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said Subsidiary pledged hereunder, and exercise any and all rights pertaining to the ownership of said shares. The Corporate Trustee shall have the right to cause said shares of said Subsidiary to be transferred of record into its name or the name of its nominee. When not in default hereunder, the Company shall have the right to vote and give consent to all matters not contrary to the covenants herein or elsewhere contained in this Indenture, with the same force and effect as though said shares were not subject to this Indenture; and from time to time, upon the request of the Company, the Corporate Trustee shall forthwith make and deliver to the Company, or to its nominee or nominees, suitable powers of attorney or proxies to vote the shares of said Subsidiary which shall have been transferred to the Corporate Trustee, or its nominee, or to give consents in respect thereof.

Section 4. The Company covenants and agrees that the properties of said Subsidiary now owned by said Subsidiary are properties used in the telephone and telegraph business in its service area in Snohomish, Kings and Grays Harbor Counties, Washington, and that such properties are not subject to any lien or encumbrance, except the lien for taxes or other governmental charges not delinquent. The Company further covenants and agrees that said Subsidiary will not mortgage, pledge or otherwise subject to lien or encumbrance its properties now owned or hereafter acquired for use in said service area, provided, however, that nothing herein contained shall be deemed to prevent the Company from acquiring other properties outside of such service area or from mortgaging, pledging, hypothecating or otherwise encumbering any such other properties so acquired, nor from acquiring properties within said service area subject to purchase money obligations, conditional sales contracts, or under lease.

Section 5. In the event of any default on the part of the Company as defined in Section 1 of Article VI of the Inden-