

**Security First  
Supplemental Indenture**

**CENTRAL TELEPHONE COMPANY  
OF THE NORTHWEST, INC.**  
SEASIDE, WASHINGTON

**BANK OF AMERICA NATIONAL TRUST AND  
SAVINGS ASSOCIATION**  
(A NATIONAL BANKING ASSOCIATION)

**AND**  
**WILLIAM W. BERTRAM**

*Dated as of August 1, 1968*

**SUPPLEMENTING AND AMENDING  
THE TERMS OF THE INDENTURE OF MORTGAGE  
DATED MARCH 1, 1959,  
AS FIRST AMENDMENT SUPPLEMENTED AND AMENDED BY  
SUPPLEMENTAL INDENTURES DATED  
NOVEMBER 1, 1961, DECEMBER 9, 1961,  
MARCH 1, 1968, NOVEMBER 1, 1960,  
MAY 1, 1967, MAY 1, 1968,  
NOVEMBER 1, 1963, NOVEMBER 1, 1964,  
NOVEMBER 1, 1967, MAY 1, 1968,  
MAY 1, 1969, MAY 1, 1969,  
MAY 1, 1961, MAY 1, 1962,  
MAY 1, 1963, JUNE 1, 1964,  
JANUARY 1, 1965, DECEMBER 1, 1966,  
SEPTEMBER 1, 1967 AND JUNE 1, 1968**

THIS TWENTY-FIRST SUPPLEMENTAL INDENTURE, made up of the 1st day of August, 1939, by and between General Telephone Company of San Francisco, Inc. (formerly named West Coast Telephone Company), a corporation duly created, organized and existing under and by virtue of the laws of the State of Washington, and having its principal place of business at Everett, Washington (hereinafter sometimes called the "Company"), the party of the first part, and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a National Banking Association, duly organized under an Act known as the "National Bank Act" of the United States of America, and having its principal place of business at San Francisco, California (hereinafter referred to as the "Corporate Trustee"), and WILLIAM W. KEESER, of San Francisco, California (hereinafter referred to as the "Individual Trustee"), as Trustees under that certain Indenture hereinafter referred to, the parties of the second part;

WHEREAS:

Whereas, the predecessor of the Company, WEST COAST TELEPHONE COMPANY, a corporation duly created, organized and existing under and by virtue of the laws of the State of Washington (hereinafter sometimes called "the Company's predecessor") executed and delivered an Indenture (hereinafter referred to as the "Original Indenture"), dated as of the 1st day of March, 1939, to the Corporate Trustee and W. J. KIRKPATRICK, as Trustee (the Corporate Trustee and the persons from time to time acting as the individual trustee being hereinafter sometimes referred to as the "Trustees"), to secure payment of the principal of and the interest on an authorized issue of bonds of the Company's predecessor of an aggregate principal amount of not exceeding \$10,000,000 at any one time outstanding, said bonds to be issued in one or more series as might be determined by the Board of Trustees of the Company's predecessor; and

Whereas, the Company's predecessor entered into an agreement with the Corporate Trustee dated March 23, 1940, whereby pursuant to the provision of Section 8 of Article IX of said Original Indenture, WILLIAM C. KEESER was appointed as successor to W. J. KIRKPATRICK as Individual Trustee; and

Whereas, pursuant to Section 8 of Article I of said Original Indenture, the Company's predecessor initially issued \$3,000,000 aggregate principal amount of First Mortgage Bonds, 4 1/2% Series due 1944; and

BOOK # 1000

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated November 1, 1941, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$4,000,000 aggregate principal amount of First Mortgage Bonds, 3 1/2% Series due 1971; and

WHEREAS, the First Mortgage Bonds, 4% Series due 1964, have been redeemed; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated December 9, 1941, supplemental to and amendatory of the Original Indenture, the said execution and delivery and the modifications of the Original Indenture therein contained having been consented to, pursuant to Article XI of the Original Indenture as previously supplemented and amended, by the holders of all of the bonds outstanding thereunder; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated March 1, 1949, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$1,000,000 aggregate principal amount of First Mortgage Bonds, Series B due 1971; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated November 1, 1950, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$1,000,000 aggregate principal amount of First Mortgage Bonds, Series C due 1980; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated May 1, 1951, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$1,000,000 aggregate principal amount of First Mortgage Bonds, Series D due 1980; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated May 1, 1952, supplemental to and amendatory of the Original Indenture, providing among

other things for the creation of \$2,000,000 aggregate principal amount of First Mortgage Bonds, 3 $\frac{1}{4}$ % Series due 1980; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated November 1, 1953, supplemental to and amendatory of the Original Indenture, providing that the aggregate principal amount of bonds which may be issued and outstanding at any one time under the Original Indenture, as supplemented and amended be increased from \$10,000,000 to \$100,000,000, said execution and delivery having been consented to, pursuant to Article XI of the Original Indenture as previously supplemented and amended, by the holders of not less than 75% in principal amount of all the bonds outstanding thereunder; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated November 1, 1954, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$1,000,000 aggregate principal amount of First Mortgage Bonds, 3 $\frac{1}{4}$ % Series due 1980; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated November 1, 1955, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$2,500,000 aggregate principal amount of First Mortgage Bonds, 3 $\frac{1}{4}$ % Series due 1985; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated May 1, 1957, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$3,000,000 aggregate principal amount of First Mortgage Bonds, 4 $\frac{1}{8}$ % Series due 1980; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated May 1, 1958, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$4,000,000 aggregate principal amount of First Mortgage Bonds, 4 $\frac{1}{8}$ % Series due 1985; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated May 1, 1960, supple-

mental to and amendatory of the Original Indenture, providing among other things for the creation of \$3,000,000 aggregate principal amount of First Mortgage Bonds, 5 $\frac{1}{2}$ % Series due 1990; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated May 1, 1961, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$4,000,000 aggregate principal amount of First Mortgage Bonds, 5 $\frac{1}{2}$ % Series due 1990; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated May 1, 1962, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$5,000,000 aggregate principal amount of First Mortgage Bonds, 4 $\frac{7}{8}$ % Series due 1990; and

WHEREAS, the Company's predecessor executed and delivered to the Trustees a Supplemental Indenture dated May 1, 1963, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$5,000,000 aggregate principal amount of First Mortgage Bonds, 4 $\frac{7}{8}$ % Series due 1993; and

WHEREAS, the Company's predecessor entered into an agreement with the Corporate Trustee, dated May 1, 1963, whereby, pursuant to the provisions of Section 8 of Article IX of the Original Indenture, as supplemented and amended, William W. Bertram was appointed as successor to William C. Koenig as Individual Trustee; and

WHEREAS, on June 29, 1964 the Company's predecessor conveyed substantially all of its assets to the Company (then named New West Coast Telephone Company); and

WHEREAS, the Company under its said then name of New West Coast Telephone Company executed and delivered to the Trustees a Supplemental Indenture dated June 1, 1964, pursuant to the terms of Article XIII of the Original Indenture, for the purposes of evidencing the assumption of liability by the Company under the Original Indenture, as previously supplemented and amended; and

WHEREAS, the Company, by amendment to its Articles of Incorporation, filed with the Secretary of State of the State of Washington on June 20, 1964, changed its name from New West Coast Telephone Company to West Coast Telephone Company; and

WHEREAS, the Company executed and delivered to the Trustees a Supplemental Indenture dated January 1, 1965, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$20,000,000 aggregate principal amount of First Mortgage Bonds, 4 1/2% Series G due 1970; and

WHEREAS, the Company executed and delivered to the Trustees a Supplemental Indenture dated December 1, 1966, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$20,000,000 aggregate principal amount of First Mortgage Bonds, 6 1/2% Series F due 1971; and

WHEREAS, the Company, by amendment to its Articles of Incorporation, filed with the Secretary of State of the State of Washington on May 3, 1967, changed its name from West Coast Telephone Company to General Telephone Company of the Northwest, Inc.; and

WHEREAS, the Company executed and delivered to the Trustees a Supplemental Indenture dated September 1, 1967, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$15,000,000 aggregate principal amount of First Mortgage Bonds, 6 1/2% Series Q due 1968; and

WHEREAS, the Company executed and delivered to the Trustees a Supplemental Indenture dated June 1, 1968, supplemental to and amendatory of the Original Indenture, providing among other things for the creation of \$18,000,000 aggregate principal amount of First Mortgage Bonds, 7 1/2% Series R due 1969; and

WHEREAS, the Company proposes certain modifications of the Original Indenture as supplemented and amended hereinafter set forth which are consented to by the Trustees. Section 1 of Article XI of the Original Indenture states that the holders of seventy-one

proceeds (175%) in principal amount of bonds outstanding under the Original Indenture as supplemented and amended may consent to and authorize modification of any of the provisions of the Original Indenture that do not include any of the modifications now proposed by the Company. The Corporate Trustee has received instruments in writing signed by the holders of 75% in principal amount of bonds outstanding under the Original Indenture as supplemented and amended and in writing authorizing the modifications of the Original Indenture as supplemented and amended in the manner hereinafter provided and

Witness, the Company, pursuant to Section 10 of Article XI of the Original Indenture, desires to amend the Indenture hereinafter provided by the provisions of the Original Indenture as supplemented and amended by providing that the principal amount of all bonds that may be at any time outstanding under the Original Indenture as supplemented and amended shall not exceed the sum of \$10,000,000 (Ten Million Dollars) except as may be otherwise provided by law or by the Indenture as supplemented and amended as

Witness, the Company, pursuant to Section 1 of Article XI of the Original Indenture, desires to amend the Original Indenture to provide that property subject to a lien thereon may be released or delivered to the Corporate Trustee in lieu of the deposit of cash equal to the price paid for the property at fair value, whichever is greater, as a security and such proceeds have been deposited with a qualified trustee or other holder of a prior bond and

Witness, the Company, pursuant to Section 10 of Article XI of the Original Indenture, desires to modify, amend, eliminate or add to the provisions of the Original Indenture as supplemented and amended in so far as they shall be necessary to effect the qualification of the Original Indenture as supplemented and amended under the Trust Indenture Act of 1939, and to add to the Original Indenture as supplemented and amended such other provisions as may be provided by the Trust Indenture Act of 1939 to the extent hereinafter provided and

Witness, the Company, pursuant to Section 10 of Article XI of the Original Indenture, desires to amend the Original Indenture as supplemented and

amending the Original Indenture as supplemented and amended here-  
 been done and performed and have in all respects been duly author-  
 ized, and

Witness, the Company has requested the Trustee to join with it  
 in the execution and delivery of this Twenty-Fourth Supplemental In-  
 denture for the purpose of amending the Original Indenture as supple-  
 mented and amended with additions and amendments: (1) provided  
 that the aggregate principal amount of all bonds that may be issued  
 hereunder shall be One Billion Dollars (\$1,000,000,000) except  
 as otherwise provided by law or by the Original Indenture as supple-  
 mented and amended; (2) providing that property subject to a prior  
 lien may be released by delivering to the Corporate Trustee, in lieu  
 of the deposit of the proceeds of sale, a certificate that such property  
 has been deposited with a prior lien trustee or other holder of a prior  
 lien; and (3) providing for such modifications and amendments as  
 shall be necessary to effect the qualification of the Original Indenture  
 as supplemented and amended under the Trust Indenture Act of 1939.

Now, in witness whereof, in consideration of the services rendered and the sum  
 of One Dollar (\$1.00) duly paid by the Company to the Trustee at or  
 before the executing and delivery of this indenture and for other  
 valuable considerations, and in consideration of the mutual promises  
 and agreements herein contained, the respective parties hereto are hereby ac-  
 knowledged, the parties hereto do hereby consent and agree as fol-  
 lows, to-wit:

#### PART I

Section 1 of Article I of the Original Indenture as supplemented  
 and amended is hereby further supplemented and amended to read as  
 follows:

Section 1. This Indenture shall be a continuing lien to secure  
 the full and final payment of the principal of and interest on an  
 authorized issue of bonds of the Company in an aggregate prin-  
 cipal amount of not exceeding One Billion Dollars (\$1,000,000,000)  
 except as otherwise provided by law, and except as hereinafter in  
 this Indenture provided. Said bonds when executed by the Com-





ness, and (2) furnished to it as provided in Section 1 of this Article, (3) received by it in the capacity of paying agent if so acting hereunder, and (4) filed with it within two preceding years pursuant to the provisions of paragraph (2) of subsection (c) of Section 4 of this Article. The Corporate Trustee may (1) destroy any list furnished to it as provided in Section 1 of this Article upon receipt of a new list so furnished; (2) destroy any information received by it as paying agent upon delivering to itself as Corporate Trustee, not earlier than 45 days after an interest payment date of the bonds, a list containing the names and addresses of the holders of bonds obtained from such information since the delivery of the next previous list, if any; (3) destroy any list delivered to itself as Corporate Trustee which was compiled from information received by it as paying agent upon the receipt of a new list so delivered; and (4) destroy any information received by it pursuant to the provisions of paragraph (2) of subsection (c) of Section 4 of this Article, but not until two years after such information has been filed with it.

(b) In case three or more holders of bonds hereafter in this subsection (b) referred to as "applicants" apply in writing to the Corporate Trustee, and furnish to the Corporate Trustee reasonable proof that (1) such applicant has owned a bond issued under this Indenture for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of bonds with respect to their rights under this Indenture or under the bonds, and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Corporate Trustee shall, within ten business days after the receipt of such application, at the election of the

(1) afford to such applicants access to the information preserved at the time by the Corporate Trustee in accordance with the provisions of subsection (a) of this Section 2.

(2) inform such applicants as to the approximate number of holders of bonds whose names or addresses appear in the information preserved at the time by the Corporate Trustee, in accordance with the provisions of paragraph (a) of this Section 2, and as to the approximate cost of mailing to such bondholders the form of proxy or other communication, if any, specified in such application.

If the Corporate Trustee shall elect not to afford to such applicants access to such information, the Corporate Trustee shall, upon the written request of such applicants, mail to each bondholder whose name and address appears in the information preserved at the time by the Corporate Trustee in accordance with the provisions of subsection (a) of this Section 2, a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Corporate Trustee of the material to be mailed and of payment or provision for payment of the reasonable expenses of mailing, unless within five days after such tender the Corporate Trustee shall mail to such applicants and file with the Securities and Exchange Commission together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Corporate Trustee, such mailing would be contrary to the best interests of the bondholders or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If said Commission, after opportunity for hearing upon the objections specified in the written statement filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, said Commission shall find, after notice and opportunity for a hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Corporate Trustee shall mail a copy of such material to each bondholder with reasonable promptness after the entry of such order and the payment of such tender; otherwise the Corporate Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

The disclosure of any such information and the names and addresses of the holders of the bonds in accordance with the provisions of this Section 2, regardless of the source from which such information was derived, shall not be deemed to be a violation of any existing law, or of any law hereafter enacted, nor shall the Corporate Trustee be held accountable by reason of the disclosure of any such information as to the names and addresses of the bondholders in accordance with subsection (a) of this Section 2 regardless of the source from which such information was derived, or of the mailing of any material pursuant to any request made under said subsection (b).

**Section 3. The Company covenants and agrees:**

(1) To file with the Corporate Trustee, within 15 days after the Company is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing, or such Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with such Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents, or reports pursuant to either of such sections, then to file with the Corporate Trustee and the Securities and Exchange Commission, in accordance with rules and regulations prescribed from time to time by said Commission, such of the information and various information, documents, and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time by such rules and regulations;

(2) To file with the Corporate Trustee and the Securities and Exchange Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in the indenture as may be required from time to time by such rules and regulations, including, in the case of annual reports, if required by such rules and regulations, certificates or opinions of independent public accountants, conforming to the requirements of Sections 4 and 5 of Article XVIII, in respect to compliance with conditions or covenants, each of which it is subject to verification by accountants, but, subject to said rules and regulations, no such certificate or opinion shall be required as to any matter specified in clauses (A), (B) or (C) of subsection (c) of Section 4 of Article XVIII hereof;

(3) To transmit to the holders of bonds outstanding under the indenture in the manner and to the extent provided in subsection (c) of Section 4 of the Article with respect to reports pursuant to subsection (a) of said Section 4, with summaries of any inform-

tion, documents, and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section 4 as may be required by the rules and regulations prescribed from time to time by the Securities and Exchange Commission.

**Section 4.** (a) The Corporate Trustee and the Individual Trustee shall each transmit, within 60 days after May 15 in each year beginning with the year 1970, to the holders of bonds outstanding under this Indenture as hereinafter in this Section 4 provided, a brief report dated as of such May 15 with respect to

(1) Its eligibility and its qualifications under Sections 4 and 5 of Article XIX hereof in the case of the Corporate Trustee, and his qualifications under Section 5 of Article XIX in the case of the Individual Trustee, or in lieu thereof, if to the best of its or his knowledge it or he has continued to be eligible and qualified under said sections, a written statement to such effect;

(2) The character and amount of any advances (and if it or he elects so to state, the circumstances surrounding the making thereof) made by the Company as such which remain unpaid on the date of such report and for the reimbursement of which it or he claims or may claim a lien or charge, prior to that of the bonds, on the mortgaged or pledged property or on property or funds held or collected by it or her as trustee, if such advances so remaining unpaid aggregate more than one-half of 1 per centum of the principal amount of the outstanding bonds on the date of such report;

(3) The amount, interest rate, and maturity date of all other indebtedness owing by the Company or any other obligor on the said outstanding bonds to the trustee or its or his individual capacity as the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in paragraphs (2), (3), (4), or (6) of subsection (b) of Section 6 of Article XIX hereof;

(4) The property and funds physically in the possession of the trustee or such, or of a depository for it or him, on the date of such report;

(5) Any release, or release and substitution, of property subject to the lien of the Indenture (and the consideration therefor, if any) which is effected subsequent to August 1, 1962, and which the trustees have not previously reported; provided, however, that to the extent that the aggregate value as shown by the release papers of the released property does not exceed an amount equal to 1% of the principal amount of bonds then outstanding under this Indenture, the report need indicate only the number of such releases, the total value of the property released as shown by the release papers, the aggregate amount of cash received and the aggregate value of the property received in substitution therefor as shown by the release papers;

(6) Any addition to issue of bonds under this Indenture subsequent to August 1, 1962, which the trustees have not previously reported; and

(7) Any action taken by the trustee in the performance of his or his duties under this Indenture which have not previously been reported and which in his or his opinion materially affects the bonds or the mortgaged or pledged property, except action in respect of a default, notice of which has been or is to be withheld by the Corporate Trustee in accordance with the provisions of Section 7 of Article XIX hereof.

(b) The Corporate Trustee and the Individual Trustee shall each transmit to the holders of bonds outstanding under this Indenture as hereinafter provided a brief report with respect to

(1) The release, or release and substitution, subsequent to August 1, 1962, of property subject to the lien of this Indenture (and the consideration therefor, if any) unless the fair value of such property, as set forth in the certificate of opinion required by subsection (a) of Section 3 of Article XVIII hereof, is less than 10 per centum of the principal amount of outstanding bonds at the time of such release, or such release and substitution, such report to be transmitted within 90 days after such time; and

(2) The character and amount of any advances (and if the trustee elects so to state, the circumstances surrounding the making thereof) made by the trustee as such since the date of the

and report transmitted pursuant to the provisions of subsection (c) of this section if an audit report has yet been so transmitted shall state the date of expiration of the Supplemental Certificate for the commencement of which it claims or may claim a fee or charge prior to that of the outstanding bonds or the mortgage and trust property or its property or funds held or to be held, or if no certificate, and which it has not previously reported pursuant to the paragraph, if such advances exceeding amount at any time aggregate more than 50 per centum of the principal amount of outstanding bonds at such time, such report to be transmitted within 30 days after such time.

(14) Assets of the Corporate Trustee and of the Individual Trustee pursuant to this section shall be considered as single investments and shall be transmitted to the same trust under this provision.

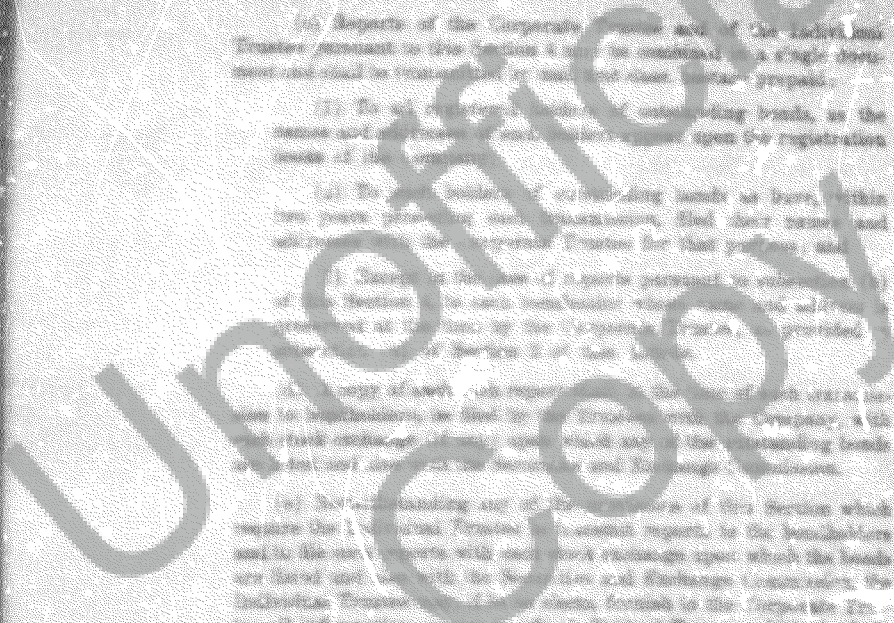
(15) In all cases where the outstanding bonds, as the mortgage and trust property, and the mortgage and trust property are registered under the provisions of this section.

(16) The trustee of outstanding bonds or trust, within ten days after the expiration of the Supplemental Certificate shall transmit to the Corporate Trustee for that purpose and

(17) The trustee of a certificate pursuant to subsection (c) of this section shall transmit to the Corporate Trustee all the information required by this section, and shall transmit to the Corporate Trustee a copy of the Supplemental Certificate for that purpose.

(18) Any report, statement, or report required by this section to be transmitted, or filed by the Corporate Trustee or the Individual Trustee, shall be transmitted to the Corporate Trustee and the Individual Trustee, and shall be transmitted to the Corporate Trustee and the Individual Trustee.

(19) Notwithstanding any other provisions of this section which require the Corporate Trustee to transmit reports to the Beneficiaries and to the State, reports with respect to exchange upon which the bonds are held and to the mortgage and trust property, the Corporate Trustee shall transmit such reports to the Individual Trustee for all information concerning the Individual Trustee which the Individual Trustee is required to report and the Corporate Trustee shall transmit such reports to the Beneficiaries in accordance with the provisions



65

...of the Individual Trustees (provided, however, that the Corporate Trustee shall not be responsible for the accuracy or completeness of any such information or for the failure of the Individual Trustees to report or to furnish any such information. It is further provided that the Individual Trustees shall elect to furnish information to the Corporate Trustee in accordance with the provisions of this article (a), the information required pursuant to subsection (a) of this article shall be furnished to the Corporate Trustee in writing not less than ten (10) days before the report is required to be made, and in the case of information required pursuant to subsection (b) of this article, such information shall be furnished to the Corporate Trustee in writing within sixty (60) days after the taking by the Individual Trustees of any action required to be reported.

...for the purpose of this section all funds which have been withdrawn from the trust and are held in the Corporate Trustee's name shall be deemed to be outstanding.

ARTICLE VIII

Section 1. The Trustee, Trustees and Managers

Section 2. The Trustee, Trustees and Managers shall have the right to demand and receive from the Corporate Trustee a complete and correct statement of the books and accounts of the trust and to examine and copy the same. The Trustee, Trustees and Managers shall have the right to demand and receive from the Corporate Trustee a complete and correct statement of the books and accounts of the trust and to examine and copy the same. The Trustee, Trustees and Managers shall have the right to demand and receive from the Corporate Trustee a complete and correct statement of the books and accounts of the trust and to examine and copy the same.



16

It is required to be recorded or filed, and any filing required by the Uniform Commercial Code, has been recorded or filed in each jurisdiction in which it is required to be filed and that, in the opinion of counsel (if any to the case), each receipt for record or filing made or intended to be made by the Indenture, said Supplemental Indenture or other indenture supplemental thereto, as the case may be, and (2) such opinion is delivered to the Corporate Trustee within such time, following the date of the execution and delivery of said Supplemental Indenture or such other indenture supplemental thereto, as shall be practicable, having due regard to the number and distance of the jurisdiction in which this Indenture, said Supplemental Indenture or such other indenture supplemental thereto is required to be recorded or filed; and

(b) That it will furnish to the Corporate Trustee on or before August 1, 1934, and thereafter each August 1 thereafter, an opinion of counsel (who may be counsel for the Company) either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture and each indenture supplemental thereto as is necessary to maintain the lien thereof, and reciting the details of such action, or stating that, in the opinion of such counsel, no action is necessary to maintain such lien.

Section 2. The Company covenants that, if it shall appoint a paying agent other than the Corporate Trustee, it will cause such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 2 (1) that such paying agent shall hold in trust for the benefit of the Trustee or the holders of the bonds outstanding under this Indenture all sums held by such paying agent for the payment of the principal of or interest on said bonds (and premium, if any); and (2) that such paying agent shall give the Trustee notice of default by any obligor on said bonds in the making of any such payment. Such agent shall not be obligated to segregate such sums except to the extent required by law. The Company further covenants that if it acts as its own paying agent it will, on or before each due date of each installment of principal of or interest on said bonds, set aside and segregate and hold in trust for the benefit of the holders of said bonds a

sum sufficient to pay such principal or interest as becomes due (and premium, if any) and will notify the Trustees of such action or of any failure to take such action.

**Section 3.** Notwithstanding any other provision of this Indenture, the Company shall furnish to the Corporate Trustee, in addition to or as a part of any certificate or opinion required by any provision of this Indenture to be furnished to the Corporate Trustee with respect to the transactions referred to below in this Section 3:

(a) A certificate or opinion of an engineer or appraiser as to the fair value of any property or securities to be released from the lien of this Indenture, which certificate or opinion shall state that in the opinion of the person making the same the proposed release will not impair the security under this Indenture in contravention of its provisions; such certificate or opinion shall be made by an independent engineer, if the fair value of such property or securities and of all other property or securities released since the commencement of the then current calendar year, as set forth in the certificates or opinions required by this subdivision (a), is ten per cent (10%) or more of the aggregate principal amount of bonds at the time outstanding under this Indenture; but such certificate or opinion of an independent engineer shall not be required in the case of any release of property or securities, if the fair value thereof as set forth in the certificate or opinion required by this subdivision (a) is less than twenty-five thousand dollars (\$25,000) or less than one per centum (1%) of the aggregate principal amount of bonds at the time outstanding.

(b) A certificate or opinion of an engineer, as to the fair value to the Company of any securities (other than bonds issued under this Indenture and securities secured by a lien prior to the date of this Indenture upon property subject to the lien hereof), the deposit of which with the Corporate Trustee is to be made the basis for the authentication and delivery of bonds under this Indenture, the withdrawal of cash constituting a part of the mortgage or pledged property, or the release of property or securities subject to the lien of this Indenture; if the fair value to the Company of such securities and of all other such securities made the basis of any such authentication and delivery, withdrawal or release since the commencement of the then current calendar year

as set forth in the certificate or opinion required by this subsection (b), by ten per centum (10%) or more of the aggregate principal amount of the bonds at the time outstanding, such certificate or opinion shall be made by an independent engineer and, in the case of the authentication and delivery of bonds shall cover the fair value to the Company of all other such securities as deposited since the commencement of the current calendar year so to which a certificate or opinion of an independent engineer has not previously been furnished; but such a certificate of an independent engineer shall not be required with respect to any securities so deposited if the fair value thereof to the Company as set forth in the certificate or opinion required by this subsection (b) does not exceed twenty-five thousand dollars (\$25,000) or less than one per centum (1%) of the aggregate principal amount of the bonds at the time outstanding; and

(c) A certificate or opinion of an engineer as to the fair value to the Company of any property the subject of which is the lien of this Indenture is to be made the basis for the authentication and delivery of bonds securing property described or referred to in such certificate furnished the Corporate Trustee pursuant to Section 15(11) of Article I of this Indenture, the withdrawal of such mortgaging a part of the mortgaged or pledged property, or the release of property or securities subject to the lien of this Indenture; and if

(1) within six (6) months prior to the date of acquisition thereof by the Company such property has been used or operated by a person or persons other than the Company in a business similar to that in which it has been or is to be used or operated by the Company; and

(2) the fair value to the Company of such property as set forth in such certificate or opinion is not less than twenty-five thousand dollars (\$25,000) and not less than one per centum (1%) of the aggregate principal amount of bonds at the time outstanding under this Indenture,

such certificate or opinion shall be made by an independent engineer and, in the case of the authentication and delivery of bonds, shall cover the fair value to the Company (which may be as of

The date of the valuation set forth in the certificate or opinion previously furnished the Corporate Trustee in connection therewith, of any property so used or operated which has been so subjected to the lien of this Indenture and which has been used as the basis for any action as aforesaid since the commencement of the then current calendar year, and as to which a certificate or opinion of an independent engineer, appraiser, or other expert has not previously been furnished.

Any such certificate or opinion may be made by the president or any vice president, and an engineer of the Company, except in cases in which any foregoing provision of this Section 5 requires that such certificate or opinion be made by an independent person. In all cases such certificate or opinion shall be made by an independent engineer or appraiser selected or approved by the Corporate Trustee in the exercise of reasonable care.

Section 4. In addition to or as a part of certificates or opinions of officers of the Company or other persons required in any such case by the applicable provisions of this Indenture, the Company shall furnish and the Corporate Trustee shall receive, as evidence of compliance with any condition precedent provided for in this Indenture relating to the authentication and delivery of the bonds, to the release and/or the release and substitution of property subject to the lien of this Indenture, to the authentication and discharge of this Indenture, or in any other section hereof, by the Corporate Trustee at the request or upon the application of the Company, the following:

(a) A certificate of the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the Company, stating that conditions precedent have been complied with.

(b) An opinion of counsel (who may be counsel for the Company) stating that in the opinion of such counsel such conditions precedent have been complied with and that the instruments furnished to the Corporate Trustee upon any such request or application of the Company are in substantial conformity with the requirements of, and that they are all of the instruments required by, the applicable provisions of this Indenture.



SECTION 6. Notwithstanding any other provision of this Indenture, the right of any holder of any bond outstanding under this Indenture to receive payment of the principal of and interest on such bond, on or after the respective due dates expressed in such bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder, except that no such holder may institute any such suit if and to the extent that the institution or prosecution thereof or the entry of judgment therein would under applicable law result in the surrender, impairment, waiver or loss of the lien of this Indenture upon any property subject to such lien.

SECTION 7. For the purposes of this Indenture, in determining whether the holders of the required percentage of the principal amount of bonds have concurred in any consent, direction or authorization, bonds held by the Trustees for the account of any sinking fund under this Indenture or owned by the Company or by any other obligor on the bonds or owned by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any such other obligor, shall be disregarded, except that for the purpose of determining whether the Trustees shall be protected in relying upon any such consent, direction or authorization only bonds which the Trustees know are so held or owned shall be disregarded, and bonds so owned which have been pledged in good faith may be regarded as outstanding if the pledgee shall establish to the satisfaction of the Trustees that the pledgee has the right to vote such bonds and that such pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any other obligor on the bonds. In case of a dispute as to such right any decision by the Trustees taken upon the advice of counsel shall be full protection to the Trustees, subject to Sections 2 and 3 of Article XIX hereof.

SECTION 8. Any court may in its discretion require in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustees for any action taken or omitted by them as Trustees, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion award reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits

and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 8 shall not apply to any suit instituted by the Trustees, to any suit instituted by any bondholder, or group of bondholders, holding in the aggregate more than 10 per centum in principal amount of the bonds outstanding (determined as provided in Section 7 of this Article) or to any suit instituted by any bondholder for the enforcement of the payment of the principal of or interest on any bond, on or after the respective due dates expressed in such bond.

SECTION 9. If any provision of this Indenture limits, qualifies, conflicts or is inconsistent with any other provision hereof which is required or permitted to be included herein by any of Sections 310 to 318, both inclusive, of the Trust Indenture Act of 1939, such limiting, qualifying, conflicting or inconsistent provision shall be superseded and replaced by such required or permitted provision and such required or permitted provision shall control. Except as otherwise specifically provided herein, the term "Trust Indenture Act of 1939" as used in this Section 9 or elsewhere in this Indenture shall mean such act in the form in which it is in effect from time to time.

## ARTICLE XIX

### ADDITIONAL OR AMENDED PROVISIONS CONCERNING THE TRUSTEES

SECTION 1. Notwithstanding anything to the contrary contained in this Indenture, the Corporate Trustee shall at all times be a corporation organized and doing business under the laws of the United States of America or of any State or Territory thereof or of the District of Columbia which (A) is authorized under such laws to exercise corporate trust powers and (B) is subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. The Corporate Trustee shall have at all times a combined capital and surplus of not less than \$3,000,000. If the Corporate Trustee publishes reports of condition at least annually, pursuant to the law or to the requirements of said supervising or examining authority, then for the purposes of this Section 1 the combined capital and surplus of the Corporate Trustee shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 2. The Trustees undertake, prior to an event of default, and after the curing (or waiver in accordance with the terms of this Indenture) of all events of default which may have occurred, to perform such duties and only such duties as are specifically set forth in this Indenture, and in case of an event of default (which has not been cured or so waived) to exercise such of the rights and powers vested in it by this Indenture, and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustees, upon receipt of evidence furnished to them by or on behalf of the Company pursuant to any provision of this Indenture, will examine the same to determine whether or not such evidence conforms to the requirements of this Indenture.

Section 3. No provision of this Indenture shall be construed to relieve the Trustees, or either of them, from liability for their own negligent action, their own negligent failure to act, or their own wilful misconduct, except that

(a) Prior to an event of default under this Indenture and after the curing (or waiver in accordance with the terms thereof) of all events of default which may have occurred, the Trustees shall not be liable except for the performance of such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustees, or either of them, but the duties and obligations of the Trustees, prior to an event of default and after the curing or such waiver of all events of default which may have occurred, shall be determined solely by the express provisions of this Indenture; and

(b) Prior to an event of default under this Indenture and after the curing or such waiver of all events of default which may have occurred, and in the absence of bad faith on the part of the Trustees, the Trustees may exclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions conforming to the requirements of this Indenture; and

(c) The Trustees shall not be personally liable for any error of judgment made in good faith by the Individual Trustee or, in the case of the Corporate Trustee, by a responsible officer or off



cers of the Corporate Trustee unless it shall be proved that such trustee was negligent in ascertaining the pertinent facts; and

(d) The Trustees, or either of them, shall not be personally liable with respect to any action taken or omitted to be taken by them, or either of them, in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the bonds at the time outstanding under this Indenture (determined as provided in Section 7 of Article XVIII hereof) relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustees, or either of them, or exercising any trust or power conferred upon the Trustees, or either of them, under this Indenture.

SECTION 4. To the extent permitted by Sections 2 and 3 of this Article:

(1) The Trustees may rely and shall be protected in acting upon any resolution, certificate, opinion, notice, request, consent, order, appraisal, report, bond, or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties;

(2) The Trustees may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them hereunder in good faith and in accordance with the opinion of said counsel; and

(3) The Trustees shall be under no obligation to exercise any of the trusts or powers hereof at the request, order or direction of any of the bondholders, pursuant to the provisions of this Indenture, unless such bondholders shall have offered to the Trustees reasonable security or indemnity against the costs, expenses and liabilities which may be incurred thereon or thereby.

SECTION 5. If the Corporate Trustee or the Individual Trustee has or shall acquire any conflicting interest as hereinafter defined, (a) the Corporate Trustee or the Individual Trustee, as the case may be, shall within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign

such resignation to become effective upon the appointment of a successor trustee and such successor's acceptance of such appointment and the Company shall take proper steps to have a successor appointed in the manner provided in the Indenture; (ii) in the event that the Corporate Trustee or the Individual Trustee, as the case may be, shall fail to comply with the provisions of the foregoing clause (i) such trustee shall within ten days after the expiration of such 90-day period, transmit notice of such failure to the holders of the bonds outstanding under the Indenture in such manner and to the extent provided in subsection (c) of Section 4 of Article XVII hereof; and (iii) subject to the provisions of Section 8 of Article XVII hereof, any holder of any of said bonds who has been a bona fide holder thereof for at least six months may on behalf of himself and others similarly situated petition any court of competent jurisdiction for the removal of the Corporate Trustee or the Individual Trustee, as the case may be, and the appointment of a successor, if such trustee fails after written request therefor by such holder to comply with the provisions of the foregoing clause (i). For the purposes of this Section 5 the Corporate Trustee or the Individual Trustee, as the case may be, shall be deemed to have a conflicting interest if:

(1) such trustee is trustee under another indenture under which any other securities, or certificates or interest or participation in any other securities, of the Company are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of bonds issued under this Indenture; provided that there shall be excluded from the operation of this paragraph another indenture or indentures under which other securities, or certificates or interest or participation in other securities, of the Company are outstanding if the Company shall have sustained the burden of proving, on application to the Securities and Exchange Commission and after opportunity for hearing thereon, that the trusteeship under this Indenture and such other indenture is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify such trustee from acting as such under one of such indentures;

(2) such trustee or, in the case of the Corporate Trustee, any of its directors or executive officers is an obligor upon any of the

bonds outstanding under this Indenture or an underwriter for such an obligor;

(3) such trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Company or an underwriter for the Company;

(4) such trustee or, in the case of the Corporate Trustee, any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Company, or of an underwriter (other than such trustee itself) for the Company who is currently engaged in the business of underwriting, except that (A) one individual may be a director and/or an executive officer of the Corporate Trustee and a director and/or an executive officer of the Company, but may not be at the same time an executive officer of both the Corporate Trustee and the Company; (B) if and so long as the number of directors of the Corporate Trustee in office is more than nine, one additional individual may be a director and/or an executive officer of the Corporate Trustee and a director of the Company; and (C) the Corporate Trustee may be designated by the Company or by any underwriter for the Company to act in the capacity of transfer agent, registrar, dividend paying agent, fiscal agent, escrow agent or in any other similar capacity, or, subject to the provisions of the preceding paragraph (A) of this Section 5, to act as trustee whether under an indenture or otherwise;

(5) 10 per centum or more of the voting securities of the Corporate Trustee is beneficially owned either by the Company or by any director, partner or executive officer thereof, or 20 per centum or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10 per centum or more of the voting securities of the Corporate Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) such trustee is the beneficial owner of or holds as collateral security for an obligation which is in default as hereinafter defined: (A) 5 per centum or more of the voting securities or 10 per centum or more of any other class of security of the Company;

not including the bonds outstanding under this Indenture and securities issued under any other indenture under which such trustee is also trustee, or (B) 10 per centum or more of any class of security of an underwriter for the Company;

(7) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as hereinafter defined, 5 per centum or more of the voting securities of any person who, to the knowledge of such trustee, owns 10 per centum or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as hereinafter defined, 10 per centum or more of any class of security of any person who, to the knowledge of such trustee, owns 50 per centum or more of the voting securities of the Company; or

(9) such trustee owns on May 15th in any calendar year in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25 per centum or more of the voting securities or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under the immediately preceding paragraphs (6), (7), or (8) hereof. As to any such securities of which such trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25 per centum of such voting securities or 25 per centum of any such class of security. Promptly after May 15th in each calendar year, such trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of May 15th. If the Company or any other obligor fails to make payment in full of principal of or interest (or premium, if any) on any of the bonds when and as the same become due and payable, and such failure continues for thirty days thereafter, such trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such thirty

day period and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by such trustee, with sole or joint control over such securities, voted in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by such trustee for the purposes of the immediately preceding paragraphs (6), (7), and (8) hereof.

The specifications of percentages in the immediately preceding paragraphs (6) to (9), inclusive, hereof shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of the foregoing paragraphs (3) or (7) of this Section 6.

For the purposes of the foregoing paragraphs (6), (7), (8), and (9) only, (A) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (B) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for thirty days or more and shall not have been cured, and (C) the Corporate Trustee or the Individual Trustee, as the case may be, shall not be deemed to be the owner or holder of (i) any security which it holds as collateral security (as trustee or otherwise) for an obligation which is not in default as above defined, or (ii) any security which it holds as collateral security under the Indenture, or (iii) any security which it holds as agent for collection, or as custodian, or as agent or depository, or in any similar representative capacity.

The percentages of voting securities and other securities specified in this Section 6 shall be calculated in accordance with the following provisions:

(a) A specified percentage of the voting securities of the Corporate Trustee, the Company or any other person referred to in this Section 6 (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof

to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(k) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of a class outstanding.

(l) The term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares, and the number of units if relating to any other kind of security.

(m) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(1) Securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(2) Securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(3) Securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise;

(4) Securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(n) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges, provided, however, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes, and

provided, further, that, in the case of unsecured evidences of indebtedness, difference in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

For the purposes of this Section 5, the term "underwriter" when used with reference to the Company means every person, who, within three years prior to the time as of which the determination is made, has purchased from the Company with a view to, or has offered or sold for the Company in connection with, the distribution of any security of the Company outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

The Company covenants and agrees that the provisions of this Section 5 shall at all times be observed and complied with.

Section 6. (a) Subject to the provisions of subsection (b) of this Section 6, if the Corporate Trustee or the Individual Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company (or any other obligor on the bonds) within four months prior to a default (as defined in the last paragraph of this subsection), or subsequent to such a default, then, unless and until such default shall be cured, the Corporate Trustee or the Individual Trustee, as the case may be, shall set apart and hold in a special account for the benefit of such trustee individually, the holders of the bonds, and the holders of other indenture securities (as defined in the last paragraph of this subsection)

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest effected after the beginning of such four months' period and valid as against the Company (or any other obligor on the bonds) and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this subsection or from the exercise of any

which such trustee could have exercised if a petition in bankruptcy had been filed by or against the Company (or any other person) on the date of such default; and

and property received in respect of any claim as such creditor, or as security therefor, or in satisfaction or compensation thereof, or otherwise after the beginning of such four months' period, or an amount equal to the proceeds of any such property received of, subject, however, to the rights, if any, of the Company (or any of its obligors on the bonds) and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Corporate Trustee or of the Individual Trustee, as the case may be,

(A) to retain for its own account (i) payments made on account of any such claim by any person (other than the Company) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by such trustee to a third person, and (iii) distributions made in cash, securities, or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four months' period and such property was received as security therefor simultaneously with the creation thereof, and if such trustee shall sustain the burden of proving that at the time such property was so received such trustee had no reasonable cause to believe that a default as defined in the last paragraph of this subsection would occur within four months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.



For the purposes of paragraphs (B), (C), and (D), property substituted after the beginning of such four months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of such trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Corporate Trustee or the Individual Trustee is required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between the trustee, the bondholders, and the holders of other indenture securities in such manner that such trustee, the bondholders, and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of such trustee anything on account of the receipt by it from the Company of the funds and property in such special account, and before crediting to the respective claims of such trustee, the bondholders, and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, whether such distribution is made in such securities, or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership, or proceeding for reorganization is pending shall have jurisdiction (i) to apportion between such trustee, the bondholders, and the holders of other indenture securities in accordance with the provisions of this paragraph, the funds and

property held in such special account and the proceeds thereof; or (3) all or part of such arrangement, in whole or in part, to give to the provisions of this paragraph the consideration in determining the interests of the trust holders to be made to such trustee, the bondholders, and the holders of other subordinated securities, with respect to their respective claims, in which event it shall not be necessary to attempt to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a pro rata allocation of such distribution as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any trustee who has resigned or been removed after the beginning of each such reporting period shall be subject to the provisions of this section as though such resignation or removal had not occurred. If any trustee has resigned or been removed prior to the beginning of such reporting period, it shall be subject to the provisions of this section then if and only if the following conditions exist:

(1) the receipt of property or reduction of claim which would have given rise to the obligation to appoint, if such trustee had continued in office, occurred after the beginning of each four months' period; and

(2) such receipt of property or reduction of claim occurred within four months after such resignation or removal.

In order to give effect to the term "default" means any failure to make payment in full of the principal of or interest upon the bonds or upon the other indenture securities when and as such principal or interest becomes due and payable; and the term "other indenture securities" means securities upon which the Company is an obligor as defined in the Trust Indenture Act of 1939 outstanding under any indenture (a) under which the Corporate Trustee or the Individual Trustee, as the case may be, is also trustee, (b) which contains provisions substantially similar to the provisions of this subsection, and (c) under which a default exists at the time of the apportionment of such funds and property held in such special account.

Nothing shall be included from the operation of subsection (a) of this section a creditor relationship arising from

PAGE 117

(1) the ownership or acquisition of securities issued under any indenture, or any security or securitization having a maturity of one year or more at the time of acquisition by the Corporate Trustee, or the Individual Trustee, as the case may be;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by this Indenture for the purpose of preserving the property subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances on the trust estate, if notice of such advances and of the circumstances surrounding the making thereof is given to the bondholders as provided in subsections (a), (b) and (c) of Section 4 of Article XVII hereof with respect to advances by the Corporate Trustee as such;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depository, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in the last paragraph of this subsection;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 26 (a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of an obligor upon the bonds; or

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper as defined in the last paragraph of this subsection.

As used in this subsection (b), the term "security" shall have the meaning assigned to such term in the Securities Act of 1933, as amended and in force on the date of the qualification of this Indenture under the Trust Indenture Act of 1939; the term "cash transaction" shall mean any transaction in which full payment for goods or securities sold is made within seven (7) days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks

or bankers and payable upon demand; the term "self-liquidating paper" shall mean any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by an obligor upon the bonds for the purpose of financing the purchase, processing, manufacture, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of or a lien upon the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Corporate Trustee or the Individual Trustee, as the case may be, simultaneously with the creation of the creditor relationship with such obligor arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

SECTION 7. The Corporate Trustee shall, within 90 days after the occurrence thereof, give to the bondholders in the manner and to the extent provided in subsection (c) of Section 4 of Article XVIII hereof, notice of all defaults known to the Trustee, or either of them, unless such defaults shall have been cured before the giving of such notice (the term "default" for the purposes of this Section 7 being hereby defined to mean any event which is, or after notice or lapse of time or both would become, an event of default); provided that, except in the case of default in the payment of the principal of or interest on any of the bonds, or in the making of any sinking fund payment or payments, the Corporate Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or responsible officers, of the Corporate Trustee in good faith determine that the withholding of such notice is in the interests of the bondholders.

SECTION 8. The holders of not less than a majority in principal amount of bonds at the time outstanding under the Indenture, determined in accordance with the provisions of Section 7 of Article XVIII hereof, may (a) direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, or (b) on behalf of the holders of all of said outstanding bonds, consent to the waiving of any past default and its consequences.

SECTION 9. In the case of a default in payment of the principal of any bond, when the same shall become due and payable, or in the case of a default in the payment of interest on any bond for a period of thirty days after such interest shall have become due and payable, the Trustees may recover judgment, in their own names and as trustees of an express trust, against the Company for the whole amount of such principal and interest remaining unpaid, together with interest upon the overdue principal, if any, and upon overdue installments of interest, if any, at the rates specified in said respective bonds.

The Trustees may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claim of the Trustees and of the bondholders allowed in any judicial proceedings relative to the Company or its creditors or its property.

SECTION 10. The provisions of this Indenture permitting the Trustees to accept or rely upon information, opinion, certificate or other document or evidence, and releasing the Trustees from obligation to take any action or to perform any duty or power, or giving the Trustees discharge and liability relief from accountability for their action or non-action, or otherwise granting the Trustees any liability or non-accountability, with respect to any matter or action related thereto or to them, including, but not limited to, any made subject to the provisions of Sections 2 and 3 of Article XIX hereof.

### ART III

#### CERTAIN AMENDMENTS OF ORIGINAL INDENTURE

Subdivision (f) of Section 13 of Article I of the Original Indenture is hereby amended to read as follows:

(f) In determining the cost to the Company of any new property and/or the cost of permanent additions, as hereinbefore in this section defined, under any of the provisions of this Indenture, such cost shall include expenditures chargeable to capital under well recognized systems of accounting, and, without limiting the foregoing, shall include expenditures for engineering, interest during construction, insurance during construction, including workmen's compensation insurance, legal services and taxes dur-

the encumbrances, including taxes or contributions based on payroll, the term "fair value", when used with respect to any particular real property, permanent additions or other property additions described in any certificate required under this Indenture and hereinafter subject to the lien hereof or made the basis of the acquisition or final delivery of bonds, the withdrawal of cash constituting a part of the mortgages or pledged property or the release of property or securities subject to the lien of this Indenture shall mean the fair value of such property to the Company determined as of a date not more than 90 days prior to the date of such certificate or as of such later date if any, as may be specified in the applicable Section of this Indenture.

Section 4 of Article VI of the Original Indenture is hereby amended by inserting the word "past" before "default" in the fourth line of said Section.

The provisions of the Original Indenture as to action to be taken by the Trustees at the request or direction of the holders of bonds of notes that the therein specified percentages of principal amount of all bonds outstanding under the Indenture, are hereby amended to substitute in each case the words "majority in principal amount" for the percentages so specified.

Article VII of the Original Indenture is hereby amended by adding the following paragraph to the end of Section 3:

If the property to be released is subject to any prior lien and if, to obtain the release of such property therefrom, the terms thereof require any consideration to be paid to the trustee or other holder of any such prior lien, the engineer's certificate above provided for in paragraph (2) of this Section shall so state, and the certificate of the trustee or other holder of any such prior lien that it has received such consideration shall be accepted by the Corporate Trustee, to the extent of such consideration so received, in lieu of cash or property required by the provisions of paragraph (3) of this Section to be delivered or certified to the Corporate Trustee upon the release of said property.

Subdivisions (d) and (e) of Section 9 of Article IX of the Original Indenture are hereby amended to read as follows:

(d) The rights, powers, duties and obligations hereby conferred or imposed upon the Trustees, or either of them, shall be conferred or imposed upon and exercised or performed by the Corporate Trustee alone and the Individual Trustee hereby irrevocably constitutes and appoints the Corporate Trustee his true and lawful attorney-in-fact with full power and authority, either in the name and on behalf of the Individual Trustee or of the Trustees jointly, to exercise any and all rights or powers conferred upon the Individual Trustee, or upon the Trustees jointly, by this Indenture, but subject to the duties hereby imposed upon the Individual Trustee, with full power of substitution and revocation, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Corporate Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by the Individual Trustee.

(e) Except as herein expressly provided to the contrary, any notice, request, or other writing by or on behalf of the Company or the bondholders delivered solely to the Corporate Trustee shall be deemed to have been delivered to both of the Trustees hereunder as effectually as if delivered to each of them.

Article XI of the Original Indenture is hereby amended by adding thereto a new Section 3 reading as follows:

Section 3. Any Supplemental Indenture executed in accordance with the provisions of this Article shall comply with the Trust Indenture Act of 1939 as then in effect.

Article XV of the Original Indenture is hereby amended by adding thereto a new Section 2 reading as follows:

Section 2. Any Supplemental Indenture executed in accordance with the provisions of this Article shall comply with the Trust Indenture Act of 1939 as then in effect.

Article XVI of the Original Indenture is hereby amended in the following respects:

1. The second sentence of Section 1 of said Article is hereby amended to read as follows:

For every purpose of this Indenture, including the execution, issue and use of any and all bonds, the term "Company" includes and means not only the party of the first part hereto but also its successors, lessees, and assigns, particularly including any corporation into or with which the Company may be merged or consolidated, and any other obligor upon any bonds of any series now or hereafter outstanding under the Indenture.

2. By renumbering Sections 3 and 4 of said Article so that they will become Sections 11 and 12, and by inserting new Sections 3, 4, 5, 6, 7, 8, 9 and 10 reading respectively as follows:

Section 3. The term "fair value", when used in this Indenture with respect to property other than property described in subdivision (f) of Section 13 of Article I hereof, shall mean the fair value of such property determined as of a date not more than 90 days prior to the date of the certificate stating the fair value of such property or as of such later date, if any, as may be specified in the applicable Section of this Indenture.

Section 4. The term "engineer" shall mean a co-partnership or a corporation engaged in the engineering profession or an individual who is a practicing engineer.

Section 5. The term "independent engineer", as used in this Indenture shall mean an engineer who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Company or in any other obligor upon the Bonds, or in any affiliate of the Company or of such other obligor, and (iii) is not connected with the Company or such other obligor, or any affiliate of the Company or of such other obligor, as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.



... shall be deemed to have been admitted to the ...  
... and Article 10, Chapter 10, ...

... shall be deemed to have been admitted to the ...  
... and Article 10, Chapter 10, ...

... shall be deemed to have been admitted to the ...  
... and Article 10, Chapter 10, ...

Section 2. The term "the value" as used in this Indenture with respect to property other than property described in Section 1 of Section 10 of Article 1 hereof, shall mean the fair value of such property determined as of a date not more than 90 days prior to the date of the certificate showing the fair value of such property, or as of such later date, if any, as may be specified in the applicable Section of this Indenture.

Section 3. The term "engineer" shall mean a partner, partner-in-interest, manager in the engineering profession or an individual who is a practicing engineer.

Section 4. The term "independent engineer" as used in this Indenture shall mean an engineer who (1) is in fact independent, (2) does not have any direct financial interest or any material financial interest in the Company, and any other obligor upon the bonds, notes or other securities of such company or of such other obligor, and (3) is not connected with the Company or such other obligor in any capacity of the Company or of such other obligor, or as a promoter, underwriter, trustee, or otherwise performing similar functions.

Section 5. The term "accountant" shall mean any person or firm actively engaged in accounting work and practicing accountancy, who need not be certified or licensed or public and who may be in the regular employ of the Company.

Section 7. The term "independent public accountant" as used in this Indenture shall mean any certified or licensed public accountant who, or any firm of such accountants each of whom (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Company or in any other obligor upon the Bonds, or in any affiliate of the Company or of such other obligor, and (iii) is not connected with the Company or such other obligor, as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions (but may be regularly retained to make annual and other similar audits of the books of the Company or any other obligor on the Bonds or any affiliate, if any, hereof).

Section 8. The term "opinion of counsel" as used in this Indenture shall mean an opinion in writing which is signed by counsel (who, except during the continuance of a default as specified in the Indenture hereof, may be of counsel to the Company), satisfactory to the Corporate Trustee.

Section 9. The term "this Indenture" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more Indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

Section 10. The term "responsible officers of the Corporate Trustee" shall mean the chairman of the board of directors, every vice chairman of said board, the president, every vice-president, the secretary, the treasurer, the cashier, every trust officer, every assistant trust officer, and every other officer and assistant officer of the Corporate Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers respectively -- to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

## PART IV

## MISCELLANEOUS PROVISIONS

The bonds now outstanding shall be stamped with a notation as follows:

"The Indenture dated as of March 1, 1939 referred to in this Bond has been amended by a Supplemental Indenture dated as of August 1, 1969, to provide that the authorized issue of First Mortgage Bonds which may at any time be issued and outstanding shall be One Billion Dollars (\$1,000,000,000). Reference is hereby made to said Supplemental Indenture, a copy of which is on file with Bank of America National Trust and Savings Association, Corporate Trustee, for a detailed description of the amendments therein made."

The notation aforesaid shall be stamped by or under the supervision of the Corporate Trustee, or the Irving Trust Company in the Borough of Manhattan, City and State of New York, or otherwise as the Corporate Trustee or said Irving Trust Company shall approve. After stamping a notation as aforesaid on any bond, the Corporate Trustee or the Irving Trust Company shall promptly deliver such bond to or upon the order of the holder thereof.

The form of any bonds hereafter issued under this Indenture, as supplemental, whether issued in exchange for any bonds of any series, or as additional bonds of any series, or as bonds of a new series, shall either contain the foregoing notation as a separate legend or shall be amended to the extent necessary to reflect in the text thereof the changes effected by this Supplemental Indenture.

All of the covenants, stipulations, promises and agreements in this Supplemental Indenture contained by or on behalf of the Company shall bind its successors and assigns, whether so expressed or not.

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original; but such counterparts shall together constitute but one and the same instrument.

This Supplemental Indenture is dated, for convenience, August 1, 1969, although executed and delivered on the date of the acknowledgment hereby by the Trustees, and the same shall be effective from the date on which it is so executed and delivered.

By William W. Beerman, General Counsel, Company of the  
 Association, has caused this Supplemental Indenture to be signed  
 in its name and behalf by its President or one of its Vice-Presidents,  
 with its corporate seal to be hereunto affixed, duly attested by its  
 Secretary, or one of its Assistant Secretaries, and Bank of America  
 National Trust and Savings Association, to evidence its acceptance of  
 the same, as hereunto created, has caused this Supplemental Indenture to  
 be signed in its name and behalf by its President or one of its Trust  
 Officers and its corporate seal to be hereunto affixed, duly attested by  
 one of its Trust Officers or one of its Assistant Trust Officers, and  
 William W. Beerman, as evidence his acceptance of the trust hereby  
 created, has set his hand and seal, all as of the day and year first above  
 written.

GENERAL TELEPHONE COMPANY OF NORTH CAROLINA, INC.

By

*W. P. Beerman*

President

Attest:

*W. P. Beerman*  
Secretary

BANK OF AMERICA NATIONAL TRUST  
AND SAVINGS ASSOCIATION

By

*W. J. Scott*

Trust Officer

Attest:

*W. J. Scott*  
Asst. Trust Officer

*William W. Beerman*  
William W. Beerman

**AFFIDAVIT OF GOOD FAITH**

State of Washington )  
County of Snohomish ) ss.:

The undersigned, being duly sworn on oath depose and state that they are the President and Secretary respectively of the aforesaid General Telephone Company of the Northwest, Inc., a corporation, and that they make this Affidavit in its behalf, and are authorized so to do; and that the within Twenty-First Supplemental Indenture is made in good faith, and without any design to hinder, delay or defraud creditors.

*A. J. Barran*  
.....  
A. J. Barran, President

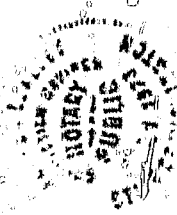
*E. J. Thierer*  
.....  
E. J. Thierer, Secretary

Subscribed and Sworn To before me this 24 day of *March*, 1969.

.....  
(Mildred L. Kelly)

Notary Public in and for the County of  
Snohomish, State of Washington.

My Commission expires October 1, 1973.



STATE OF WASHINGTON }  
COUNTY OF SNOHOMISH } ss.:

On this *10th* day of *November*, 1962, before me, the undersigned, a Notary Public in and for the State of Washington, in and for said County of Snohomish, residing therein and duly commissioned and sworn, personally appeared A. J. BARRAN, known to me to be the President of GENERAL TELEROSA COMPANY OF THE NORTHWEST, INC. and E. J. TAMARA, known to me to be the Secretary of General TELEROSA COMPANY OF THE NORTHWEST, INC., the corporation of that name and executed the within and foregoing Supplemental Instrument and told me to be the persons who executed said Supplemental Instrument on behalf of said corporation, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument by authority of its Board of Directors, and that the seal affixed to said instrument is the corporate seal of said corporation, and acknowledged to me that such corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my seal at my office in the City of Everett, County of Snohomish, State of Washington, this day and year first above written.

*Mildred L. Kelly*  
(Mildred L. Kelly)

Notary Public in and for the County of  
Snohomish, State of Washington,  
residing at EVERETT, WASH.  
My Commission expires October 1, 1972.



State of California  
 City and County of San Francisco

On this <sup>24th</sup> day of ~~March~~ <sup>April</sup> 1969, before me, the undersigned, a Notary Public in the State of California, in and for the said City and County of San Francisco, residing therein and duly commissioned and sworn, personally appeared J. KIRKLAND, known to me to be a Vice President of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, and A. J. DORRIS, known to me to be an Assistant Trust Officer of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, the corporation of that name that executes the within and foregoing Supplemental Indenture and also known to me to be the persons who executed said Supplemental Indenture on behalf of said corporation, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument by authority of its Board of Directors, and that the seal affixed to said instrument is the corporate seal of said corporation, and acknowledged to me that said corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal at my office in said City and County of San Francisco the day and year first above written.

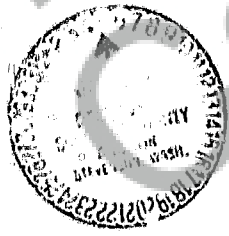
*[Handwritten signature]*

STATE OF CALIFORNIA }  
CITY AND COUNTY OF SAN FRANCISCO } ss.:

On this 10 . . day of ~~January~~ 1960, before me, the undersigned, a Notary Public in the State of California, in and for the City and County of San Francisco, residing therein and duly commissioned and sworn, personally appeared WILLIAM W. BERTHA, known to me to be the identical individual person described in and who executed the within and foregoing Supplemental Indenture and stated that he executed, signed, sealed and delivered the same freely and voluntarily as his free and voluntary act and deed for the consideration and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said City and County of San Francisco the day and year first above written.

*John and Kelly*



Unofficial Copy



71745

STATE OF MICHIGAN  
COUNTY OF \_\_\_\_\_

IN \_\_\_\_\_ WITHIN

IN THE \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

INDEXED
SERIALIZED
FILED
RECORDED
COMPARED
MAILED

Unofficial Copy