six hereof.

SECTION 2.02. This Indenture creates a continuing lien to secure the payment of the principal of and interest on all bonds which may, from time to time, be issued, authenticated and delivered hereunder. All bonds issued under and in pursuance of this Indenture and at any time outstanding hereunder, and the coupons thereunto appertaining, shall be in all respects, subject to the provisions and qualifications in this Indenture contained, and except as any sinking or other analogous fund established in accordance with the provisions of this Indenture may afford additional security for the bonds of any particular series, equally and ratably secured hereby without preference, priority or distinction, on account of the actual time or times of the issue of said bonds, or any of them, so that all bonds at any time outstanding hereunder shall have the same rights, lien and preferences under and by virtue of this Indenture, and shall all be equally secured hereby, subject to the provisions and qualifications in this Indenture contained, and except as any sinking or other analogous fund, established in accordance with the provisions of this Indenture, may afford additional security for the bonds of any particular series, with like effect as if they had all been authenticated and delivered simultaneously on the date hereof, whether the same, or any of them, shall actually be authenticated or delivered, or sold or disposed of at some future date or dates.

SECTION 2.03. The bonds issued under and secured by this Indenture shall be issuable in series and shall be designated by suitable descriptive words which shall always include the words "First Mortgage", with appropriate insertions and changes and designations in such title (with respect to bonds of each series other than Series A) descriptive of the respective series of bonds, as may be determined by the Board of Directors of the Company and set forth in the indenture supplemental hereto creating such series. The texts of the bonds and of the coupons, if any, appertaining thereto and of the certificate of the Trustee shall be substantially of the tenor and purport of the bonds of Series A above recited, with appropriate insertions, omissions, substitutions and variations in case of bonds of different denominations and different series, and in all other respects not inconsistent with the terms of this Indenture.

SECTION 2.04. All bonds of the same series shall be identical in tenor and effect, except as hereinafter in this Section provided, and except that the same may be of different denominations, may consist of coupon bonds (which may or may not be registerable as to principal) or registered bonds without coupons, or both, and may contain such variations in tenor and effect as are incidental to such differences. All coupon bonds of the same series, whenever issued, shall bear the same date. Each registered bond without coupons of each series shall be dated as of the last interest payment date to which interest was paid upon bonds of such series, unless (a) issued on an interest payment date to which interest was paid upon bonds of such series, in which event it shall be dated as of the date of issue, or (b) issued prior to the occurrence of the first interest payment date on which interest is payable upon bonds of such series, in which event it shall bear the date borne by the coupon bonds of such series. Each such registered bond without coupons shall bear interest from the date thereof. As between bonds of different series there may be such appropriate differences, authorized or permitted by this Indenture, as may be determined by the Board of Directors of the Company at or before the creation of such series. The Board of Directors of the Company may, at the time of the creation of any series, or at any time thereafter, limit the maximum principal amount of bonds of such series which may be issued and an appropriate insertion in respect of such limitation may, but need not, be made in the bonds of such series. The bonds of each series shall bear the appropriate designation of their respective series and shall be appropriately numbered.

SECTION 2.05. The bonds of each series shall be of such denomination or denominations, interchangeable as between denominations or not so interchangeable, as shall be determined by the Board of Directors of the Company at the time such series is created. The bonds of each series, other than bonds of Series A, shall be payable on such date or dates as may be fixed by the Board of Directors of the Company at the time the series is created. Every order of the Company calling for the authentication and delivery of bonds shall specify the denomination and series, permitted by the terms of this Indenture, in which the bonds shall be issued and authenticated.

All bonds shall be payable as to principal and interest in lawful money of the United States of America.

SECTION 2.06. The bonds of each series other than Series A shall be created by an indenture supplemental hereto, authorized by resolution of the Board of Directors of the Company and delivered to the Trustee. Such supplemental indenture shall prescribe, among other things, the text of the bonds of such series and of the coupons if there are to be coupon bonds of such series and shall contain, among other things, such lawful provisions consistent with the terms of this Indenture as the Board of Directors of the Company shall prescribe:

(1) With respect to the payment of the principal of and interest on the bonds of such series without deduction for or with respect to reimbursement of specified taxes, assessments or other governmental charges;

(2) With respect to the right of the Company to redeem bonds of such series, the redemption price or prices at which they may be redeemed and the time or times, the class or classes, and the manner of their redemption;

(3) With respect to sinking funds (subject to the provisions of Section 10.02);

(4) With respect to serial maturities, exchangeability, convertibility or other special terms and conditions.

SECTION 2.07. Whenever requesting the authentication and delivery of any bonds issuable under Articles Four, Five or Six, the Company shall furnish the Trustee, in addition to any other instruments elsewhere in this Indenture required, the following:

(1) A resolution requesting the Trustee to authenticate and deliver the bonds, specifying the series, maturities (if bonds of such series are of serial maturities), and principal amount of bonds called for, and designating the officer or officers of the Company to whom or upon whose order they shall be delivered;

(2) In case the bonds to be authenticated and delivered are of a series not theretofore created, an indenture supplemental hereto authorized by a resolution of the Board of Directors of the Company as prescribed by Section 2.06;

(3) An opinion of counsel that all instruments furnished the Trustee conform to the requirements of this Indenture and constitute sufficient authority under this Indenture for it to authenticate and deliver the bonds applied for, that said bonds when issued and delivered will be secured by the lien of this Indenture, and that all laws and requirements in respect of the authentication and delivery thereof by the Trustee have been complied with.

SECTION 2.08. All bonds issued hereunder and secured hereby shall be executed on behalf of the Company by its President or a Vice-President, and its corporate seal shall be thereunto affixed and attested by its Secretary or an Assistant Secretary. The bonds shall then be delivered to the Trustee for authentication by it, and thereupon, upon compliance with the requirements of and as provided in this Indenture, the Trustee shall authenticate and deliver the same.

In case any officer who shall have signed, sealed or attested any of said bonds shall cease to be an officer of the Company before the bonds so signed, sealed or attested shall have been authenticated or delivered by the Trustee, or issued, such bonds may nevertheless be issued, authenticated and/or delivered as though such person who signed, sealed or attested such bonds had not ceased to be an officer of the Company and also any bond may be signed, sealed or attested on behalf of the Company by such person as at the actual date of the execution of such bond shall be the proper officer of the Company, although at the date of such bond such person was not an officer of the Company.

The coupons to be attached to such coupon bonds as may be issued hereunder shall be authenticated by the facsimile signature of the present Treasurer or of any future Treasurer of the Company, and, for that purpose, the Company may adopt and use the facsimile signature of any person who shall have been such a Treasurer notwithstanding the fact that he may have ceased to be such Treasurer at the time when such bonds shall be actually authenticated, delivered or issued.

Only such of the bonds (whether temporary or definitive) as shall have been authenticated by the Trustee, by signing the certificate endorsed thereon, shall be secured by this Indenture or shall be entitled to any lien or benefit hereunder, and such certificate of the Trustee

shall be conclusive evidence and the only evidence that the bonds so authenticated have been duly issued hereunder and are entitled to the benefit of the trusts hereby created.

SECTION 2.09. The Company shall keep books at the main office of the Trustee for the registration and transfer of registered bonds without coupons and coupon bonds which are registerable as to principal as in this Indenture provided. Such books shall, in addition to the name of the holder of each registered bond, show the address of each such holder.

The holder of any coupon bond which is registerable as to principal may have such bond registered in his name on said books, and such registration shall be noted on such registered bond by the Trustee acting as Registrar. The registered holder of any such bond registered as to principal shall have the right to have the same discharged from registration and made payable to bearer, in which case transferability by delivery shall be restored, and thereafter the principal of such bond, when due, shall be payable to the person presenting the bond. Any such bond thus made payable to bearer may be registered again in the name of the holder with the same effect as upon the first registration thereof. Successive registrations and discharges from registration may be made from time to time as desired. Registration as to principal shall not affect the negotiability of the coupons appertaining to such bond, but title to each such coupon shall continue to pass by delivery and it shall remain payable to bearer.

Such registrations and discharges from registration shall be made under such reasonable regulations as the Company may prescribe and for which the Company may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect thereto and the charges of the Trustee, all such charges to be paid by the party requesting such registration or discharge from registration as a condition precedent to the exercise of such privilege.

No transfer of registered bonds without coupons or of coupon bonds at the time registered as to principal shall be valid unless made on said books by the registered holder in person, or by his duly author-

ized attorney, and similarly noted on the bond. Upon presentation to the Trustee of any coupon bond registered as to principal, accompanied by written instrument of transfer, in a form approved by the Trustee, executed by the registered owner thereof or by his duly authorized attorney, such bond shall be transferred upon such books. Upon presentation to the Trustee of any registered bond without coupons accompanied by written instrument of transfer, in a form approved by the Trustee, executed by the registered owner thereof or by his duly authorized attorney, and upon the surrender and cancellation of such bond a new registered bond or bonds without coupons of the same series and maturity date and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

For any transfer of registered bonds without coupons, the Company, at its option, may require the payment of a sum sufficient to reimburse it for any tax or governmental charge, and in addition a further sum of not in excess of the lesser of (1) the actual cost of the preparation of each new bond issued upon such transfer and the charges of the Trustee in connection therewith and (2) Two Dollars (\$2) per bond. All bonds surrendered in connection with any such transfer shall be forthwith canceled by the Trustee, and upon demand the Trustee shall deliver the same to the Treasurer of the Company or upon his written order.

SECTION 2.10. The Company and the Trustee may treat the bearer of any bond issued hereunder, which shall not at the time be registered as hereinbefore provided, and the bearer of any coupon appertaining to any bond, whether or not such bond shall be registered, as the absolute owner of such bond or coupon, as the case may be, for the purpose of receiving payment of or on account of said bond or coupon and for all other purposes, and neither the Company nor the Trustee shall be effected by any notice to the contrary.

The Company and the Trustee shall treat the person in whose name any bond shall be registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal of such bond and for all other purposes, except in the case of coupon bonds to receive payment of interest represented by outstanding coupons,

demption plus a premium equal to the then applicable percentage of the principal amount thereof:

If redeemed on or before January 1, 1947	13 $\frac{3}{4}$ %
Thereafter and on or before January 1, 1948	13 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1949	13 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1950	12 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1951	12 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1952	12 $\frac{3}{8}$ %
Thereafter and on or before January 1, 1953	12 %
Thereafter and on or before January 1, 1954	11 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1955	11 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1956	10 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1957	10 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1958	10 $\frac{1}{8}$ %
Thereafter and on or before January 1, 1959	9 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1960	9 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1961	8 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1962	8 $\frac{3}{8}$ %
Thereafter and on or before January 1, 1963	8 %
Thereafter and on or before January 1, 1964	7 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1965	7 %
Thereafter and on or before January 1, 1966	6 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1967	6 %
Thereafter and on or before January 1, 1968	5 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1969	4 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1970	4 $\frac{3}{8}$ %
Thereafter and on or before January 1, 1971	3 $\frac{3}{4}$ %
Thereafter and on or before January 1, 1972	3 $\frac{1}{8}$ %
Thereafter and on or before January 1, 1973	2 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1974	2 %
Thereafter and on or before January 1, 1975	1 $\frac{1}{4}$ %
Thereafter and prior to maturity	$\frac{5}{8}$ %

SECTION 3.03. Bonds of Series A are also subject to redemption, for the purposes of the sinking fund to be created pursuant to Section 10.01, on January 1st of any year at the principal amount thereof plus interest accrued thereon to the date fixed for such redemption plus a premium equal to the then applicable percentage of the principal amount thereof specified in Section 10.01 and as provided in Article Twelve are also redeemable at any time by the use of moneys required to be paid

to or deposited with the Trustee under various provisions of this Indenture at redemption prices determined by reference to Section 12.07.

SECTION 3.04. In the event that all or any part of the bonds of Series A shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, the holders or registered owners of such bonds shall be entitled to be paid therefor an amount equal to the then applicable redemption price specified in Section 3.02.

SECTION 3.05. Fully registered bonds of Series A, upon surrender thereof at the main office of the Trustee, may be exchanged for the same aggregate principal amount of fully registered bonds of that series and/or for coupon bonds of that series; coupon bonds so received in exchange to have coupons attached representing interest from the date to which interest shall have been paid on the surrendered bonds.

Within a reasonable time after the receipt of a request for such an exchange the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection therewith, and the Trustee shall make such exchange upon payment to it of such charge, if any, as is required by the following paragraph.

For any exchange of fully registered bonds for other fully registered bonds, and except as hereinafter stated, for any exchange of fully registered bonds for coupon bonds, the Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee, and in addition a further sum not in excess of the lesser of (1) the actual cost of the preparation of each new bond issued upon such exchange and the charges of the Trustee in connection therewith and (2) Two Dollars (\$2) per bond. The original registered owner of the \$600,000 of Series A fully registered bonds without coupons initially issued under Section 3.06 shall, however, have the privilege of exchanging without charge to it for one or more coupon bonds any such fully registered bond so initially issued to it and any fully registered bond which has become substituted for a portion of such a fully registered bond or for several such fully registered bonds.

SECTION 3.06. Upon the execution of this Indenture the Company shall execute and deliver to the Trustee and the Trustee shall authenticate and deliver to, or upon the order of, the Company bonds of said Series A in the form of fully registered bonds in the aggregate principal amount of Six Hundred Thousand Dollars (\$600,000).

ARTICLE FOUR.

BONDS AGAINST PROPERTY ADDITIONS.

SECTION 4.01. For the purposes of this Indenture each of the following terms shall be construed to have the meaning hereinafter specified respectively:

A—Fixed Property, Property Additions:

The term "fixed property" shall mean all of the Company's physical property, plant and equipment, real, personal and mixed, wherever located, which is of such a nature as to be properly chargeable to capital account and is in fact so charged, and which is used or is to be used as a part of its permanent and fixed investment in its business as a telephone operating company. Such term shall not, however, include (a) any office furniture, furnishings or equipment; (b) any property of the nature of that expressly excluded from the lien of this Indenture by the granting clauses hereof; (c) the cost of any paving or other public improvement assessed against the Company by, or paid by the Company to, any taxing authority; or (d) any good will or going concern value or value attributable to any franchise or governmental permit.

The term "property additions" shall mean fixed property of the Company located within the State of Oregon or the State of Washington which was constructed or acquired after December 31, 1945. The term "property additions" shall not, however, include (1) any property which, at the time, is subject to any lien or other encumbrance prior or equal to the lien hereof except permitted encumbrances, or (2) any leasehold interest in property or any permanent improvements

constructed on property held under lease (but shall include rights of way and easements and any telephone lines and equipment and appurtenances thereto located on any such right of way or easement or on property of customers or on any leased property or located upon any street, alley or public place of any municipality or upon any public highway). Any such property in process of construction on January 1, 1946 shall be considered property additions to the extent actually constructed on or after January 1, 1946.

B—Purchased Property:

The term “purchased property” shall mean any property additions devoted to public service at any time prior to their acquisition by the Company.

C—Gross Expenditures for Property Additions, Gross Expenditures:

The term “gross expenditures for property additions”, herein sometimes referred to as “gross expenditures”, shall mean the lesser of

(a) the fair value of the property additions acquired therefor as of the date of and as evidenced by an engineer’s certificate or, if such property additions include purchased property, as of the date of and as evidenced by an independent engineer’s certificate, and

(b) the aggregate of (i) any cash payments made therefor and (ii) the market value or, in the absence thereof, the fair value of any securities or other property of the Company exchanged therefor as of the date of and as evidenced by an independent engineer’s certificate.

D—Retirements:

The removal, replacement, abandonment, permanent withdrawal from use, destruction, 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

Certificate of Net Bondable Expenditures for Property Additions filed with Peoples National Bank of Washington in Seattle, Trustee under Indenture of Mortgage and Deed of Trust dated as of January 1, 1946.

Upon application for Authentication and Delivery under Article Four of \$ of First Mortgage Bonds, Series

(or here substitute appropriate language if certificate is filed in connection with withdrawal of cash or taking of credit)

President, and Treasurer respectively of Oregon-Washington Telephone Company hereby certify that the summary statements herein contained covering the period from January 1, 1946 to the date hereof, both inclusive, are correct and complete, that the property additions for which the gross expenditures hereinafter referred to have been made constitute property additions as defined in Section 4.01 A of said Indenture and that said Company is now entitled to have authenticated and delivered said amount of First Mortgage Bonds, Series

(or here substitute appropriate language with respect to the withdrawal of cash or the taking of credit)

COMPUTATION OF NET EXPENDITURES FOR PROPERTY ADDITIONS

(a) Such of the **Gross Expenditures for Property Additions** from January 1, 1946 to date as the Company elects to include in such certificate \$

(Here insert statement respecting new gross expenditures required by (i) of I Section 4.01.)

LESS THE GREATER OF

(b) All **Gross Expenditures for Property Additions Certified Pursuant to (iii) of Section 9.02** from January 1, 1946 to date \$

OR

(c) All **Net Retirements** from January 1, 1946 to date, computed as follows:

- (1) Retirements from January 1, 1946 to date \$
 (Here insert statement respecting retirements required by (ii) of I of Section 4.01.)
- (2) Less the aggregate of all moneys paid to the Trustee 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 exercise of power of eminent domain from January 1, 1946 to date \$ \$

EQUALS

- (d) **Net Expenditures for Property Additions** as of date hereof \$
 ((a) minus the greater of (b) or (c).)

COMPUTATION OF NET BONDABLE EXPENDITURES FOR PROPERTY ADDITIONS

(As of date of filing of this Certificate)

- (e) **Net Expenditures for Property Additions** as of date hereof \$
 (Same as (d) above.)

LESS

- (f) Aggregate of all **Net Bondable Expenditures Heretofore Bonded**: namely, the amount certified pursuant to (f) of the last certificate filed \$ plus the amount certified pursuant to (m) of said last certificate filed \$ \$

EQUALS

- (g) **Net Bondable Expenditures** as of date hereof \$
 ((e) minus (f).)

**STATEMENT OF NET BONDABLE EXPENDITURES
NOW TO BE BONDED**

- (h) 166⅔% of: total of aggregate principal amount of bonds now to be issued under Article Four \$ and aggregate amount of cash now to be withdrawn under Article Six \$ \$
- (i) 166⅔% of aggregate principal amount of Series A bonds in lieu of retirement of which Net Bondable Expenditures are now to be appropriated under Section 10.01 \$
- (j) 166⅔% of aggregate principal amount of bonds of series other than Series A in lieu of retirement of which Net Bondable Expenditures are now to be appropriated under provisions of supplemental indenture or supplemental indentures required by Section 10.02 \$
- (k) Total of Net Bondable Expenditures now to be appropriated under Section 8.07 \$ Section 9.02(c) \$ and Section 13.01 \$ \$
- (l) Aggregate amount of cash for the withdrawal of which application is now made under (a) of Section 12.03 \$
- (m) Amount of Net Bondable Expenditures now to be bonded \$

(Total of (h), (i), (j), (k) and (l))

(Note: The amount of (m) cannot exceed the amount of (g), namely the amount of Net Bondable Expenditures existing at the date of the certificate.)

Dated

.....
President

.....
Treasurer
of OREGON-WASHINGTON TELEPHONE COMPANY.

Subscribed and sworn to by
President and Treasurer of Oregon-
Washington Telephone Company, before me this day of
, 19 .

.....
Notary Public

SECTION 4.02. For the purposes of this Indenture each of the following terms shall be construed to have the meaning hereinafter specified respectively:

A—*Gross Operating Revenues:*

The term "gross operating revenues" as applied to any period shall mean gross receipts from the operation of the fixed properties of the Company for such period (excluding such of said gross receipts as are required by any telephone toll or telegraph service contract to be paid to another telephone company or a telegraph company). Gross operating revenues shall not include income derived from stocks, bonds or other securities or gains arising from appreciation in value or from the sale or other disposition of fixed capital assets of the Company or of stocks, bonds or other securities.

B—*Net Operating Earnings:*

The term "net operating earnings" as applied to any period shall mean the amount by which the aggregate gross operating revenues of the Company for such period exceeds all operating expenses of every character for such period, such expenses to include (but not to be limited to) rents, insurance premiums, expenditures for maintenance, reasonable charges against income for the establishment of a reserve for depreciation plus the amount, if any, required to be segregated pursuant to Section 9.03 and all taxes (except Federal and State taxes based directly or indirectly on net income), all as computed in accordance with the system of accounts prescribed by the governmental authority at the time having jurisdiction in the premises.

C—*Net Operating Earnings Certificate, Annual Bond Interest Requirements:*

The term “net operating earnings certificate” shall mean a certificate signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company

(a) stating the net operating earnings of the Company for a period of twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the first day of the month in which the application for the authentication and delivery under this Indenture of bonds then applied for or other application is made; and

(b) stating the aggregate annual interest charges on all bonds outstanding hereunder at the date of such application (except any bonds for the refunding of which bonds applied for are to be issued) and on all bonds then to be issued hereunder and on all bonds and/or other obligations which are secured by underlying mortgages, said aggregate sum being sometimes herein referred to as the “annual bond interest requirements”.

For the purposes of such net operating earnings certificate, net operating earnings of the Company shall also include for such twelve months period net operating earnings computed in the same manner as are those of the Company from

(1) all fixed property owned by the Company at the end of such twelve months period irrespective of whether or not the same was owned throughout such twelve months period; and

(2) all purchased property about to be acquired by the Company, gross expenditures for which are included in the certificate of net bondable expenditures in connection with which such net operating earnings certificate is being filed.

D—*Net Income:*

The term “net income” as applied to any period shall mean the aggregate during such period of

(1) the excess of net operating earnings over the total of (i) Federal and State taxes based directly or indirectly on net income; (ii) interest on all outstanding obligations of the Company; (iii)

amortization of debt discount and (iv) all other non-operating expenses, and

(2) investment and other non-operating income,

all as computed in accordance with the uniform system of accounts prescribed by the governmental authority having jurisdiction in the premises.

SECTION 4.03. Additional bonds executed pursuant to the provisions of this Article and Articles Five and Six hereof shall be authenticated by the Trustee and delivered to or upon the order of the Company upon the receipt by the Trustee of the following documents in addition to the documents elsewhere in said Articles specified:

(a) The documents specified in Section 2.07 hereof;

(b) A resolution authorizing the execution and authentication of such bonds together with a stockholders resolution authorizing the issuance of such bonds under the provisions hereof or, in the alternative, an opinion of counsel to the effect that no such stockholders resolution is necessary for the issue or validity of such bonds or to entitle the same to the security and lien hereof;

(c) A certified copy of an order issued by each such commission or other body or official as at the time shall, under any pertinent law, have power or authority over the issuance of bonds hereunder or over the subjection of the mortgaged property or any part thereof to liens, authorizing the issuance of such bonds, together with an opinion of counsel to the effect that any order or orders tendered are sufficient in the connections aforesaid, or, in the alternative, an opinion of counsel to the effect that no such order is requisite in respect of such additional bonds or in respect of the lien hereof for the security of such bonds to render such bonds the valid obligations of the Company and the lien hereof effective for the security thereof;

(d) A receipt or other evidence satisfactory to the Trustee establishing the payment of any stamp, recording or other tax required by law to be paid in connection with the issuance of such additional bonds or for the effectiveness of the lien of this Indenture for the security thereof, together with an opinion of counsel to the effect that the taxes paid constitute all taxes of either nature aforesaid, or, in the alternative, an opinion of counsel to the effect

that payment of no such tax is requisite in this connection or for the purposes aforesaid.

SECTION 4.04. If the net operating earnings of the Company, as shown by the net operating earnings certificate required by subparagraph (3) of Section 4.05 hereof, equal at least twice the annual bond interest requirements stated in such net operating earnings certificate, additional bonds of any series may be issued hereunder to the extent of 60% of net bondable expenditures for property additions as shown by the certificate of net bondable expenditures for property additions required by subparagraph (1) of said Section 4.05.

SECTION 4.05. When requesting the authentication of bonds pursuant to this Article the Company shall deliver to the Trustee:

(1) A certificate of net bondable expenditures for property additions dated as of a date within sixty (60) days of the date on which said bonds are to be issued;

(2) A certificate dated as of the date of the delivery of such bonds signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company stating that the Company is not in default hereunder;

(3) A net operating earnings certificate;

(4) If there be included in such certificate of net bondable expenditures for property additions any new gross expenditures, the following:

(i) An engineer's certificate dated as of the date of such certificate of net bondable expenditures for property additions (such engineer's certificate, if such certificate of net bondable expenditures for property additions includes any considerations other than cash or if the new property additions thereby acquired include purchased property, either to be an independent engineer's certificate or the statements therein contained with respect to such matters to be those of an independent engineer, the scope of whose signature and verification thereof may be limited to such matters)

(a) stating that the signer has examined and inspected such property additions and that their construction or acquisition was desirable from the standpoint of the Company and of the bondholders;

(b) setting forth their fair value as of the date of such certificate, after deducting proper depreciation, if any, and if such property additions include purchased property, deducting any portion thereof not useful in the conduct of the Company's business;

(c) setting forth, as of the date of such certificate, the market value or, if none, the fair value of any securities or other property included in such new gross expenditures;

(d) stating that the amount of such new gross expenditures included in said certificate of net expenditures for property additions does not exceed the fair market value of the property additions acquired thereby;

(e) if the opinion of counsel responsive to (ii) of this subparagraph (4) sets forth any permitted encumbrances stating that such permitted encumbrances do not impair the use of the property to which they pertain for the purposes for which such property is held by the Company;

(ii) An opinion of counsel stating that the Company has good and marketable title to such property additions free from all encumbrances excepting the lien of this Indenture and permitted encumbrances, specifying any such permitted encumbrances, and, if any thereof consist of liens for taxes, assessments or governmental charges which are delinquent and the validity of which the Company is contesting in good faith, stating that none of the trust estate will be in danger of being lost or forfeited by reason thereof;

(iii) An indenture supplemental hereto or other instrument or instruments of conveyance specifically subjecting such property additions to the lien hereof, together with an opinion of counsel stating that such supplemental indenture or other instrument or instruments are sufficient and no other documents are required to subject such property additions to the lien hereof, or, in the alternative, an opinion of counsel to the effect that such additions are so subject without any such indenture or other instrument.

ARTICLE FIVE.

BONDS FOR REFUNDING PURPOSES.

SECTION 5.01. Additional bonds of any series, other than bonds of the series to be refunded, may, from time to time, be executed by the Company and delivered to the Trustee for or on account of the payment, purchase and cancellation, redemption or other discharge at, before or after maturity of bonds theretofore authenticated under any provision of this Indenture, and the Trustee shall, subject to the provisions of this Article, authenticate and deliver the same to or upon the order of the Company upon receipt by the Trustee of:

(1) The documents required by the provisions of Section 4.03 hereof;

(2) Bonds theretofore authenticated and delivered hereunder with all unmatured coupons, if any, attached in aggregate principal amount equal to the principal amount of the bonds authentication whereof is applied for; provided, however, that in lieu of bonds which have been called for redemption or are then about to mature it shall be sufficient if funds in an amount sufficient to redeem or pay the same shall have been deposited with the Trustee and evidence furnished to the satisfaction of the Trustee that notice of any such redemption has been duly given, or provided for, or waived;

(3) A certificate, dated as of the date of the delivery of such additional bonds, signed and verified by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company stating that the Company is not in default hereunder, and that none of the bonds proposed to be refunded have been:

(a) Redeemed by the use of any moneys deposited with the Trustee for the purposes of any sinking fund;

(b) Purchased or redeemed with the proceeds of the sale or taking of, or with insurance moneys received because of damage to or destruction of, any of the mortgaged property or with moneys deposited with the Trustee to offset a maintenance deficit; or

(c) Theretofore used as the basis for the issue of bonds under this Article Five, or delivered to the Trustee in lieu of payments for any sinking fund or to offset any maintenance deficit or credited under any other requirement hereof;

(4) An opinion of counsel stating that said additional bonds when duly authenticated and delivered will be secured by the lien of this Indenture.

SECTION 5.02. No bonds shall be authenticated and delivered under the provisions of this Article except (i) bonds which bear an interest rate no higher than that of the bonds which they are to refund or (ii) bonds issued to refund bonds which have been outstanding more than three years and which have an expressed maturity not later than two years from the date on which such refunding bonds are to be issued unless a net operating earnings certificate shall have been filed from which it shall appear that the net operating earnings of the Company for the period covered by such certificate were at least equal to twice the annual bond interest requirements therein stated.

ARTICLE SIX.

BONDS AGAINST CASH.

SECTION 6.01. Additional bonds of any series may be issued under this Indenture from time to time equal in principal amount to the amount of cash at the time deposited with the Trustee (provided, nevertheless, that no bonds shall be issued against cash required to be deposited with the Trustee under any provision of this Indenture). Bonds so issued may be executed by the Company and delivered to the Trustee and the Trustee shall authenticate and deliver the same to or upon the order of the Company upon receipt of:

(1) The documents required by the provisions of Section 4.03 hereof;

(2) A certificate dated as of the date of the delivery of such bonds signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company stating that the Company is not in default hereunder;

(3) A net operating earnings certificate;

(4) Cash in an amount equal to the principal amount of the bonds to be authenticated;

if it shall appear by the net operating earnings certificate responsive to subparagraph (3) of this Section that the net operating earnings for the period covered by such certificate are at least equal to twice the annual bond interest requirements therein stated.

SECTION 6.02. Cash received by and on deposit with the Trustee under the provisions of this Article may, on orders of the Company, be withdrawn from time to time to the extent of sixty per cent. (60%) of net bondable expenditures for property additions, as shown by the certificate of net bondable expenditures for property additions required by (1) below of this Section, upon receipt by the Trustee of:

(1) A certificate of net bondable expenditures for property additions dated as of a date within sixty (60) days of the date on which such cash is to be withdrawn;

(2) A certificate dated as of the date of the withdrawal of such cash signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company stating that the Company is not in default hereunder;

(3) If there be included in such certificate of net bondable expenditures for property additions any new gross expenditures the documents required by (i), (ii), and (iii) of subparagraph (4) of Section 4.05 hereof.

ARTICLE SEVEN.

REDEMPTION OF BONDS.

† SECTION 7.01. Whenever the Company shall determine to exercise any optional right it may have to redeem bonds of any series issued hereunder, it shall file with the Trustee not less than five (5) days prior to the first date upon which notice by publication of such redemption is permitted to be given, a resolution specifying the principal amount of and designating the series of bonds to be redeemed and shall, on or before the date fixed for redemption, deposit with the Trustee sufficient moneys to redeem such bonds and pay to the Trustee its proper expenses and charges in connection with such redemption.

SECTION 7.02. Whenever bonds of any series are to be redeemed the Trustee shall select by lot, in any usual manner, from all bonds outstanding hereunder of such series, the bonds to be redeemed, each registered bond to be represented in such selection by a separate number for each \$1,000 of its principal amount; provided, however, that if at the close of business on the last day on which such selection is permitted to be made all bonds outstanding of such series are fully registered bonds without coupons registered in the name of one owner, then the Trustee need not make such selection by lot but the Company may designate the bonds or portions thereof in units of \$1,000 in principal amount to be so redeemed.

SECTION 7.03. Such selection shall be made by the Trustee not later than three days prior to the first date upon which notice by publication for the purpose of the particular redemption is permitted to be given. The Trustee shall within one day following the date of such selection notify the Company in writing of the bonds so selected.

SECTION 7.04. Notices of redemption shall be given by the Company in the case of optional redemptions and by the Trustee in the name and on behalf of the Company in the case of compulsory redemptions by publication in one daily newspaper printed in the English language and published and of general circulation in the City of Chicago, Illinois. Redemption notices for Series A bonds, and for bonds of each other series issued hereunder, unless otherwise provided in the supplemental indenture creating such series, shall in the case of all redemptions except redemptions for the purposes of a sinking fund be so published once a week for two (2) successive weeks, the first such publication to be not more than seventy (70) nor less than sixty (60) days prior to the date fixed for redemption; and in the case of redemptions for the purposes of a sinking fund shall be so published once, such publication to be not more than twenty (20) nor less than ten (10) days prior to the date fixed for redemption. The Company or the Trustee in the name and on behalf of the Company, as the case may be, shall send a copy of such notice to the registered owner of each fully registered bond and each coupon bond registered as to principal so to be redeemed, by registered mail, postage prepaid, addressed

to him at his last known address as it appears upon the bond register, not later than the last day on which the first notice by publication, or in the case of redemptions for a sinking fund where but one notice by publication is required, not later than the last day on which such notice by publication is required to be given. If all of the bonds to be redeemed at the time of any redemption of bonds are fully registered bonds and/or coupon bonds registered as to principal, published notice of such redemption need not be given.

SECTION 7.05. Such notice shall specify the price at which such bonds are to be redeemed, the series, date of maturity, date of redemption, and if less than all of the bonds outstanding of a series are to be redeemed, the serial numbers of such bonds.

SECTION 7.06. In case any fully registered bond without coupons is to be redeemed in part only, such notice shall specify the principal amount thereof to be redeemed and shall state that upon surrender thereof for redemption a new bond or new bonds of that series in aggregate principal amount equal to the unredeemed portion of such registered bond will be issued in lieu thereof, and, in such case, the Company shall execute and the Trustee shall authenticate and deliver such new bond or bonds to or upon the written order of the registered owner of such registered bond at the expense of the Company.

SECTION 7.07. All bonds which have been redeemed shall be cancelled by the Trustee, together with the coupons, if any, appertaining thereto, and shall be delivered to or upon the order of the Company and may not be reissued.

SECTION 7.08. If the amount necessary to redeem any bond, or portion thereof, called for redemption shall have been deposited with the Trustee for the account of the holder of such bond on or before the date specified for such redemption, and all proper charges and expenses of the Trustee in connection therewith shall have been paid, and the notice hereinbefore mentioned shall have been duly given or waived, or provision satisfactory to the Trustee shall have been made for the giving of such notice, such bond, or portion thereof, shall no longer be deemed to be outstanding hereunder and interest thereon

shall cease at the date specified for such redemption, and thereafter such bond, or portion thereof, shall not be secured by the lien of this Indenture and, except as provided in Section 17.10, the holder shall look solely to the redemption funds in the hands of the Trustee. In case any question shall arise as to whether any notice of redemption shall have been sufficiently given, such question shall be decided by the Trustee and the decision of the Trustee shall be final and binding upon all parties in interest.

ARTICLE EIGHT.

GENERAL COVENANTS.

The Company covenants and agrees:

SECTION 8.01. It will faithfully do and perform and at all times faithfully observe any and all covenants, undertakings, stipulations and provisions contained in each and every bond executed, authenticated and delivered hereunder and in the several and successive resolutions passed and adopted by its Board of Directors pursuant to or in observance of the provisions of this Indenture; that it will promptly make, execute, and deliver all indentures supplemental hereto or other instruments, and take all such further action as may reasonably be by the Trustee, or by its counsel, deemed necessary or advisable for the better securing of any bonds issued or to be issued hereunder, or for better assuring and confirming to the Trustees the mortgaged property or any part thereof; and that it will cause this Indenture to be duly recorded or recorded and filed and to be duly rerecorded or rerecorded and refiled at the times and in the places now or hereafter required by law for the proper maintenance of the validity and priority of the lien hereof.

SECTION 8.02. It will promptly pay the principal of and interest on every bond issued hereunder in lawful money of the United States of America at the dates and places and in the manner prescribed in such bond, and that, prior to the maturity of each installment of interest and prior to the maturity of each such bond, it will deposit with the Trustee, or other paying agent appointed with respect to the bonds of any particular series, in lawful money of the United States of

America or in canceled coupons or bonds, as the case may be, maturing on the date of maturity then next approaching, the amount of such interest or interest and principal. All coupons, when paid, shall be canceled and delivered to the Treasurer of the Company or upon his order.

SECTION 8.03. Except as to that part of the mortgaged property which may hereafter be acquired by it, it is now well seized of the physical properties by it hereby mortgaged and has good right, full power, and lawful authority to make this Indenture and subject such physical properties to the lien hereof in the manner and form herein respectively done or intended; and that it has and, subject to the provisions hereof, will preserve, good and indefeasible title to all such physical properties, and will warrant and forever defend the same to the Trustees against the claims of all persons whatsoever.

SECTION 8.04. It will promptly pay or cause to be paid all lawful taxes, charges and assessments at any time levied or assessed upon or against the mortgaged property or any part thereof, and/or the interest of the Trustees and of the holders of the bonds outstanding under this Indenture before the same become delinquent, provided, however, that no such tax, charge or assessment shall be required to be paid so long as the validity of the same shall be contested in good faith, and security for the payment of the same satisfactory to the Trustee shall be provided; that there are not now outstanding and that the Company will not at any time create or permit to be created or allow to accrue or to exist any lien or liens prior to the lien of this Indenture upon the mortgaged property or any part thereof, or the income therefrom save only any permitted encumbrances and any mortgage or other lien on any property hereafter acquired by the Company which may exist on the date of, or be created as a vendor's lien or as a purchase money mortgage in connection with such acquisition; and that neither the value of the mortgaged property nor the lien of this Indenture will be diminished or impaired in any way as the result of any action or non-action on the part of the Company.

SECTION 8.05. Its business will be carried on and conducted in an efficient manner; all of its properties, plants, appliances, systems and

equipment useful and necessary in the carrying on of its business will be kept in thorough repair and maintained in a state of high operating efficiency corresponding to the progress of the industry; it now has complete and lawful authority and privilege to maintain and operate its entire system and properties, and none of its rights, franchises or privileges will be allowed to lapse or be forfeited so long as the same shall be necessary for the carrying on of its business; provided, however, that the expiration by lapse of time of any right, franchise or privilege shall not constitute a violation of this covenant, but the Company hereby expressly covenants that it will exercise its best efforts to procure extension or renewal of each and every such right, franchise or privilege so expiring and necessary or desirable for the maintenance of any of its plants, properties or systems.

SECTION 8.06. All of the covenants, conditions and agreements of any underlying mortgage upon any property hereafter acquired by it will in all respects be fully complied with; that upon the payment of all bonds issued under each such mortgage it will procure such mortgage to be effectively satisfied and discharged of record; that the Company will not issue or permit to be issued any additional bonds secured by any underlying mortgage, but that each such mortgage shall be effectively closed at the date of the acquisition of such property.

SECTION 8.07. It will not acquire any property which after its acquisition will be subject to any underlying mortgage unless prior to the acquisition thereof it shall have filed with the Trustee a certificate signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company from which it shall appear that the aggregate of the net operating earnings of the Company and the net operating earnings of the property so to be acquired, computed in the same manner as are net operating earnings of the Company, for any consecutive twelve months out of the fifteen calendar months immediately preceding the acquisition of such property equal at least twice the annual interest requirements on all bonds outstanding hereunder, all bonds and other obligations secured by underlying mortgages and all bonds and other obligations secured by lien upon the property so to be acquired; nor will it acquire any prop-

erty subject to any underlying mortgage securing indebtedness in excess of sixty per cent. (60%) of the lesser of

(a) the fair value of such property to the Company at the date of acquisition thereof; and

(b) the aggregate of (i) the amount of any lien subject to which such property is acquired, (ii) the amount of any purchase money mortgage or vendor's lien created in connection with its acquisition, (iii) any cash payment made therefor and (iv) the market value, or, in the absence thereof, the fair value of any securities or other property of the Company exchanged therefor;

all as of the date of and as established by an independent engineer's certificate, filed with the Trustee, dated as of the date of the acquisition of such property, unless to offset such part of such indebtedness as shall exceed such percentage there shall be appropriated net bondable expenditures for property additions in an amount equivalent to such excess. Such appropriation shall be evidenced by a resolution deposited with the Trustee together with a certificate of net bondable expenditures for property additions dated as of the date of such appropriation and, if there be included in such certificate of net bondable expenditures for property additions any new gross expenditures, the documents required by (i), (ii) and (iii) of subparagraph (4) of Section 4.05.

*Amended at
May 10 1966
Supplemental Indenture*

SECTION 8.08. Upon the occasion of its acquisition of any item of fixed property costing Twenty Five Thousand Dollars (\$25,000) or more and upon the occasion of its acquisition of any item of fixed property the cost of which brings the aggregate cost of all items of fixed property (exclusive of those with respect to which the requisite action has theretofore been taken under the provisions of this Section) to One Hundred Thousand Dollars (\$100,000) or more, the Company will execute and deliver to the Trustees an indenture supplemental hereto or other proper instrument specifically subjecting to the lien hereof all items of fixed property acquired by the Company to and including the date of such instrument (with the exception of those items excluded as aforesaid) together with an opinion of counsel stating that such supplemental indenture or other instrument is sufficient for such purpose or, in the alternative, will furnish to the Trustee

an opinion of counsel that no such supplemental indenture or other instrument is necessary in order to subject such items of fixed property to the lien hereof.

SECTION 8.09. It will keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of, or in relation to, the plants, properties, business and affairs of the Company, and it will:

(a) At such times as the Trustee shall reasonably request, furnish statements in reasonable detail showing the earnings, expenses and financial condition of the Company;

(b) From time to time furnish to the Trustee such data as to the plants, property and equipment of the Company as the Trustee shall reasonably request;

(c) On or before the expiration of ninety (90) days after the end of each fiscal year ending on or after December 31, 1945, furnish to the Trustee a detailed audit report prepared by independent certified public accountants including their opinion and based on an examination sufficiently complete to comply with generally accepted auditing standards, covering the operations of the Company during such fiscal year and showing the earnings and expenses for such period and, in reasonable detail, the assets, liabilities and financial condition of the Company at the expiration thereof. Said balance sheets and reports shall be available at all reasonable times for the inspection of any bondholder or his authorized agent.

The Company further covenants that all books, documents and vouchers relating to the plants, properties, business and affairs of the Company shall at all times be open to the inspection of such accountants or other agents as the Trustee may from time to time designate.

SECTION 8.10. It will, on or before the expiration of ninety (90) days after the end of the calendar year 1946 and each calendar year subsequent thereto, file with the Trustee: (1) An opinion of counsel either stating that such action has been taken with respect to the execution and delivery of supplemental indentures, conveyances or other instruments and the recording and filing of the same and of this Indenture and the rerecording and refiling of this Indenture as is necessary for the purpose of maintaining the validity and priority

of the lien hereof on the mortgaged property and reciting the details thereof, or stating that no such action is required for such purpose; (2) a certificate signed by the President or a Vice-President of the Company fully describing all insurance policies then in force on the mortgaged property, or any part thereof, and stating that the Company has complied with the requirements of Section 8.11 with respect to the maintenance of insurance and stating (a) that all taxes which became due on the mortgaged property during such calendar year have been duly paid unless the Company shall in good faith, by appropriate action, contest any of said taxes, in which event such contest shall be set forth; (b) that all insurance premiums which became due during such calendar year upon the insurance policies to which reference is hereinbefore made have been paid; and (c) that no additional fixed property has been acquired by the Company during such calendar year, or, if any fixed property has been so acquired, briefly describing the same and stating the cost thereof.

SECTION 8.11. It will keep such of the mortgaged property as is of an insurable nature and of the character usually insured by companies engaged in the same business in similar geographical locations insured against loss or damage by fire and from other hazards customarily insured against by such companies and will carry such insurance with insurance companies of good standing in amounts not less than the fair insurable value of the properties insured; provided, however, that policies may be written with a co-insurance clause of not less than 90% if the insurance be for not less than 90% of the actual cash value of the property insured.

All policies required by the provisions of this Section to be carried by the Company shall provide that all losses, except any one loss the insurance proceeds payable with respect to which are not in excess of Ten Thousand Dollars (\$10,000), shall be payable to the Trustees, as their interest may appear. In case of any default by the Company in fulfilling the covenants contained in this Section with respect to the carrying of insurance, the Trustee may, at its option, effect such insurance in the name of the Company or in the name of the Trustees and all premiums paid by the Trustee for such insurance shall be repaid by the Company on demand and if not so repaid shall be secured by the lien of this Indenture in priority to the indebtedness evidenced

by bonds issued hereunder. Upon the happening of every such loss, the insurance proceeds payable with respect to which are in excess of Ten Thousand Dollars (\$10,000), the Company shall make due proof of loss containing a power of attorney in favor of the Trustee to endorse all drafts drawn for the payment thereof to the order of the Trustee and to sign receipts therefor and shall do all things necessary or desirable to cause the insurer or insurers to make payment in full directly to the Trustee. In case of any loss covered by any policy of insurance, any appraisal or adjustment of such loss and settlement and payment of indemnity therefor which shall be agreed upon between the insured and the insurer shall be accepted by the Trustees and the Trustees shall in no way be liable for the adjustment of such loss. The Company shall, upon the execution hereof, furnish to the Trustee a statement in writing signed by an officer of the Company fully describing all policies of insurance then in force covering the mortgaged property or any part thereof. The Trustee at its option may, at any time, require the Company to deposit with it any or all of such insurance policies and shall require such deposit upon the occurrence of an event of default.

SECTION 8.12. In case of any loss, the insurance proceeds payable in respect of which are less than Ten Thousand Dollars (\$10,000), it will apply the insurance proceeds thus received by it to the repair or replacement of the pertinent property damaged or destroyed or to the construction or acquisition of property additions, upon the completion of which a certificate signed by the President or a Vice-President of the Company shall be filed with the Trustee showing how such proceeds have been expended. The Company may, however, if it so elects, deliver all or any part of such proceeds to the Trustee and in such event the moneys so delivered shall be treated in all respects as though so delivered under Section 8.11.

SECTION 8.13. Subject to the provisions of Article Thirteen hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

SECTION 8.14. It will pay or cause to be paid to the Trustee the proceeds of any property subject to the lien of this Indenture which

has been taken by any governmental body through the exercise of the power of eminent domain or which has been sold to such a governmental body pursuant to the provisions of any statute or franchise permitting such governmental body to compel the Company to sell the same, except such thereof as may by the terms of an underlying mortgage be required to be paid to or deposited with its mortgagee or trustee and as to any moneys which shall be so paid to such mortgagee or trustee, if any thereof remains on deposit with such mortgagee or trustee upon the satisfaction or release of such underlying mortgage, it will pay the same to or cause the same to be paid to the Trustee. The Trustee on behalf of the bondholders may intervene in any proceeding for such taking or purchase and shall do so upon the written request of the holders of ten per cent. (10%) or more in aggregate principal amount of bonds outstanding hereunder being first indemnified for its expenses as provided in Section 16.01 hereof. The Trustee may execute and deliver a release of any property so taken or sold and shall be fully protected in so doing upon being furnished with (a) an opinion of counsel that such governmental body had a lawful right to take such property or compel the Company to sell the same and (b) either (i) a sum in cash equal to the proceeds of such taking or (ii) a sum in cash equal to such proceeds less the amount required to be paid to or deposited with the mortgagee or trustee of an underlying mortgage, a receipt from such mortgagee or trustee for the amount so paid or deposited, and an opinion of counsel that such amount is required by the terms of such underlying mortgage to be so paid or deposited.

SECTION 8.15. It will keep on file at the main office of the Trustee a list of the names and addresses of the last known holders of all bonds outstanding hereunder with the principal amount of bonds believed to be held by each. Any bondholder may require his name and address to be added to said list by filing a written request with the Company or the Trustee, which request shall include a statement of the principal amount of bonds held by such bondholder and the numbers of such bonds. The Trustee shall be under no responsibility with regard to the accuracy of said list. Said list may be inspected and copied by a bondholder or bondholders owning ten per cent. (10%) or more in

principal amount of bonds outstanding hereunder or by his or their authorized agent, such ownership and the authority of any such agent to be evidenced to the satisfaction of the Trustee.

SECTION 8.16. No coupon or claim for interest pertaining to any bond issued hereunder shall be kept alive after the date specified for the payment of such interest by the extension thereof or by the purchase thereof by or on behalf of the Company. Any such coupon or claim for interest which in any way at or after the date specified for the payment thereof shall have been transferred or pledged separate or apart from the bond to which it relates or which shall in any manner have been kept alive after the date specified for the payment thereof by extension or by the purchase thereof by or on behalf of the Company shall not be entitled to any benefit of or from this Indenture except after the prior payment in full of the principal of all bonds issued hereunder and of all coupons and interest obligations not so transferred, pledged, kept alive or extended.

SECTION 8.17. It will not declare or pay any dividends upon any of its common stock (other than dividends payable in its stock) or make any distribution on any shares of its common stock or purchase or otherwise acquire any of its common stock except out of net income earned subsequent to December 31, 1945.

ARTICLE NINE

COVENANTS WITH RESPECT TO MAINTENANCE OF THE MORTGAGED PROPERTY.

SECTION 9.01. The Company will expend for maintenance and reserve for depreciation whatever amounts may be necessary to maintain efficiently and provide for the replacement of the mortgaged property.

SECTION 9.02. Without in any way limiting the provisions of Section 9.01 the Company will, within ninety (90) days after the end of each maintenance period, file with the Trustee a certificate signed and verified by its President or Vice-President (hereinafter called a "maintenance certificate") stating:

(i) The aggregate of the expenditures made by the Company for repairs to and maintenance of its fixed property during such maintenance period;

(ii) The amount of gross expenditures for property additions acquired or constructed by the Company during such maintenance period;

(iii) The amount of gross expenditures for property additions acquired or constructed by the Company during such maintenance period which it elects to certify to the Trustee for the purposes of this Section and stating that none of such gross expenditures so certified have been included in any certificate of net bondable expenditures for property additions theretofore filed or if any thereof have been so included in such certificate stating the amount so included and that such amount does not exceed the Company's net retirements for such maintenance period; and

(iv) The amount of its gross operating revenues for such maintenance period.

Any amount by which the aggregate of the amounts certified pursuant to (i) and (iii) of such maintenance certificate is greater than twenty-five per cent. (25%) of the amount certified pursuant to (iv) of such maintenance certificate shall be termed a "maintenance credit" and any amount by which such aggregate is less than such percentage shall be termed a "maintenance deficit". If for any maintenance period there shall be a maintenance deficit, the amount thereof shall be offset by one or more of the following:

(a) The delivery to the Trustee of available bonds, such bonds to be credited against such deficit at their principal amount;

(b) The deposit with the Trustee of cash;

(c) The appropriation of net bondable expenditures for property additions, such net bondable expenditures to be credited against such deficit at 100% of their amount.

In the event that any amount of net bondable expenditures for property additions be appropriated to offset a maintenance deficit, the appropriation of such expenditures shall be evidenced by filing with the Trustee a certificate of net bondable expenditures for property additions dated as of the last day of such maintenance period and, if there be included in such certificate of net bondable expenditures for

property additions any new gross expenditures, the documents required by (i), (ii) and (iii) of subparagraph (4) of Section 4.05 hereof; provided, however, that such of the amounts of any maintenance credits in either or both of the two next previous maintenance certificates as have not theretofore been used as offsets against maintenance deficits or as a basis for the withdrawal of cash deposited with the Trustee may be used as an offset against such maintenance deficit.

If for any maintenance period there shall be a maintenance credit, the Company, unless it be in default, shall be entitled to withdraw to the amount of such maintenance credit any cash which it may have deposited with the Trustee as an offset against a maintenance deficit appearing in either or both of the two next previous maintenance certificates.

All bonds delivered to the Trustee pursuant to this Section shall be cancelled by the Trustee, together with the coupons, if any, appertaining thereto and shall be delivered to or upon the order of the Company and shall not be reissued.

SECTION 9.03. Without in any way limiting the provisions of Sections 9.01 and 9.02, the Company in each maintenance period, unless prohibited from so doing by a governmental body having jurisdiction in the premises, will set aside and segregate out of its net earnings transferred to surplus an amount equal to the excess, if any, of twenty-five per cent. (25%) of its gross operating revenues for such maintenance period over the sum of

(i) the aggregate of expenditures made by the Company for repairs to and maintenance of its fixed property during such maintenance period (being the same expenditures used in the calculation set forth in (i) of Section 9.02 hereof); and

(ii) the amount charged against income and credited to depreciation reserve during such maintenance period.

The surplus so set aside may not be used for the payment of dividends other than dividends payable in stock of the Company, provided, however, that nothing herein shall prevent the Company from transferring all or any part of such segregated surplus at any time to its depreciation reserve account, or to stated capital in connection with the payment of a stock dividend or otherwise.

ARTICLE TEN.

SINKING FUNDS FOR SERIES A BONDS AND BONDS OF OTHER SERIES.

SECTION 10.01. The Company covenants and agrees that so long as any Series A bonds are outstanding hereunder it will, in each of the years 1947-1975, both inclusive, not less than thirty (30) days prior to January 1st of such year, deposit with the Trustee as and for a sinking fund for Series A bonds moneys sufficient (when increased by the payment of accrued interest to such January 1st) to redeem on such January 1st Series A bonds in aggregate principal amount equal to one per cent. (1%) of the total aggregate principal amount of Series A bonds authenticated and delivered to and including such January 1st (exclusive of Series A bonds in exchange or substitution for which other bonds of Series A may have been authenticated and delivered under the provisions of Sections 2.09, 2.11, 2.12, 3.05 and 7.06). On each such January 1st the Trustee shall, in so far as it is possible for it so to do, exhaust the moneys in said sinking fund by applying the same to redemption of Series A bonds.

Provided, however, that in lieu of depositing all or a part of such moneys the Company may do either or both of the following: (1) Deliver to the Trustee for cancellation on or before the date required for such deposit available bonds of Series A, such bonds to be credited against such sinking fund payment at the price (exclusive of accrued interest) paid by the Company for such bonds, which price (exclusive of accrued interest) shall in no event be greater than the current redemption price (exclusive of accrued interest) for such bonds specified in this Section, and (2) appropriate on or before the date required for such deposit net bondable expenditures for property additions, net bondable expenditures so appropriated to be credited against such sinking fund payment at sixty per cent. (60%) of their amount.

In the event that any available bonds be delivered to the Trustee as aforesaid there shall also be filed with the Trustee a certificate signed and verified by the Treasurer or an Assistant Treasurer of the Company stating the amount or amounts paid by it for such bonds.

In the event that any net bondable expenditures be so appropriated, their appropriation shall be evidenced by the filing with the

Trustee of a certificate of net bondable expenditures for property additions dated as of a date within thirty (30) days of the date of such appropriation and if there be included in such certificate any new gross expenditures, the documents required by (i), (ii) and (iii) of subparagraph (4) of Section 4.05 hereof.

The redemption price for Series A bonds for the purposes of the sinking fund created by this Section shall be the principal amount thereof plus interest accrued thereon to the date fixed for such redemption plus a premium equal to the then applicable percentage of the principal amount thereof:

If redeemed on or before January 1, 1947	8 $\frac{3}{4}$ %
Thereafter and on or before January 1, 1948	8 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1949	8 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1950	8 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1951	8 %
Thereafter and on or before January 1, 1952	7 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1953	7 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1954	7 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1955	7 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1956	7 %
Thereafter and on or before January 1, 1957	6 $\frac{3}{4}$ %
Thereafter and on or before January 1, 1958	6 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1959	6 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1960	6 %
Thereafter and on or before January 1, 1961	5 $\frac{5}{8}$ %
Thereafter and on or before January 1, 1962	5 $\frac{3}{8}$ %
Thereafter and on or before January 1, 1963	5 $\frac{1}{8}$ %
Thereafter and on or before January 1, 1964	4 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1965	4 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1966	4 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1967	3 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1968	3 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1969	3 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1970	2 $\frac{7}{8}$ %
Thereafter and on or before January 1, 1971	2 $\frac{1}{2}$ %
Thereafter and on or before January 1, 1972	2 %
Thereafter and on or before January 1, 1973	1 $\frac{3}{4}$ %
Thereafter and on or before January 1, 1974	1 $\frac{1}{4}$ %
Thereafter and on or before January 1, 1975	$\frac{7}{8}$ %
Thereafter and prior to maturity	$\frac{1}{2}$ %

No bonds of any other series shall be entitled to the benefits of the sinking fund created under this Section.

SECTION 10.02. Each supplemental indenture creating a new series of bonds, if there be Series A bonds outstanding hereunder at the time of such creation, shall provide for a sinking fund for bonds of the series thus created, the required payments to which, at least for the period during which Series A bonds are outstanding hereunder, shall suffice to retire on each anniversary occurring between January 1, 1947 and January 1, 1975, both inclusive, of the date borne by the initial issue of bonds of the series thus created, not less than one per cent. (1%) of the total aggregate principal amount of bonds of such series authenticated and delivered to and including such anniversary date (exclusive of any bonds of such series in exchange or substitution for which other bonds of such series may have been authenticated and delivered under the provisions of Sections 2.09, 2.11, 2.12 and 7.06 and any provision of such supplemental indenture permitting the exchange of registered bonds for coupon bonds or coupon bonds for registered bonds of such series).

A proviso may, however, be inserted permitting the crediting against payments to such sinking fund of (1) available bonds of such series delivered to the Trustee for cancellation, such bonds to be so credited at the price (exclusive of accrued interest) paid by the Company for such bonds, which price (exclusive of accrued interest) shall in no event be greater than the current redemption price (exclusive of accrued interest) for the redemption of such bonds when redeemed for the purposes of such sinking fund, and/or (2) net bondable expenditures for property additions, such net bondable expenditures to be so credited at sixty per cent. (60%) of their amount.

SECTION 10.03. All bonds retired by or delivered to the Trustee for the purposes of any sinking fund shall be cancelled by the Trustee, together with the coupons, if any, appertaining thereto, and shall be delivered to or upon the order of the Company and shall not be re-issued.

ARTICLE ELEVEN.

POSSESSION, USE AND RELEASE OF MORTGAGED PROPERTY.

SECTION 11.01. Unless an event of default shall have occurred and shall not have been remedied, the Company shall be suffered and permitted to remain in full possession, enjoyment and control of all the properties, rights, privileges and franchises hereby mortgaged and shall be permitted to manage and operate the same, and, subject always to the provisions hereof, to receive, receipt for, take, use, enjoy and dispose of all rents, tolls, incomes, revenues, issues and profits thereof.

SECTION 11.02. While in possession of the mortgaged property and not in default hereunder, the Company shall have the right at all times, as proper management of the business of the Company may require, to alter, change, add to, repair, remove and make any change in the location of, any exchanges, plants, poles, pole-lines, wires, cross-arms, conduits, cables, office and sub-station equipment and apparatus, warehouses or other like articles or structures upon any part of the mortgaged property, provided that the Company shall at all times maintain and preserve the value of the mortgaged property from impairment or reduction by replacing any portion thereof that shall be removed with other property of at least equal value and utility, either before or promptly after such removal, so that the security of the bonds issued hereunder shall not thereby be in any way impaired or reduced.

SECTION 11.03. While in possession of the mortgaged property and not in default, the Company may dispose of any of its equipment, machinery, apparatus, appliances, tools and implements, materials or other movable property, free from the lien of this Indenture, which may have become worn out, disused or undesirable for use, provided that upon so doing the Company shall substitute therefor other property suitable to its business and of equal or greater value, and shall subject such substituted property to the lien hereof.

SECTION 11.04. While in possession of the mortgaged property and not in default, the Company, except as hereinafter provided in (iv) of (b) of this Section, may sell or exchange but not otherwise dispose of any of its property (in addition to the property referred to

in Section 11.03 of this Article and in addition to any property released pursuant to Section 8.14 hereof) and the Trustees shall release the same from the lien hereof upon receipt by the Trustee of:

(a) A resolution authorizing such sale or exchange and requesting such release;

(b) A certificate signed and sworn to by the President or a Vice-President of the Company and by an engineer who, if the original cost of the properties for the release of which request is made exceeds \$25,000, shall be an independent engineer

(i) describing the property for the release of which request is made, and stating that in the opinion of the signers such release will be of benefit to the Company and will not be prejudicial to the security of the bonds issued hereunder;

(ii) stating that the Company has sold or exchanged, or contracted to sell or exchange, the property for the release of which request is made for a consideration representing in the opinion of the signers its full value to the Company;

(iii) stating the amount and nature of such consideration and that it consists, or will consist, solely of one or more of the following: cash, property additions, and properties which upon such exchange will constitute property additions;

(iv) stating either that the property for the release of which request is made does not constitute or include all or substantially all of the fixed property of the Company subject to the lien hereof as a first mortgage lien thereon or, if it does constitute or include all or substantially all of such fixed property, stating that from the cash consideration received or to be received therefrom, as increased by any other moneys in the hands of the Trustee available for the redemption of bonds outstanding hereunder, there will be moneys sufficient in amount to pay all of the expenses and charges due the Trustee and to redeem all bonds outstanding hereunder;

(v) if any property additions or properties which on acquisition will become property additions are included in such certificate, briefly describing them, and stating that the signers have examined and inspected the same and that their construction or acquisition is desirable from the standpoint of the Company and the bondholders, and if from the opinion of counsel responsive to (f) of this Section it appears that the

same are subject to any permitted encumbrances, that such permitted encumbrances do not impair the use of the property to which they pertain for the purposes for which such property is held or to be held by the Company;

(c) A certificate signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company, dated as of the date upon which the resolution referred to in (a) above was adopted, stating that the Company is not in default hereunder and stating the original cost of the property to be released;

(d) All moneys stated in the certificate responsive to (b) of this section to be or to have been received in consideration for any property for the release of which request is made, or to the extent that such moneys constitute the consideration for property subject to an underlying mortgage, which, by its terms, are required to be paid to or deposited with its mortgagee or trustee, a receipt by such mortgagee or trustee for such moneys, the Company convenanting, agreeing and directing that upon the satisfaction or release of such underlying mortgage any such money remaining in the possession or control of such mortgagee or trustee, to which the Company may be entitled, shall forthwith be deposited with the Trustee;

(e) Such deeds, bills of sale, supplemental indentures, or other instruments of conveyance as may be necessary or proper to subject to the lien of this Indenture any property received in exchange for property released;

(f) An opinion of counsel stating

(i) that the instruments of conveyance above mentioned are sufficient, and no other documents are required, to subject to the lien of this Indenture any property received in exchange for property released, and that all of the property received in exchange will, upon such acquisition, be subject to no liens, in addition to the lien of this Indenture, except permitted encumbrances;

(ii) if any part of the consideration for property so to be released has been or is to be paid to or deposited with the mortgagee or trustee of an underlying mortgage, that such consideration is required by such underlying mortgage to be paid to or deposited with such mortgagee or trustee;

(g) Either (i) a certificate constituting evidence of the authorization, approval or consent of any governmental body at the time having jurisdiction in the premises to the sale or exchange of the property to be released, the consideration to be received therefor and the acquisition of any property constituting any part of such consideration, together with an opinion of counsel that the same constitutes sufficient evidence thereof and that the authorization, approval or consent of no other governmental body is required; or (ii) an opinion of counsel that no authorization, approval or consent of any governmental body is required.

SECTION 11.05. In favor of every purchaser from the Company, and of every person claiming any interest by, through or under the Company, every release of property from the lien of this Indenture by the Trustees under the provisions of this Article shall be valid, and no such purchaser or person need inquire as to the power or authority of the Trustees to make any such release or see to the application of the purchase money.

SECTION 11.06. The Company covenants and agrees that it will not sell, exchange or otherwise dispose of any of its properties except in the manner permitted by this Article and by Section 8.14, provided, however, that nothing in this Section shall be construed to be in derogation of the provisions of Article Thirteen.

SECTION 11.07. In case the mortgaged property shall be in the possession of a receiver or trustee lawfully appointed, the powers in and by this Article conferred upon the Company may be exercised by such receiver or trustee, with the approval of the Trustee, and if the Trustee shall be in possession of the mortgaged property under any provision of this Indenture then all the powers in this Article conferred upon the Company may be exercised by it in its discretion.

ARTICLE TWELVE.

HOLDING AND APPLICATION OF MONEYS DEPOSITED WITH OR PAID TO THE TRUSTEE.

SECTION 12.01. All moneys required to be deposited with or paid to the Trustee under any provision hereof shall be held by it in trust. Such moneys shall not be invested by the Trustee, and, except for

moneys deposited with or paid to the Trustee for the redemption of bonds, notice of the redemption of which has been duly given, shall, while held by it, constitute part of the trust estate and be subject to the lien hereof. Except as permitted by, and when adequately secured in accordance with, the regulation of the Board of Governors of the Federal Reserve System, none of the moneys paid to or deposited with the Trustee shall be intermingled with other funds of the Trustee.

SECTION 12.02. Subject to the provisions of Section 12.06, the Company, while not in default, may cause the Trustee to apply in the manner prescribed by Section 12.05 any moneys paid to or deposited with it pursuant to Sections 8.11, 8.14, 9.02 and 11.04 to the redemption of bonds outstanding hereunder, apportioning the moneys so to be used for redemption among bonds of all series then outstanding in the manner set forth in Section 12.05. No such application shall be made unless the Trustee shall have received a resolution authorizing such redemption and an order of the Company requesting that such application be made and stating that the Company is not in default hereunder.

SECTION 12.03. Subject to the provisions of Sections 12.04 and 12.06, the Company, while not in default hereunder, may:

(a) withdraw any moneys to which reference is made in Section 12.02 to reimburse itself for 100% of net bondable expenditures made by it for property additions as evidenced by the certificate of net bondable expenditures for property additions to which reference is hereinafter made;

(b) cause the Trustee to apply any moneys referred to in (a) above to the payment, purchase or redemption of bonds outstanding hereunder of such one or more series as the Company may elect;

provided, however, that none of such moneys shall be so withdrawn or so applied later than two years after the date of their deposit with the Trustee.

No withdrawal or application of moneys under any of the provisions of this Section shall be made unless the Trustee shall have received an order of the Company dated, in the case of moneys to be

withdrawn under (a) above, as of a date within thirty (30) days of such withdrawal, and, in the case of moneys to be applied under (b) above to the redemption of bonds, not earlier than ten (10) days prior to the earliest date on which the first notice by publication of the redemption of the series of bonds to be redeemed is permitted to be given, and, in the case of moneys to be applied under (b) above to the payment or purchase of bonds, not earlier than thirty (30) days prior to such payment or purchase, stating that the Company is not in default hereunder and that such withdrawal or application is not prohibited by the provisions of Sections 12.04 or 12.06.

In the case of moneys to be withdrawn against net bondable expenditures pursuant to (a) above, there shall also be delivered to the Trustee a certificate of net bondable expenditures for property additions dated as of a date within sixty (60) days of the date of such withdrawal, together with, if there be included in such certificate any new gross expenditures, the documents required by (i), (ii) and (iii) of subparagraph (4) of Section 4.05.

In the case of moneys to be applied to the payment, purchase or redemption of bonds pursuant to (b) above, such order of the Company shall specify the series of bonds to be paid, redeemed or purchased and the purchase price or maximum purchase price of any to be purchased, and shall be accompanied by a resolution authorizing such payment, redemption or purchase and by moneys sufficient to pay the excess, if any, of the aggregate of the payment, redemption or purchase prices of such bonds (including interest to date of payment, redemption and purchase) over their aggregate principal amount, together also with the amount of the charges which will be due the Trustee and the amount of the expenses which it will incur in connection with such payment, redemption or purchase.

No bonds shall be purchased under (b) above at a price in excess of the least of: (1) the current optional redemption price of such bonds plus accrued interest or, if they be not then redeemable at the option of the Company, 113 $\frac{3}{4}$ % of their principal amount plus accrued interest; (2) the current market price of such bonds, if there be a market price; and (3) if such bonds are directly or indirectly owned or held by, or for the account of, or for the benefit or interest of, the

Company, or any person, association or corporation directly or indirectly in control of or controlled by or in common control with the Company, the price paid by the seller thereof for said bonds. The Trustee, in the absence of bad faith, shall be entitled to rely upon a certificate signed and verified by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company as to the price paid by the seller for bonds owned or held as stated in (3) above of this paragraph or as to the fact that such bonds were not owned or held by any person, association or corporation to which reference is made in (3) above of this paragraph.

SECTION 12.04. If at the time of any deposit pursuant to the provisions of Section 8.14 or Section 11.04, or both, the aggregate of such deposit and all deposits made during the twelve months next preceding the date of such deposit pursuant to either or both of the aforesaid Sections shall exceed Two Hundred Thousand Dollars (\$200,000) and if the aggregate of such deposit and all moneys remaining in the hands of the Trustee previously deposited pursuant to the provisions of either or both of said Sections (including moneys still on hand which were deposited pursuant to either or both of said Sections prior to such twelve months period but excluding moneys deposited pursuant to either or both of said Sections which have been included in a notice of a proposed withdrawal or application) shall exceed One Hundred Thousand Dollars (\$100,000), then none of the moneys deposited with the Trustee pursuant to either or both of said Sections and remaining in its hands, which moneys are hereinafter referred to as "escrow funds", shall be withdrawn or applied by the Company, except under the provisions of Section 12.02, if the holders of twenty-five per cent. (25%) or more in aggregate principal amount of bonds outstanding hereunder shall have objected in the manner and within the time hereinafter provided.

If the Company wishes to withdraw or have applied any escrow funds in accordance with Section 12.03, it shall send a notice of such proposed withdrawal or application by registered mail to the owners of all bonds outstanding hereunder, which are fully registered bonds without coupons or coupon bonds registered as to principal, not less

than thirty (30) days prior to the date fixed therein for filing objections, and, unless all bonds outstanding hereunder are represented by fully registered bonds without coupons or coupon bonds registered as to principal, or both, shall publish such notice once a week for two successive weeks in one daily newspaper printed in the English language and published and of general circulation in the City of Chicago, Illinois, the first publication in such newspaper to be not more than forty (40) nor less than thirty (30) days prior to the date fixed therein for filing objections. Such notice shall state (i) the amount of such escrow funds on deposit with the Trustee, (ii) the amount thereof which the Company wishes to withdraw or have applied, and (iii) the purpose or purposes for which it wishes to withdraw such escrow funds or have them applied. If the Company proposes to withdraw escrow funds against net bondable expenditures under (a) of Section 12.03, the statement contained in such notice of the purposes for which they are to be withdrawn may be in general terms if it incorporates by references a more complete description contained in a document on file with the Trustee, copies of which shall be available at the office of the Trustee, and shall be enclosed with notices required to be sent by registered mail as aforesaid.

Objection to the withdrawal or application of escrow funds by holders of bonds outstanding hereunder shall be made by an instrument or instruments in writing which shall be executed and the ownership of such bonds proved as provided in Section 17.02. Such objection shall be subject to revocation at any time prior to the date fixed in such notice by the filing with the Trustee of an instrument in writing similarly executed.

Unless on such date so designated for the filing of objections there shall be on file with the Trustee unrevoked objections by holders of twenty-five per cent. (25%) or more in aggregate principal amount of bonds outstanding hereunder, the Company may withdraw the escrow funds specified in such notice in the manner and for the purposes therein stated but subject, however, to all the terms, conditions and provisions of Section 12.03.

Any escrow funds to the withdrawal or application of which objection has been made as in this Section provided and any other funds

referred to in Section 12.03, which, because of the time limitations therein contained, the Company no longer has the right to withdraw or have applied under the provisions of said Section 12.03, shall be applied by the Trustee to the redemption of bonds outstanding hereunder, such bonds to be selected from all bonds outstanding hereunder as provided in Section 12.05.

SECTION 12.05. As soon as conveniently possible after each occasion upon which the Trustee either shall have received a resolution and an order of the Company pursuant to Section 12.02 or shall have on hand Ten Thousand Dollars (\$10,000) or more of funds required by Section 12.04 to be applied to the involuntary redemption of bonds outstanding hereunder, it shall (i) if bonds of more than one series are outstanding hereunder and the moneys to be applied are insufficient to redeem all bonds outstanding hereunder, apportion such moneys to the redemption of bonds of each such series in proportion, as nearly as practicable, to the proportion which at the time of such apportionment the aggregate principal amount of bonds of each series outstanding hereunder bears to the aggregate principal amount of bonds of all series outstanding hereunder, (ii) fix a date (or dates in case bonds of more than one series are to be redeemed and are not redeemable on the same date) for the redemption of bonds, (iii) select the bonds to be so redeemed as provided in Section 7.02, and (iv) notify the Company of the bonds to be so redeemed as provided in Section 7.03 and of the date (or dates) of such redemption. The Company shall on or before seventy (70) days prior to the date (or each date) so fixed pay to the Trustee the amount of the charges which will be due it and the amount of expenses which it will incur in connection with such (or each such) redemption and the Trustee shall call such bonds for redemption as provided in Section 7.04, the Company covenanting and agreeing to deliver to the Trustee on or prior to the date (or each date) so fixed for redemption the excess of the aggregate of the redemption prices of the bonds to be so called (including interest to date of redemption) over the aggregate of the principal amounts thereof.

SECTION 12.06. In the event, however, that pursuant to the provisions of Section 8.14 or Section 11.04, or both, all or substantially all of the fixed properties of the Company which are subject to the lien hereof as a first mortgage lien thereon are released from the lien hereof, then the right of the Company to avail itself of the provisions of Sections 12.02 to 12.05 inclusive shall cease and determine. The Trustee shall forthwith by the use, in so far as necessary, of all moneys deposited with it (other than moneys held for the redemption of bonds, a notice of the redemption of which has been given) redeem all bonds outstanding hereunder, provided, however, that if the aggregate of all such moneys, after the deduction therefrom of any expenses or charges for the payment of which the Trustee or Trustees will be compelled to resort to such moneys, will be insufficient to redeem all bonds outstanding hereunder, then the Trustee shall, subject to the provisions of Section 8.16, apply said moneys to the pro rata payment on account of and in proportion to the respective amounts of the principal of and accrued interest on all bonds outstanding hereunder and shall stamp said bonds so as to show such partial payment.

SECTION 12.07. Series A bonds redeemed pursuant to the provisions of this Article with moneys paid to or deposited with the Trustee pursuant to Section 11.04 shall be redeemed at the then applicable redemption price specified in Section 3.02 and bonds of such series so redeemed with moneys paid to or deposited with the Trustee pursuant to Sections 8.11, 8.14 and 9.02 shall be redeemed at the then applicable redemption price specified in Section 10.01. Bonds of other series redeemed pursuant to the provisions of this Article shall be redeemed at the price or prices specified in the terms of their issue.

SECTION 12.08. No bonds redeemed or purchased under the provisions of this Article shall be used as the basis for the issue of bonds under Article Five hereof, or be delivered to or deposited with the Trustee for the purposes of any sinking fund or as an offset against a maintenance deficit or be credited under any other requirement hereof, and all such bonds, together with the coupons, if any, appertaining thereto, shall be cancelled and delivered to or upon the order of the Company and shall not be reissued.

ARTICLE THIRTEEN.

CONSOLIDATIONS, MERGERS AND SALES.

SECTION 13.01. Nothing in this Indenture contained shall prevent any lawful consolidation or merger of the Company with or into any other corporation, or any conveyance or transfer, subject to the lien of this Indenture, of all, or substantially all, the mortgaged property, as an entirety, to any corporation lawfully entitled to acquire and operate the same; provided, however, and the Company covenants and agrees, that such consolidation, merger, conveyance or transfer shall be upon such terms as in no respect to impair the lien of this Indenture upon the property then subject thereto, or any of the rights or powers of the Trustees or the bondholders hereunder; and provided further, that the property of the successor corporation with which the Company shall consolidate or merge or to which all of the mortgaged property shall be conveyed as an entirety shall not be subject to any lien (other than permitted encumbrances) which after such consolidation, merger or conveyance will be equal or prior to the lien of this Indenture on the property owned by such other corporation, unless the amount of obligations outstanding under and secured by such equal or prior lien shall not exceed sixty per cent. (60%) of the fair value of the property of such other corporation, as evidenced by an independent engineer's certificate filed with the Trustee, or unless there be appropriated net bondable expenditures in an amount equivalent to such excess (such appropriation to be evidenced in the same way as a similar appropriation pursuant to Section 8.07), and unless the net operating earnings (determined in the manner provided in Section 4.02 hereof for net operating earnings of the Company and verified by independent certified public accountants), derived from the operation of the property of such other corporation, for a period of twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the date of such consolidation, merger or conveyance, shall have been at least twice the annual interest charges, as verified by such accountants, on all obligations outstanding under and secured by such equal or prior lien at the time of such consolidation, merger or conveyance, except obligations for the payment or redemption of which the necessary funds shall have been deposited with the trustee under the mort-

gage creating such equal or prior lien, or with the Trustee hereunder, together with instructions to apply such funds to the payment or redemption of such obligations (but subject to any applicable clause in such mortgage providing for the return of any unclaimed moneys to the Company or such other corporation, as the case may be, depositing such funds); and provided further, that such successor corporation shall execute and deliver to the Trustees an indenture satisfactory to them which shall provide:

(1) that such successor corporation shall assume the due and punctual payment of the principal of and interest on all of the bonds issued hereunder and the performance of all of the covenants and conditions on the part of the Company contained in this Indenture; and

(2) that all property (other than property of the nature of that excluded by the granting clauses hereof) thereafter acquired or constructed by such successor corporation in the territory theretofore served by the Company and all property (other than property of the nature of that excluded by the granting clauses hereof) forming an integral part of, or essential to the use or operation of, any property subject to the lien of this Indenture at the time of such consolidation, merger, conveyance or transfer, and all property subsequently subjected to the lien of this Indenture as a first mortgage lien thereon, and all renewals and replacements thereof, and all franchises necessary or proper for the operation thereof, shall be and become subject to the lien hereof, the lien thereby created to have the same force, effect and standing as if the Company had itself acquired or constructed such property.

SECTION 13.02. The successor corporation thereafter may cause to be signed, issued and delivered, either in its own name or in the name of Oregon-Washington Telephone Company, any or all bonds issuable hereunder which shall not theretofore have been signed by Oregon-Washington Telephone Company and authenticated by the Trustee, and upon the order of the successor corporation in lieu of Oregon-Washington Telephone Company, and subject to all the terms, conditions and restrictions in this Indenture prescribed with respect to the authentication and issuance of bonds, the Trustee shall authenticate and deliver any of such bonds which shall have been previously signed and delivered by the officers of Oregon-Washington Telephone Com-

pany to the Trustee for authentication, and any of such bonds which the successor corporation shall thereafter, in accordance with the provisions of this Indenture, cause to be signed and delivered to the Trustee for such purpose; provided, however, that no such additional bonds may be issued hereunder and no cash shall be withdrawn or property released on the basis of net bondable expenditures for property additions unless such successor corporation (1) shall effectively close each open end mortgage (other than this Indenture) to which any of its property may be subject, and (2) shall by the indenture to which reference is made in Section 13.01 hereof or by a subsequent indenture satisfactory to the Trustees similarly executed and delivered (a) subject to the lien hereof, with the same force, effect and standing as though this Company had itself acquired the same at the time of the delivery of such indenture, all property, not theretofore subject to the lien hereof, then owned by such successor corporation (other than property of the nature of that excluded by the granting clauses hereof) and (b) subject to the lien hereof, with the same force, effect and standing as though the Company were itself to construct or acquire such property, all property thereafter acquired or constructed by such successor corporation (other than property of the nature of that excluded by the granting clauses hereof).

SECTION 13.03. The Trustees may receive an opinion of counsel as conclusive evidence (1) that any such indenture can and does comply with the foregoing conditions and provisions required with respect thereto by Section 13.01 or Section 13.02, or both, and (2) that such successor corporation has complied with the provisions of Section 13.02 with respect to the closing of open end mortgages.

ARTICLE FOURTEEN.

DISCHARGE OF MORTGAGE.

SECTION 14.01. If the Company shall pay or cause to be paid to the holders of the bonds and coupons the principal thereof, including therein the premium thereon, if any, and interest to become due thereon at the times and in the manner stipulated therein and herein, and if the Company shall keep, perform and observe all and singular the cove-

nants and promises in the bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, then these presents and the estate and rights hereby granted shall (at the option of the Company evidenced by a resolution delivered to the Trustee) cease, determine and be void, and thereupon the Trustees shall, upon the request of the Company, cancel and discharge the lien of this Indenture, and execute and deliver to the Company such deeds or other instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Company the estate and title hereby conveyed, and assign and deliver to the Company any property at the time subject to the lien of this Indenture which may then be in the possession of the Trustees, or either of them, except cash held for the payment of the principal of or interest on bonds.

Bonds and coupons for the payment or redemption of which moneys shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such bonds) shall be deemed to be paid within the meaning of this Section; provided, however, that if such bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made therefor, or such notice shall have been waived.

ARTICLE FIFTEEN.

DEFAULT PROVISIONS AND REMEDIES.

SECTION 15.01. Each of the following events is hereby defined as and is declared to be and to constitute an "event of default";

(a) Default in the due and punctual payment of any interest on any bond hereby secured and outstanding and the continuance thereof for a period of sixty (60) days;

(b) Default in the due and punctual payment of any moneys required to be paid as sinking fund payments under the terms hereof and the continuance thereof for a period of sixty (60) days;

(c) Default in the due and punctual payment of the principal of any bond hereby secured and outstanding, whether at the

stated maturity thereof, or upon proceedings for the redemption thereof, or upon the maturity thereof by declaration as in Section 15.02 provided;

(d) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Company in this Indenture or in the bonds contained, and the continuance thereof for a period of sixty (60) days after written notice to the Company by the Trustee or by the holders of not less than ten per cent. (10%) in aggregate principal amount of bonds outstanding hereunder;

(e) If the Company (1) admits in writing its inability to pay its debts generally as they become due, (2) files a petition in bankruptcy, (3) makes an assignment for the benefit of its creditors, or (4) consents to or fails to contest the appointment of a receiver or trustee of itself or of the whole or any substantial part of the mortgaged property;

(f) If the Company (1) is adjudged insolvent by a court of competent jurisdiction, (2) on a petition in bankruptcy filed against the Company be adjudged a bankrupt, or (3) if an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the Company, a receiver or trustee of the Company or of the whole or any substantial part of the mortgaged property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof;

(g) If the Company shall (1) file a petition under the provisions of Chapter X or Chapter XI of an Act to Establish a Uniform System of Bankruptcy Throughout the United States, approved July 1, 1898, as amended, or (2) file an answer seeking the relief provided in said Chapter X or said Chapter XI;

(h) If a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against the Company under the provisions of said Chapter X or said Chapter XI, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry of such order, judgment or decree; or

(i) If under the provisions of any other law now or hereafter existing for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Company or of the whole or any substantial part of the mortgaged property, and such custody or control shall not be terminated

within sixty days (60) days from the date of assumption of such custody or control.

SECTION 15.02. Upon the occurrence of an event of default the Trustee may, and upon the written request of the holders of twenty-five per cent. (25%) in aggregate principal amount of bonds outstanding hereunder, shall, by notice in writing delivered to the Company, declare the principal of all bonds hereby secured then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable; subject, however, to the right of the holders of a majority in aggregate principal amount of bonds outstanding hereunder, by written notice to the Company and to the Trustee, to annul such declaration and destroy its effect at any time before any sale hereunder, if, before any such sale, all agreements with respect to which default shall have been made shall be fully performed or made good, and all arrears of interest upon all bonds outstanding hereunder and the reasonable expenses and charges of the Trustees, their agents and attorneys, and all other indebtedness secured hereby, except the principal of any bonds which have not then attained their stated maturity and interest accrued on such bonds since the last interest payment date, shall be paid, or the amount thereof shall be paid to the Trustees for the benefit of those entitled thereto.

SECTION 15.03. If default occurs in payment of principal or interest due hereunder, interest shall be paid upon overdue principal at the rate borne by the bonds. Interest shall be paid upon overdue interest at the rate of six per cent. (6%) per annum.

SECTION 15.04. Upon the occurrence of an event of default, the Company, upon demand of the Trustee, shall forthwith surrender to the Trustees the actual possession of, and it shall be lawful for the Trustees, by such officer or agent as they may appoint, to take possession of all the mortgaged property (with the books, papers and accounts of the Company) and to hold, operate and manage the same, and from time to time to make all needful repairs and such extensions, additions and improvements as to them shall seem wise; and to receive the tolls, rents, revenues, issues, earnings, income, products and profits thereof,

and out of the same to pay and/or set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustees, their agents and counsel, and any charges of the Trustees hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which the Trustees may deem it wise to pay, and all expenses of such repairs, extensions, additions and improvements, and to apply the remainder of the moneys so received by the Trustees, subject to the provisions of Section 8.16 hereof with respect to extended, transferred or pledged coupons or claims for interest, first to the payment of the installments of interest which are due and unpaid, in the order of their maturity, and next, if the principal of any of said bonds is due, to the payment of the principal and accrued interest thereon pro rata without any preference or priority whatever, except as aforesaid. Whenever all that is due upon such bonds and installments of interest and under any of the terms of this Indenture shall have been paid and all defaults made good, the Trustees shall surrender possession to the Company, its successors or assigns; the same right of entry, however, to exist upon any subsequent event of default.

SECTION 15.05. Upon the occurrence of an event of default, the Trustees, by such officer or agent as they may appoint, with or without entry, may, if at the time such action shall be lawful, sell all the mortgaged property as an entirety, or in such parcels as the holders of a majority in aggregate principal amount of bonds outstanding hereunder shall in writing request, or in the absence of such request, as the Trustees may determine, at public auction, at some convenient place in Hood River, Oregon, or such other place or places as may be required by law, having first given notice of such sale by publication in at least one daily newspaper printed in the English language and of general circulation in said Hood River, at least once a week for four (4) successive weeks next preceding such sale, and by like publication in at least one daily newspaper printed in the English language and published and of general circulation in the City of Chicago, Illinois, and any other notice which may be required by law. The Trustees, if permitted by law, may from time to time adjourn such sale in their discretion by announcement at the time and place fixed for

such sale without further notice, and upon such sale the Trustees shall make and deliver to the purchaser or purchasers a good and sufficient deed or deeds for the same.

SECTION 15.06. In case of the breach of any of the covenants or conditions of this Indenture, the Trustees shall have the right and power to take appropriate judicial proceedings for the enforcement of their rights and the rights of the bondholders hereunder. Upon the occurrence of an event of default, the Trustees may, either after entry or without entry, proceed by suit or suits at law or in equity to enforce payment of the bonds then outstanding hereunder and to foreclose this mortgage and deed of trust and to sell the mortgaged property under the judgment or decree of a court of competent jurisdiction.

If an event of default shall have occurred, and if they shall have been requested so to do by the holders of twenty-five per cent. (25%) in aggregate principal amount of bonds outstanding hereunder and shall have been indemnified as provided in Section 16.01 hereof, the Trustees shall be obliged to exercise such one or more of the rights and powers conferred upon them by this Section and by Sections 15.04 and 15.05 as they, being advised by counsel, shall deem most expedient in the interests of the bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustees, or either of them, or to the bondholders, is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by the Trustees, or either of them, or by the bondholders, shall extend

to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon.

The Company may waive any period of grace provided for in this Article.

SECTION 15.07. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of bonds outstanding hereunder shall have the right, at any time and from time to time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken for any sale of the mortgaged property, or for the foreclosure of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such directions shall not be otherwise than in accordance with the provisions of law and of this Indenture.

SECTION 15.08. Upon the occurrence of an event of default, and upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustees and of the bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the mortgaged property, and of the tolls, rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer, whether or not the mortgaged property shall be deemed sufficient ultimately to satisfy the bonds outstanding hereunder.

SECTION 15.09. Upon any sale being made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement of this Indenture, the principal of all bonds then secured hereby, if not previously due, shall become and be immediately due and payable.

SECTION 15.10. Upon any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture, the holder or holders of any bond or bonds outstanding hereunder or the Trustees, or either of them, may bid for and purchase

the mortgaged property or any part thereof and upon compliance with the terms of sale may hold, retain and possess and dispose of such property in his, their or its own absolute right without further accountability, and any purchasers at any such sale may, in paying the purchase money, turn in any of such bonds and coupons or claims for interest outstanding hereunder in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon. Said bonds and coupons, in case the amount so payable thereon shall be less than the amount due thereon, shall be returned to the holders thereof after being appropriately stamped to show partial payment.

SECTION 15.11. Upon any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement of this Indenture, the receipt of the Trustees or of the officer making such sale shall be a sufficient discharge to the purchaser or purchasers at any sale for his or their purchase money and such purchaser or purchasers, his or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Trustee or of such officer therefor, be obliged to see to the application of such purchase money, or be in any wise answerable for any loss, misapplication or nonapplication thereof.

SECTION 15.12. Any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture shall, if and to the extent then permitted by law, operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company of, in and to the property so sold, and be a perpetual bar both at law and in equity against the Company and against any and all persons, firms or corporations claiming or who may claim the property sold, or any part thereof, from, through or under the Company.

SECTION 15.13. The proceeds of any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement

of this Indenture, together with any other amounts of cash which may then be held by the Trustee as part of the mortgaged property, shall be applied as follows:

First.—To the payment of all taxes, assessments, governmental charges and liens prior to the lien of this Indenture, except those subject to which such sale shall have been made, and of all the costs and expenses of such sale, including reasonable compensation to the Trustees, their agents and attorneys, and of all other sums payable to the Trustees hereunder by reason of any expenses or liabilities incurred or advances made in connection with the management or administration of the trusts hereby created;

Second.—To the payment in full of the amounts then due and unpaid for principal and interest upon the bonds then secured hereby with interest on amounts overdue as provided in Section 15.03 hereof, and in case such proceeds shall be insufficient to pay in full the amounts so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest; subject, however, to the provisions of Section 8.16 hereof;

Third.—Any surplus thereof remaining to the Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

SECTION 15.14. In case of an event of default on its part, as aforesaid, to the extent that such rights may then lawfully be waived, neither the Company nor any one claiming through or under it shall or will set up, claim, or seek to take advantage of any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force in any locality where any of the mortgaged property may be situated, in order to prevent or hinder the enforcement or foreclosure of this Indenture, or the absolute sale of the mortgaged property, or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser or purchasers thereat, but the Company, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisalment and redemption to which it may be entitled under the laws of the State of Oregon, the State of Washington and any other State where any of the mortgaged property may be situated.

And the Company, for itself and all who may claim through or under it, waives any and all right to have the estates, comprised in the security intended to be created hereby, marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may sell the mortgaged property as an entirety.

SECTION 15.15. The Company covenants that if default shall be made in the payment of the principal of any bond hereby secured when the same shall become payable, whether by maturity or otherwise, then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the bonds and coupons then secured hereby, the whole amount due and payable on all such bonds and coupons for principal and interest, and in case the Company shall fail to pay the same forthwith upon such demand, the Trustees in their own names and as trustees of an express trust, if permitted by law so to do, shall be entitled to sue for and to recover judgment for the whole amount so due and unpaid.

The Trustees, to the extent permitted by law, shall be entitled to sue and recover judgment either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture upon the mortgaged property, and in case of a sale of any of the mortgaged property and of the application of the proceeds of sale to the payment of the debt hereby secured, the Trustees in their own names and as trustees of an express trust shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon any and all bonds outstanding hereunder with the coupons, if any, appertaining thereto, for the benefit of the holders thereof, and the Trustees shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest. No recovery of any such judgment by the Trustees and no levy of any execution upon any such judgment upon any of the mortgaged property or upon any other property shall in any manner or to any extent affect the lien of this Indenture upon the mortgaged property or any part thereof, or any rights, powers or remedies of the Trustees hereunder, or any lien, rights, powers or remedies of the holders of the said bonds, but such lien, rights, powers and remedies of the Trustees and of the bondholders shall continue unimpaired as before.

In case of any receivership, insolvency, bankruptcy or other similar proceedings affecting the Company or its property, the Trustees shall be entitled to file and prove a claim for the entire amount due and payable by the Company under this Indenture at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Company hereunder after such date, without regard to or deduction for any amount which may have been or which may thereafter be received, collected or realized by the Trustees from or out of the mortgaged property or any part thereof or from or out of the proceeds thereof or any part thereof; but shall not be entitled to consent to any composition or plan of reorganization on behalf of any bondholder unless by him specifically authorized so to do.

Any moneys thus collected or received by the Trustees under this Section shall be applied by them first, to the payment of their expenses, disbursements and compensation and the expenses, disbursements and compensation of their agents and attorneys, and, second, toward payment of the amounts then due and unpaid upon such bonds and coupons in respect of which such moneys shall have been collected, ratably and without preference or priority of any kind, subject to the provisions of Section 8.16, according to the amounts due and payable upon such bonds and coupons, respectively, at the date fixed by the Trustee for the distribution of such moneys, upon presentation of the several bonds and coupons and upon stamping such payment thereon, if partly paid, and upon surrender thereof, if fully paid.

SECTION 15.16. All rights of action (including the right to file proof of claim) under this Indenture or under any of the bonds or coupons may be enforced by the Trustees without the possession of any of the bonds or coupons or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustees shall be brought in their names as trustees, without the necessity of joining as plaintiffs or defendants any holders of the bonds hereby secured, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding bonds and coupons, subject to the provisions of Section 8.16.

SECTION 15.17. No holder of any bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the foreclosure of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or for the enforcement of any other remedy afforded by the Indenture, unless a default has occurred of which the Trustees have been notified as provided in subparagraph (g) of Section 16.01 hereof, or of which by said subparagraph they are deemed to have notice, and unless also such default shall have become an event of default and the holders of twenty-five per cent. (25%) in aggregate principal amount of bonds outstanding hereunder shall have made written request to the Trustees and shall have offered them reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own names, and unless also they shall have offered to the Trustees indemnity as provided in Section 16.01 hereof; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustees, to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for foreclosure or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders of all bonds outstanding hereunder. Nothing in this Indenture contained shall, however, affect or impair the right of any bondholder, which is absolute and unconditional, to enforce the payment of the principal of and interest on any bond at and after the maturity thereof or the obligation of the Company, which is also absolute and unconditional, to pay the principal of and interest on each of the bonds issued hereunder to the respective holders thereof at the time and place in said bonds and the appurtenant coupons expressed.

SECTION 15.18. In case the Trustees shall have proceeded to enforce any right under this Indenture by foreclosure, entry or otherwise,

and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustees, then and in every such case the Company and the Trustees shall be restored to their former positions and rights hereunder with respect to the mortgaged property, and all rights, remedies and powers of the Trustees shall continue as if no such proceedings had been taken.

SECTION 15.19. At any time hereafter before full payment of the bonds secured hereby, and whenever it shall deem it to be expedient for the better protection or security of such bonds (although then there shall be no default or event of default entitling the Trustee to exercise the rights and powers conferred by this Article), the Company, with the consent of the Trustees, may surrender and deliver to the Trustees full possession of the whole or of any part of the property, premises and interest hereby conveyed for any period fixed or indefinite. In such event, the Trustees shall enter into and upon the premises so surrendered and delivered, and shall take and receive possession thereof for such period, fixed or indefinite, as aforesaid, without prejudice, however, to their right, at any time subsequently when entitled thereto by any provision hereof, to insist upon and to maintain such possession, though beyond the expiration of any prescribed period, and the Trustees from the time of entry shall work, maintain, use, manage, control and employ the same in accordance with the provisions of this Indenture, and shall receive and apply the income and revenues thereof as provided in Section 15.04.

ARTICLE SIXTEEN.

THE TRUSTEES

SECTION 16.01. The Trustees hereby accept the trusts imposed upon them by this Indenture and agree to perform said trusts as ordinarily prudent trustees under a corporate mortgage, but only upon and subject to the following expressed terms and conditions:

(a) The Trustees may execute any of the trusts or powers hereof and perform any duties required of them by or through attorneys, agents, receivers or employees, and shall be entitled to

advice of counsel concerning all matters of trusts hereof and their duties hereunder, and may in all cases pay such reasonable compensation as they shall deem proper to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustees, or either of them, may act (1) upon the opinion or advice of any attorney, surveyor, engineer or accountant selected by them, it or him in the exercise of reasonable care; (2) upon any opinion of counsel; or (3) upon any certificate or opinion conforming to the applicable requirements of this Indenture. Neither Trustee shall be responsible for any loss or damage resulting from any action or nonaction in accordance with any such opinion, advice or certificate.

(b) Neither of the Trustees shall be responsible for any recital or representation herein, or in said bonds (except, in respect of the Trustee, its certificate endorsed on such bonds), or for the recording or rerecording, filing or refiling of this Indenture, or of any conveyance or instrument of further assurance or for insuring the mortgaged property, or for the validity of, or for the execution by the Company of, this Indenture or of any conveyance or instrument of further assurance, or for the validity of, or for the sufficiency of the security for, the bonds issued hereunder or intended to be secured hereby, or for the value or title of any of the mortgaged property, or for the payment of, or for minimizing, taxes, charges, assessments or liens upon the same, or otherwise as to the maintenance of the security hereof; except that in the event the Trustees enter into possession of a part or all of the mortgaged property pursuant to any provision of this Indenture, they shall use due diligence in preserving the mortgaged property; and the Trustees shall not be bound to ascertain or inquire as to the performance or observance of any covenant, condition or agreement on the part of the Company, except as hereinafter set forth; but the Trustees may require of the Company full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the mortgaged property.

(c) The Trustees shall not be accountable for the use of any bonds authenticated or delivered hereunder or of any of the proceeds of such bonds. The Trustees, or either of them, may become the owners of bonds and coupons secured hereby with the same rights which they would have if not trustees.

(d) The Trustees, or either of them, shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by

them, or by the Trustee acting thereon, to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustees, or either of them, pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any bond secured hereby, shall be conclusive and binding upon all future owners of the same bond and upon bonds issued in exchange therefor or in place thereof.

(e) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding the Trustees, or either of them, shall be entitled to rely upon a certificate of the Company signed and verified by its President or a Vice-President and by its Treasurer or Assistant Treasurer or Secretary or Assistant Secretary as sufficient evidence of the facts therein contained and, prior to the occurrence of a default of which they have been notified as provided in subparagraph (g) of this Section or of which by said subparagraph they are deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is or is not necessary or expedient, but may at their discretion, at the reasonable expense of the Company, in every case secure such further evidence as they may think necessary or advisable, but shall in no case be bound to secure the same. The Trustees, or either of them, may accept a certificate of the Secretary or an Assistant Secretary of the Company under its corporate seal to the effect that a resolution in the form therein set forth has been adopted by the Board of Directors of the Company, as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(f) The permissive right of the Trustees to do things enumerated in this Indenture shall not be construed as a duty of the Trustees and the Trustees shall be severally answerable only for their, its or his own negligence or wilful default.

(g) The Trustees shall not be required to take notice or be deemed to have notice of any default hereunder except default in the payment of principal or interest or any sinking fund payment, or failure by the Company to file the documents required pursuant to Sections 8.09, 8.10 and 9.02 hereof, unless a written notice thereof shall be filed with the Trustee by the Company or by the holders of at least ten per cent. (10%) in aggregate principal amount of bonds outstanding hereunder and all notices or other instruments required by this Indenture to be delivered to the

Trustees, or either of them, must, in order to be effective, be delivered at the main office of the Trustee, and in the absence of such notice so delivered, the Trustees, and each of them, may conclusively assume there is no default, except as aforesaid.

(h) The Trustees shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which they may be in the possession of or managing the mortgaged property as in this Indenture provided.

(i) At any and all reasonable times the Trustees, and their duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the mortgaged property, including all books, papers and contracts of the Company, and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustees shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustees, or either of them, shall have the right, but shall not be required, to demand, in respect of the authentication of any bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action if by the Trustees, or either of them, deemed desirable for the purpose of establishing the right of the Company to the authentication of any bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustees, or either of them.

(l) When taking action hereunder pursuant to the request of one or more bondholders, the Trustees may require that there be deposited with the Trustee a reasonable sum not exceeding Twenty Thousand Dollars (\$20,000) as security for such expenses as they may incur. Any sum advanced for expenses by any bondholder or bondholders (or on their behalf) by the Trustees, or either of them, shall be secured by the lien of this Indenture and shall have priority to the payment of the bonds and interest secured hereby.

SECTION 16.02. Each Trustee shall have a first lien with right of payment prior to payment on account of interest or principal of any bond issued hereunder upon the mortgaged property for reasonable compensation, expenses, outlays and counsel fees incurred by such Trustee in and about the execution of the trusts hereby created and the exercise and performance of its or his powers and duties hereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever, unless such liability is adjudicated to have resulted from the negligence or wilful default of the Trustee claiming such lien. The Company hereby covenants and agrees to pay all outlays, counsel fees and other expenses reasonably made or incurred by each Trustee in and about the execution of the trusts hereby created and to reimburse it or him for any expenses paid and to pay the cost and expense incurred in defending against any liability in the premises of any character whatsoever, unless such liability is adjudicated to have resulted from the negligence or wilful default of the Trustee requesting such payment or reimbursement. The Company agrees to pay each Trustee reasonable compensation for its or his services in the premises, which compensation shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust.

SECTION 16.03. If a default occurs of which the Trustees are by subparagraph (g) of Section 16.01 hereof required to take notice or if notice of a default be given them as in said subparagraph (g) provided, then the Trustee, if and when such default becomes an event of default, shall give written notice thereof by mail to the last known owners of all bonds outstanding hereunder as shown by the bond register and the list of bondholders required by the terms of Section 8.15 hereof to be kept at the office of the Trustee.

SECTION 16.04. In any judicial proceedings to which the Company is a party and which in the opinion of the Trustees and their counsel has a substantial bearing on the interests of owners of bonds issued hereunder, the Trustees, or either of them, may intervene on behalf of bondholders and shall (unless in the opinion of the Trustees' counsel such action may not be lawfully taken) do so if requested in writing by the owners of at least ten per cent. (10%) of the aggregate principal

amount of bonds outstanding hereunder. The rights and obligations of the Trustees under this Section are subject to the approval of the court having jurisdiction in the premises.

SECTION 16.05. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which the Trustee is a party, *ipso facto*, shall be and become the successor corporate trustee of the Trustee hereunder without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 16.06. The Trustees, or either of them, and any successor or successors hereafter appointed, may at any time resign from the trusts hereby created by giving thirty (30) days written notice to the Company, and such resignation shall take effect at the end of such thirty (30) days, or upon the earlier appointment of a successor to such trustee by the bondholders or by the Company. Such notice may be served personally or sent by registered mail.

SECTION 16.07. The Trustees, or either of them, may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to the Company, and signed by the owners of a majority in aggregate principal amount of bonds outstanding hereunder.

SECTION 16.08. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Trustee shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor corporate trustee may be appointed by the owners of a majority in aggregate principal amount of bonds outstanding hereunder, by an instrument or concurrent instruments in writing signed by such owners, or by

their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Company, by an instrument executed by order of its Board of Directors and signed by its President and attested by its Secretary under its corporate seal, may appoint a temporary corporate trustee to fill such vacancy until a successor corporate trustee shall be appointed by the bondholders in the manner above provided; and any such temporary corporate trustee so appointed by the Company shall immediately and without further act be superseded by the corporate trustee so appointed by such bondholders. Every such temporary corporate trustee so appointed by the Company shall be a trust company or bank in good standing, having a capital and surplus of not less than One Million Dollars (\$1,000,000), if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms. In the event that within one (1) year after the appointment of such temporary corporate trustee by the Company the bondholders do not appoint a successor corporate trustee, the appointment of the temporary corporate trustee by the Company shall be and become final.

SECTION 16.09. In the event of the death, removal, resignation or incapacity to act of the Individual Trustee, a successor may be appointed by an instrument in writing signed and acknowledged by the person who shall at the time be the President of the Trustee, and filed for record in each office where this Indenture shall have been recorded; and in the event of the failure of such person to make such appointment within sixty (60) days after the vacancy occurs, a successor may be appointed in the same manner as is provided in Section 16.08 of this Article with respect to the appointment of a successor to the Trustee. Such successor Individual Trustee shall be a resident of the State of Washington.

SECTION 16.10. Every successor corporate or individual trustee appointed hereunder shall execute, acknowledge and deliver to its or his predecessor and also to the Company and to the continuing trustee an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its or his predecessor; but

such predecessor shall, nevertheless, on the written request of the Company, or of its or his successor or of the continuing trustee, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder. Should any deed, conveyance or instrument in writing from the Company be required by any successor corporate or individual trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor trustee, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Company. The resignation of any trustee and the instrument or instruments removing any trustee and appointing a successor hereunder, together with all deeds, conveyances and other instruments provided for in this Article, shall, at the expense of the Company, be forthwith filed and/or recorded by the successor or continuing corporate trustee, as the case may be, in each recording office where this Indenture shall have been filed and/or recorded.

SECTION 16.11. If by reason of any present or future law in any jurisdiction in which it may be necessary to perform any act in the execution of the trusts herein created the Trustee may be incompetent or unqualified to act as such Trustee (either as sole Trustee or together with the Individual Trustee), then this conveyance shall be deemed to be made to the Individual Trustee alone and to such extent as may be legally necessary all of the acts required to be performed in such jurisdiction in the execution of the trusts hereby created shall be performed by the Individual Trustee acting alone. Except as it may be deemed necessary or advisable for the Individual Trustee solely or with the Trustee to execute the trusts hereby created, the Trustee shall solely have and exercise the powers and shall be solely charged with the performance of the duties hereinbefore declared on the part of the Trustees, or either of them to be had and exercised or to be performed.

SECTION 16.12. In case it shall at any time be impossible or be deemed impossible by the Trustee for it lawfully to do or perform any act or acts necessary or expedient for the due execution of the trusts or due exercise of the trust powers hereby created and conferred, then and in every such case the Individual Trustee shall, with the consent in

writing of the Trustee, have full power and authority to do and perform any such act or acts of whatever nature as if he had been hereby specifically thereunto authorized. Any and all acts so done by the Individual Trustee shall have the same effect as if done by the Trustee, and shall relieve the Trustee from any duty or obligation to do such act.

SECTION 16.13. If at any time or times, in order to conform to any laws of any state or territory in which the Company now holds or at any time hereafter may hold any property, the Company or the Trustee shall so request, the Company and the Trustee shall have power to appoint and shall unite in the execution, delivery and performance of all instruments and agreements necessary or proper to constitute another trust company or bank or banking institution, or one or more persons approved by the Trustee, either to act as co-trustee or co-trustees of all or any of the property subject to the lien hereof jointly with the Trustees, or to act as separate trustee or trustees of all such property or any part thereof.

SECTION 16.14. The Trustees may raise and borrow money on the security of the mortgaged property, or any part thereof, for the purpose of paying off or discharging any mortgage or charge for the time being charged on the mortgaged property, or any part thereof, in priority to the lien of this Indenture. The Trustees may raise and borrow such moneys as aforesaid at such rate of interest and generally on such terms and conditions as they shall think fit, and may secure the repaying of the moneys so raised or borrowed, with interest on the same, by mortgaging or otherwise charging the mortgaged property, or any part thereof, in such manner and form as they shall think fit.

SECTION 16.15. In case the Company shall fail seasonably to pay or to cause to be paid any tax, assessment or governmental or other charge upon any part of the mortgaged property, the Trustees, or either of them, may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustees, or either of them, or of the bondholders hereunder, arising in consequence of such failure; and any amount at any time so paid under this Section, with

interest thereon from the date of payment at the highest rate borne by any bonds at the time outstanding hereunder, shall be repaid by the Company upon demand, and shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over any of said bonds, and shall be paid out of the proceeds of any sale of the mortgaged property, if not otherwise paid by the Company; but neither of them shall be under any obligation to make any such payment unless they be requested so to do by the holders of at least ten per cent. (10%) of the aggregate principal amount of bonds outstanding hereunder and unless they be provided with adequate funds for the purpose of such payment.

SECTION 16.16. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustees and each of them as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the authentication and delivery of bonds or the withdrawal of cash hereunder; but the Trustees, or either of them, may, and the Trustee shall, if requested in writing so to do by the holders of not less than ten per cent. (10%) in aggregate principal amount of bonds outstanding hereunder, cause to be made such independent investigation as to them, it or him may seem fit and the Trustee may decline to authenticate or deliver such bonds or pay over such cash unless satisfied by such investigation of the truth and accuracy of the matters so investigated. The expense of such investigation shall be paid by the Company or, if paid by the Trustees, or either of them, shall be repaid by the Company upon demand with interest at the rate of six per cent. (6%) per annum.

ARTICLE SEVENTEEN.

ADDITIONAL PROVISIONS.

SECTION 17.01. No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any bond or coupon hereby secured, or because of the creation of any indebtedness hereby secured, shall be had against any incorporator, stockholder,

officer, director or employee, present or future, of the Company or of any successor corporation, either directly or through the Company, by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any statute or otherwise; it being expressly agreed and understood that this Indenture, and the obligations hereby secured, are solely corporate obligations, and that no personal liability whatever shall attach to or be incurred by such incorporators, stockholders, officers, directors or employees of the Company, or of any successor corporation, or any of them, because of the incurring of the indebtedness hereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in this Indenture, or in any of the bonds or coupons hereby secured, or implied therefrom; and that any and all personal liability of every name and nature, and any and all rights and claims against every such incorporator, stockholder, officer, director or employee, whether arising at common law, or in equity, or created by statute or constitution, are hereby expressly released and waived as a condition of, and as a part of the consideration for, the execution of this Indenture and the issue of the bonds and interest obligations secured hereby.

SECTION 17.02. Any request, direction, objection or other instrument required by this Indenture to be signed and executed by the bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondholders in person or by agent appointed in writing. Proof of the execution of any such request, direction, objection or other instrument or of the writing appointing any such agent and of the ownership of bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustees, and each of them, with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of the holding by any party of bonds and/or coupons transferable by delivery and the amounts and numbers of such bonds, and the date of the holding of the same, may be proved by a certificate executed by any trust company, bank or banker (wherever situated) stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank or to such banker, as the property of such party, the bonds and/or coupons therein mentioned if such certificate shall be deemed by the Trustee to be satisfactory. The ownership of registered bonds shall be proved by the bond register.

For all purposes of this Indenture and of any proceedings for the enforcement thereof, such person shall be deemed to continue to be the holder of such bond until the Trustee shall have received notice in writing to the contrary.

SECTION 17.03. Nothing expressed or mentioned in or to be implied from this Indenture, or the bonds issued hereunder, is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the bonds and coupons secured by this Indenture, any legal or equitable right, remedy or claim under or in respect of this Indenture, or any covenants, conditions and provisions herein contained, this Indenture and all the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the bonds and coupons hereby secured as herein provided.

SECTION 17.04. From time to time the holders of eighty per cent. (80%) in aggregate principal amount of bonds outstanding hereunder, by an instrument or instruments in writing signed by such holders and filed with the Trustee, shall have power (a) to assent to and authorize the release of any part of the mortgaged property without prejudice to the powers conferred upon the Trustees and/or the Company by Article Eleven hereof; and (b) to assent to and authorize any modification of any of the provisions of this Indenture that shall be proposed by the Company; and any action herein authorized to be taken with the assent or authority, given as aforesaid, of the holders of eighty per cent. (80%) in aggregate principal amount of bonds outstanding

hereunder shall be binding upon the holders of all of the bonds at any time outstanding hereunder and upon the Trustees as fully as though such action were specifically and expressly authorized by the terms of this Indenture, provided always (i) that the obligation of the Company to pay the principal of said bonds at their respective maturities and the interest thereon as the same shall from time to time become due, shall continue unimpaired, (ii) that no modification hereof shall give to any bond or bonds hereby secured any preference over any other bond or bonds hereby secured, and that no modification of any right which shall have been specifically provided in respect of any particular series of bonds shall be effective unless assented to by the holders of eighty per cent. (80%) in aggregate principal amount of bonds outstanding hereunder of such particular series, (iii) that no such modification shall authorize the creation of any lien prior or equal to the lien of this Indenture upon any of the mortgaged property, and (iv) no such modification shall in any manner affect any of the rights or obligations of the Trustees, or either of them, without their, its or his written assent thereto; and provided further, that, anything in this Section to the contrary notwithstanding, the holders of eighty per cent. (80%) in aggregate principal amount of bonds outstanding hereunder of any particular series shall have power to waive any right specifically provided in respect of that series, and to assent to any modification of any such right which shall be proposed by the Company, subject, however, to the provisions of clauses (i), (ii), (iii) and (iv) of this Section. Any modification of the provisions of this Indenture so made as aforesaid shall be set forth in a supplemental indenture between the Trustees and the Company which shall, if deemed advisable by counsel, be recorded and/or filed in the same manner as this Indenture and the Trustees, and each of them, shall be fully protected in acting in accordance therewith.

SECTION 17.05. In addition to any supplemental indenture otherwise authorized or permitted by this Indenture, the Company, by resolutions adopted by its Board of Directors from time to time and at any time, subject to the conditions and restrictions in this Indenture contained, and without the consent of or notice to the bondholders, may

execute an indenture or indentures supplemental hereto, and which thereafter shall form a part hereof, for any one or more or all of the following purposes

(a) To add to the conditions, limitations and restrictions of the authorized amount, terms, provisions, purposes of issue, authentication and delivery of bonds specified herein, other conditions, limitations and restrictions thereafter to be observed with respect to the bonds or any one or more series thereof;

(b) To add to the covenants and agreements of the Company in this Indenture contained other covenants and agreements thereafter to be observed;

(c) To provide for the creation of any series of bonds other than Series A;

(d) To evidence the succession of another corporation to the Company, or successive successions, and the assumptions by a successor corporation of the covenants and obligations of the Company and the acceptance by the successor corporation of the provisions in the bonds hereby secured and in this instrument and in any and every supplemental indenture contained;

(e) To convey, transfer and assign to the Trustees, and to subject to the lien of this Indenture, with the same force and effect as though included in the granting clauses hereof, additional properties, permits and franchises hereafter acquired by the Company through consolidation or merger, or by purchase or in any other manner whatsoever;

(f) To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this instrument or any indenture supplemental hereto;

(g) To make this Indenture conform to the Trust Indenture Act of 1939 or similar legislation or otherwise to add to the duties and obligations of the Trustees, or either of them, but no such supplemental indenture which shall add to the duties and obligations of any trustee hereunder shall be made without the written consent of such trustee.

SECTION 17.06. No supplemental indenture shall become effective until it shall have been executed by the Trustees and the Trustees are hereby authorized to join with the Company in the execution of any

supplemental indenture authorized or permitted by the provisions of this instrument and to make the further agreements and stipulations which may be therein contained. The Trustees, and each of them, shall be fully protected in relying on an opinion of counsel as to whether or not any proposed supplemental indenture is authorized or permitted by the provisions of this Indenture and is consistent therewith.

SECTION 17.07. From and after the execution of any such supplemental indenture the covenants and provisions contained therein shall be deemed a part of this instrument and shall bind and benefit the Company, the Trustees and the bondholders as effectually as the covenants and provisions contained in this instrument at the time of its execution, and the Trustees, and each of them, and the bondholders shall have the same remedies for a breach thereof as are provided in respect of a breach of the provisions and covenants now contained in this instrument.

SECTION 17.08. If any provision of this Indenture shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions or in all cases because it conflicts with any provision of any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or paragraphs in the Indenture contained shall not affect the remaining portions of this Indenture or any part thereof.

SECTION 17.09. It shall be sufficient service of any notice, request, complaint, demand or other paper on the Company, if the same shall be duly mailed to the Company addressed to Oregon-Washington Telephone Company, Hood River, Oregon, or to such address as the Company may from time to time file with the Trustee.

SECTION 17.10. In the event that any bond issued hereunder shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for the redemption thereof, or in the event that any coupon shall not be presented for payment at the due date thereof and the Company shall have deposited with the Trustee for the purpose, or left with it if previously so deposited, moneys sufficient to pay or redeem such bond or to pay such coupon, the Trustee shall, upon demand of the Company, in case the holder of any such bond or coupon shall not, within six (6) years after the maturity of any such bond or coupon or the date fixed for the redemption of any such bond, claim the amount so deposited, pay over to the Company such amount, if the Company is not at the time in default. The Trustee shall thereupon be relieved from all responsibility to the holder thereof and the holder shall be deemed to be an unsecured creditor of the Company in such amount.

SECTION 17.11. Subject to the provisions of Articles Thirteen and Sixteen hereof, whenever in this Indenture any of the parties hereto is named or referred to this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Indenture contained by or on behalf of the Company or by or on behalf of the Trustees, or either of them, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

SECTION 17.12. This Indenture shall be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, OREGON-WASHINGTON TELEPHONE COMPANY has caused these presents to be signed in its name and behalf by its President or Vice-President and its corporate seal to be hereto affixed and attested by its Secretary or Assistant Secretary and to evidence their acceptance of the trusts hereby created, PEOPLES NATIONAL BANK OF WASHINGTON IN SEATTLE has caused these presents to be signed in its name and behalf by its President or one of its Vice-Presidents and its corporate seal to be hereto affixed and attested by its Cashier or one of its Vice-Presidents and E. L. Blaine, Jr. has hereto set his hand

and seal, all as of the first day of January, 1946, but this instrument has been actually executed and delivered the 2nd day of January, 1946.

OREGON-WASHINGTON TELEPHONE COMPANY,

By W. H. DEAN
President.

(Corporate
Seal)

Attest:

Z. O. BROOKS
Secretary.

Signed, sealed and acknowledged
by Oregon-Washington Telephone
Company in the presence of:

E. O. BLANCHAR

FORREST L. MOE

PEOPLES NATIONAL BANK OF WASHINGTON
IN SEATTLE,

By P. A. STRACK
President.

Attest:

C. L. YOST
Cashier.

(Corporate
Seal)

Signed, sealed and acknowledged
by Peoples National Bank of
Washington in Seattle in the pres-
ence of:

LILLIAN FLETCHER

MYRTLE L. HESTER

E. L. BLAINE, JR. (L. S.)
E. L. Blaine, Jr.

Signed, sealed and acknowledged
by E. L. Blaine, Jr. in the pres-
ence of:

LILLIAN FLETCHER

MYRTLE L. HESTER

STATE OF OREGON }
COUNTY OF HOOD RIVER } ss.:

On this 2nd day of Jan., 1946, before me, the undersigned officer, appeared W. H. Dean and Z. O. Brooks, to me personally known who, being duly sworn did acknowledge themselves to be the President and Secretary respectively of Oregon-Washington Telephone Company, a corporation, and that said instrument was signed and sealed by W. H. Dean as such President in behalf of said corporation and as the free act and deed of said corporation by authority of its Board of Directors and that Z. O. Brooks as such Secretary affixed the corporate seal of said corporation thereto and attested the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this the day and year first in this my certificate above written.

ORTHA W. REED
Notary Public in and for the State
of Oregon residing at Hood River,
Ore.

My commission expires Aug. 19, 1949.

(Notarial Seal)

STATE OF WASHINGTON }
COUNTY OF KING } ss.:

On this 4th day of January, A.D. 1946, before me, the undersigned officer, personally appeared P. A. Strack and C. L. Yost to me known to be respectively President and Cashier of People's National Bank of Washington in Seattle, the national banking association which executed the within and foregoing instrument and P. A. Strack as President acknowledged said instrument to be the free and voluntary act and deed of said association for the uses and purposes therein mentioned and, on oath, stated that he was authorized to execute said instrument and C. L. Yost as Cashier, on oath, stated that he was authorized to affix the seal of said association to said instrument and to attest the same and that the seal affixed to said instrument is the seal of said association.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this the day and year first in this my certificate above written.

HELENE ELLIOTT
Notary Public in and for the State
of Washington residing at Seattle

(Notarial Seal)

My commission expires July 18, 1949.

STATE OF WASHINGTON }
COUNTY OF KING } ss.:

On this 4th day of January, A.D. 1946, before me, the undersigned officer, personally appeared E. L. Blaine, Jr., to me known to be the individual described in and who executed the within and foregoing instrument and acknowledged that he executed and signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this the day and year first in this my certificate above written.

HELENE ELLIOTT
Notary Public in and for the State
of Washington residing at Seattle

(Notarial Seal)

My commission expires July 18, 1949.

AFFIDAVIT OF GOOD FAITH.

STATE OF OREGON }
COUNTY OF HOOD RIVER } SS.:

I, the undersigned, being first duly sworn, depose and say that I am President of Oregon-Washington Telephone Company, a corporation duly organized and existing under and by virtue of the laws of the State of Oregon; that said corporation has duly authorized me to make this affidavit for it and in its behalf; that the foregoing trust deed or mortgage is executed in good faith by said corporation and without any design to hinder, delay or defraud creditors, but to secure the payment of an actual advance of money as in said instrument provided.

W. H. DEAN

Subscribed and sworn to before me, a Notary Public in and for said County and State, this 2nd day of Jan., 1946.

ORTHA W. REED
Notary Public in and for the State
of Oregon residing at Hood River
Ore.

My commission expires Aug. 19, 1949.

(Notarial Seal)

United States Internal Revenue Stamps in the sum of \$660.00 have been affixed and properly cancelled to that counterpart filed for record in Hood River County, Oregon.

Recording Data

The foregoing Indenture was filed and recorded in the States of Oregon and Washington as indicated below:

STATE OF OREGON

GRANT COUNTY

Filed, indexed and recorded January 7, 1946 as a real estate mortgage and a chattel mortgage, Receiving Number 7452, Book T, at page 81, in the office of the county clerk.

HARNEY COUNTY

Filed, indexed and recorded January 7, 1946, as a real estate mortgage and a chattel mortgage, Receiving Number 68257, Book Q, at page 75, in the office of the county clerk.

HOOD RIVER COUNTY

Filed, indexed and recorded January 7, 1946, as a real estate mortgage and a chattel mortgage, Receiving Number 66283, Book 27, at page 5, in the office of the county clerk.

MALHEUR COUNTY

Filed, indexed and recorded January 8, 1946, as a real estate mortgage and a chattel mortgage, Receiving Number 34758, Book 34, at page 507, in the office of the county clerk.

WASCO COUNTY

Filed, indexed and recorded January 7, 1946, as a real estate mortgage and a chattel mortgage, Receiving Number 61,721, Book 67, at page 453, in the office of the county clerk.

STATE OF WASHINGTON

BENTON COUNTY

Filed, indexed and recorded January 5, 1946, as a real estate mortgage, Receiving Number 197168, Volume 47, Page 431, and a chattel mortgage, File Number 197169, in the office of the county auditor.

KLICKITAT COUNTY

Filed, indexed and recorded January 8, 1946, as a real estate mortgage, Receiving Number 30067, Volume 70, Page 257, and a chattel mortgage, File Number 30068, in the office of the county auditor.

SKAMANIA COUNTY

Filed, indexed and recorded January 7, 1946, as a real estate mortgage, Receiving Number 35054, Volume W, Page 416, and a chattel mortgage, File Number 35055, in the office of the county auditor.

YAKIMA COUNTY

Filed, indexed and recorded January 5, 1946, as a real estate mortgage, Receiving Number 1110165, Volume 286, Page 303, and a chattel mortgage, File Number 22880 of Series 4, Chattel Mortgages, in the office of the county auditor.

Company's Regular Payment and Filing Dates Stipulated in Indenture.

ON OR BEFORE:

- | | |
|-----------------|--|
| January 1 | Pay semiannual interest on Series A bonds. |
| April 1 | Furnish Trustee with: <ul style="list-style-type: none"> (a) Audit report of C. P. A. under Section 8.09(c). (b) Opinion of counsel and certificate as to insurance, taxes and new fixed property under Section 8.10. (c) Maintenance certificate under Section 9.02. |
| July 1 | Pay semiannual interest on Series A bonds. |
| December 2 | Deposit money for Series A bonds sinking fund, or take alternative action under Section 10.01. |
| January 1, 1976 | Pay principal of Series A bonds. |



PRELIMINARY TITLE REPORT

Embarq Real Estate Transactions
600 New Century Parkway
Mailstop:KSNCAA0133-1WS438
New Century, KS 66031
Escrow Officer:
Attn: Maggie Pemberton
Fax: 913-791-6804

January 16, 2008
Report #1
Title Number: 0038623
TITLE ONLY

Policy or Policies to be issued:
OWNER'S STANDARD POLICY

<u>Liability</u>	<u>Premium</u>
STBD	\$TBD

We are prepared to issue ALTA 6/17/06 title insurance policy(ies) of FIRST AMERICAN TITLE INSURANCE COMPANY of OREGON, in the usual form and amount(s) shown above, insuring the title to the land described as follows:

See attached Exhibit "A"

Vestee:

United Telephone Company of the Northwest, dba Sprint, an Oregon Corporation, as to Tracts 1 and 2;
United Telephone Company of the Northwest, an Oregon Corporation, as to Tract 3

Dated as of January 15, 2008 at 8:00 A.M.

Schedule B of the policy(ies) to be issued will contain the following general and special exceptions unless removed prior to issuance:

GENERAL EXCEPTIONS:

- 1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.*
- 2. Facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.*
- 3. Easements, or claims of easement, not shown by the public records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.*
- 4. Any encroachment (of existing improvements located on the subject land onto adjoining land or of existing improvements located on adjoining land onto the subject land), encumbrance, violation, variation or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the subject land.*
- 5. Any lien, or right to a lien, for services, labor, material, equipment rental or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the public records.*
- 6. Unpatented mining claims whether or not shown by the public records.*

SPECIAL EXCEPTIONS:

7. The property herein described is carried on the tax rolls as exempt; however, it may become taxable from the date of transfer to a taxable entity and may be subject to the lien of real property taxes for this and/or prior years. Please contact the Hood River County Treasurer for further information.
8. Easements for utilities over and across the premises of those portions of Tenth Street, Lincoln Street and Industrial Street, now vacated, if any such exist.
9. An Easement created by instrument, subject to the terms and provisions thereof:
Book/Page No. :Book 28 of Deeds at Page 57 (Records of Hood River County, OR)
In Favor of :City of Hood River
10. Easements for roadways and utilities, as set forth on the recorded Partition Plat.
11. An Easement created by instrument, subject to the terms and provisions thereof:
Recorded :July 8, 1998
Microfilm No. :983084 (Records of Hood River County, OR)
In Favor of :Port of Hood River
12. An Appurtenant Easement, including maintenance provisions, created by instrument:
Dated :July 7, 1998
Recorded :July 8, 1998
Microfilm No. :983085(Records of Hood River County, Oregon)
Purpose :Ingress and egress
13. Twentieth Supplemental Indenture:
Dated :August 1, 2002
Recorded :August 27, 2002
Microfilm No. :20024097
Grantor :United Telephone Company of the Northwest
Grantee :U.S. Bank National Association
14. An Easement created by instrument, subject to the terms and provisions thereof:
Recorded :October 18, 2002
Microfilm No. :20024893 (Records of Hood River County, OR)
Grantor :United Telephone Company of the Northwest
A/K/A Sprint, an Oregon Corporation
Grantee :Port of Hood River, an Oregon municipal corporation
Purpose :ingress and egress

NOTE: Taxes for fiscal year 2007-08 are paid in full as follows:

Code No. :13
Map/Tax Lot No. :3N-10E-25CB-100
Reference No. :1746
Amount :exempt

Code No. :13
Map/Tax Lot No. :3N-10E-25CB-1300
Reference No. :10494
Amount :exempt

NOTE: As of the date hereof, there are no matters against **United Telephone Company of the Northwest dba Sprint** which would appear as exceptions in the policy to issue, except as shown herein.

NOTE: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the amount, if any, set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.

NOTE: Any map or sketch enclosed as an attachment herewith is furnished for information purposes only to assist in property location with reference to streets and other parcels. No representation is made as to accuracy and the company assumes no liability for any loss occurring by reason of reliance thereon.

This report is preliminary to the issuance of a policy of title insurance and shall become null and void unless a policy is issued and the full premium paid.

AmeriTitle

By: Laurie Cresto
Laurie Cresto, Title Officer

LC:lc

"Superior Service with Commitment and Respect for Customers and Employees"

Exhibit "A"

Tract 1

Parcel 1 of Partition Plat No. 9817, filed June 29, 1998, Hood River County Microfilm Records, being a portion of Section 25, Township 3 North, Range 10 East of the Willamette Meridian, in the County of Hood River and State of Oregon.

Tract 2

Parcel 2 of Partition Plat No. 9817, filed June 29, 1998, Hood River County Microfilm Records, being a portion of Section 25, Township 3 North, Range 10 East of the Willamette Meridian, in the County of Hood River and State of Oregon.

Tract 3

A parcel of land located in the Southwest Quarter of Section 25, Township 3 North, Range 10 East of the Willamette Meridian, in the County of Hood River and State of Oregon, being more particularly described as follows:

Beginning at the most Northerly Northwest corner of Parcel 1 of Partition Plat filed for record June 29, 1998, Hood River County Partition Plat File Number 9817; thence North $21^{\circ}47'04''$ East a distance of 22.97; thence South $63^{\circ}53'37''$ East a distance of 51.25 feet; thence South $64^{\circ}05'29''$ East a distance of 43.98 feet; thence South $64^{\circ}20'16''$ East a distance of 42.93 feet; thence South $64^{\circ}03'03''$ East a distance of 42.06 feet; thence South $65^{\circ}08'09''$ East a distance of 41.31 feet; thence South $66^{\circ}55'31''$ East a distance of 40.75 feet; thence South $67^{\circ}44'22''$ East a distance of 41.51 feet; thence South $69^{\circ}26'05''$ East a distance of 40.54 feet; thence South $70^{\circ}12'17''$ East a distance of 41.80 feet; thence South $71^{\circ}50'21''$ East a distance of 42.70 feet; thence South $74^{\circ}37'30''$ East a distance of 11.18 feet; thence South $72^{\circ}34'06''$ East a distance of 43.66 feet; thence South $73^{\circ}49'12''$ East a distance of 41.67 feet; thence South $75^{\circ}12'47''$ East a distance of 40.00 feet; thence South $75^{\circ}17'53''$ East a distance of 39.92 feet; thence South $75^{\circ}48'44''$ East a distance of 39.14 feet; thence South $75^{\circ}55'33''$ East a distance of 37.08 feet; thence South $76^{\circ}42'50''$ East a distance of 37.86 feet; thence South $75^{\circ}57'48''$ East a distance of 38.94 feet; thence South $77^{\circ}25'01''$ East a distance of 46.37 feet; thence South $77^{\circ}40'28''$ East a distance of 39.51 feet; thence South $77^{\circ}31'09''$ East a distance of 37.23 feet; thence South $76^{\circ}09'09''$ East a distance of 38.52 feet; thence South $75^{\circ}20'55''$ East a distance of 23.51 feet; thence South $14^{\circ}07'09''$ East a distance of 65.30 feet; thence South $75^{\circ}52'50''$ East a distance of 250.96 feet; thence along the arc of 1909.86 foot radius curve to the right (the long chord of which bears North $69^{\circ}02'20''$ West a distance of 455.02 feet) an arc distance of 456.10 feet; thence North $62^{\circ}11'52''$ West a distance of 244.51 feet to the point of beginning.

