
UNITED TELEPHONE COMPANY OF THE NORTHWEST
TO
PEOPLES NATIONAL BANK OF WASHINGTON
AND
DONALD GREENFIELD
TRUSTEES

Seventeenth Supplemental
Indenture

Dated as of July 1, 1979

This Seventeenth Supplemental Indenture

dated as of July 1, 1970, by and between UNITED TELEPHONE COMPANY OF THE NORTHWEST, a corporation duly organized and existing under and by virtue of the laws of the State of Oregon, having its principal office and place of business in the City and County of Hood River in said state (the "Company"), and PEOPLES NATIONAL BANK OF WASHINGTON, a national banking association duly organized and existing under and by virtue of the National Banking Laws of the United States of America, having its principal office and place of business in the City of Seattle, County of King and State of Washington (the "Trustee") and DONALD GREENFIELD of said City of Seattle (hereinafter sometimes referred to as the "Individual Trustee"), as Trustees, the Trustee and the Individual Trustee being sometimes hereinafter referred to collectively as the "Trustees".

RECITALS:

The background of this Seventeenth Supplemental Indenture is:

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

B. The Company heretofore executed and delivered to the Trustee and to E. L. Blaine, Jr., who has been succeeded by Robert G. Perry, who has been succeeded by Donald Greenfield as Individual Trustee, its Indenture of Mortgage and "Deed of Trust" (hereinafter called the "Original Indenture," and the Original Indenture and all supplemental indentures thereto hereinafter collectively called the "Indenture"), dated as of January 1, 1940, whereby the Company granted, bargained, mortgaged and conveyed unto the Trustees and to their successors in said trust, all real and personal property then owned or to be thereafter acquired by the Company (other than property excepted from the lien thereof), to be held by the Trustees in trust in accordance with the provisions of the Original Indenture for the equal pro rata benefit and security of all Bonds issued under the Original Indenture and indentures supplemental thereto.

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

D. The Company proposes (1) to create and issue, and establish the terms and provisions applicable to, an additional series of Bonds to be designated 10% First Mortgage Bonds Series P (on July 1, 2001, "Series P Bonds"), limited in aggregate principal amount to \$15,000,000 and (2) to mortgage and convey additional properties acquired or constructed by the Company since the date of the Sixteenth Supplemental Indenture.

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

3

the exercise of the legal right and power vested in it executes this Seventeenth Supplemental Indenture.

NOW THEREFORE, THIS SEVENTEENTH SUPPLEMENTAL INDENTURE WITNESSETH:

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

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

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

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

ARTICLE ONE

SERIES P BONDS

Section 1.01. There is hereby created a series of bonds entitled "10% First Mortgage Bonds, Series P, due July 1, 2009" ("Series P Bonds") limited in principal amount to \$15,000,000. Series P Bonds shall be fully registered bonds without coupons of the denomination of \$1,000 and multiples thereof. The Series P Bonds shall be dated as of the date of authentication. All Series P Bonds shall mature July 1, 2009 and shall bear interest at the rate of ten and one-eighth per cent (10 1/8%) per annum from their respective dates, such interest to be payable semiannually on the 1st day of January and the 1st day of July in each year. Both the principal of and interest on Series P Bonds shall be payable at the main office of Peoples National Bank of Washington, in Seattle, Washington, or at the main office of its successor as corporate trustee, in lawful money of the United States of America. The text of the Series P Bonds and the Trustee's certificate with respect thereto shall be substantially of the tenor and purport set forth in Exhibit A hereto.

Section 1.02. At the option of the Company and upon notice given as provided in Article Seven of the Original Indenture, the Series P Bonds shall be redeemable, in whole or in part, at any time at the following redemption prices, expressed as percentages of the principal amount, during the respective periods set forth, in each case together with accrued and unpaid interest on the principal amount carried to the date fixed for redemption:

If Redeemed During 12 Months Ending June 30,	Redemption Price
1980.....	110.13
1981.....	109.78
1982.....	109.43
1983.....	109.08
1984.....	108.73
1985.....	108.38
1986.....	108.03
1987.....	107.68
1988.....	107.33
1989.....	106.98
1990.....	106.64
1991.....	106.29
1992.....	105.94
1993.....	105.59
1994.....	105.24

If Redeemed During 12 Months Ending June 30,	Redemption Price
1995.....	104.89
1996.....	104.54
1997.....	104.19
1998.....	103.84
1999.....	103.49
2000.....	103.15
2001.....	102.80
2002.....	102.45
2003.....	102.10
2004.....	101.75
2005.....	101.40
2006.....	101.05
2007.....	100.70
2008.....	100.35
2009.....	100.00

all on the conditions provided in the Indenture; provided, however, that no Series P Bond shall be redeemable, in whole or in part, at any time prior to July 1, 1989, directly or indirectly, as a part of, or in anticipation of, any refunding operations involving the incurring of any indebtedness by the Company having (i) an interest cost of less than ten and one-eighth percent (10 $\frac{1}{8}$ %) per annum, or (ii) a Weighted Average Life to Maturity, at the time of such redemption, less than the Weighted Average Life to Maturity of the Series P Bonds. The term "Weighted Average Life to Maturity" shall mean with respect to any indebtedness at any date, the number of years obtained by dividing the then Remaining Dollar-years of such indebtedness by the then outstanding principal amount of such indebtedness. For purposes of this definition, the term "Remaining Dollar-years" of any indebtedness shall mean, at any date, the total of the products obtained by multiplying (a) the principal amount of each then remaining installment, sinking fund, serial maturity or other required payment, including payment at final maturity, in respect

thereof by (b) the number of years (calculated to the nearest one-twelfth) which will elapse between each date and the date on which such payment is required to be made.

In addition to redemption at the option of the Company as provided above, the Bonds of Series P shall be subject to redemption in whole or in part at the principal amount thereof, without premium, together in each case with interest thereon to the date of redemption (i) through the operation of the sinking fund as provided in Section 1.03 hereof, (ii) by use of moneys deposited with or paid to the Trustee as the proceeds of property taken through the exercise of the power of eminent domain or sold to a governmental body pursuant to the provisions of any statute or franchise permitting such governmental body to compel the Company to make such a sale and (iii) by use of moneys similarly deposited as the proceeds of insurance policies because of damage to or destruction of property.

Section 1.03. The Company covenants and agrees that so long as any of the Series P Bonds remain outstanding it will provide a sinking fund for the benefit of the holders of the Series P Bonds as follows: the Company will annually, on July 1, 1980, and on July 1 of each succeeding year up to and including July 1, 2008, in the manner provided in Article Seven of the Original Indenture, call for pro rata redemption, at the principal amount thereof, without premium, together with accrued interest to the date fixed for redemption, Series P Bonds for cash in the principal amount equal to one per centum (1%) of the greatest aggregate principal amount of the Series P Bonds at any time outstanding (exclusive of Series P Bonds in exchange for or in substitution of which other Series P Bonds have been authenticated and delivered); provided that in all such redemptions the Trustee may adjust the allocations so that the principal amounts of the bonds to be redeemed from each of the holders thereof shall be as nearly as possible in multiples of One Thousand Dollars (\$1,000.00).

Section 1.04. Series P Bonds redeemed pursuant to the provisions of Article Twelve of the Original Indenture with money paid to or

deposited with the Trustee pursuant to Sections 8.11 and 8.14 of the Original Indenture, as amended, shall be redeemed at their principal amount, without premium, together with interest accrued to the date fixed for redemption.

Section 1.05. Notwithstanding anything in the Indenture to the contrary, in case of redemption of less than all of the Series P Bonds outstanding, the aggregate of moneys to be applied in redemption shall be apportioned by the Trustee pro rata as nearly as practicable in amounts of One Thousand Dollars (\$1,000) or any multiple thereof between each of the registered holders of bonds of such series in the proportion that the aggregate principal amount of bonds of such series then held by each such holder bears to the aggregate principal amount of bonds of such series then outstanding; and the Trustee shall within ten (10) days after such apportionment, notify the Company in writing of the numbers and principal amounts of bonds designated or selected by the Trustee for redemption, whether in whole or in part. Except in the case of redemption through operation of the sinking fund, if exact apportionment proves impracticable, then any portion of the moneys available for redemption, but not exactly apportionable in multiples of One Thousand Dollars (\$1,000), shall be retained by the Trustee and applied as a part of the next succeeding apportionment in redemptions as herein provided.

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

Within a reasonable time after the receipt of a request for such an exchange, the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection therewith, and the Trustee shall make such exchange upon payment of a sum sufficient to reimburse the Company or the Trustee for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee in connection with the transfer. Notwithstanding anything in Article Two, Section 2.09 of the Original Indenture to the

contrary, the Company shall make no charge in connection with the transfer of Series P Bonds other than those set forth in this Section 1.08.

Section 1.07. Fully registered bonds of Series P shall be numbered "PR-1" and consecutively upwards.

Section 1.08. Upon the execution of this Seventeenth Supplemental Indenture and from time to time thereafter, the Company may execute and deliver to the Trustee, and the Trustee (provided the Company has complied with the provisions of the Original Indenture with respect to the issuance of additional bonds) shall authenticate and deliver to, or upon the order of, the Company Bonds of Series P in the form of fully registered bonds without coupons in the aggregate principal amount of Fifteen Million Dollars (\$15,000,000).

ARTICLE TWO

ADDITIONAL PROVISIONS

Section 2.01. So long as any Series P Bonds are outstanding the Company will not apply any sum to the redemption, retirement or purchase of any shares of its capital stock of any class (other than preferred stock purchased to satisfy sinking fund requirements relating to such preferred stock) nor to the payment of any dividend or other disbursement on its common stock (exclusive of dividends payable in its common stock) if, after giving effect to such dividend, distribution, purchase or other acquisition, the sum of (a) the aggregate amount of all dividends and distributions paid on shares of capital stock of any class (other than dividends and distributions made in shares of capital stock) subsequent to December 31, 1978, plus (b) the excess, if any, of the amount applied to or set apart for the purchase or other acquisition of any shares of capital stock of any class subsequent to the time when the first of such Series P Bonds shall be authenticated by the Trustee over such amounts as shall have been received as the net cash proceeds of sales of shares of capital stock of any class subsequent to the time when the first of such Series P Bonds shall be authenticated by the Trustee, would

exceed the Company's net income since December 31, 1978 (treated as one accounting period), plus Six Million Dollars (\$6,000,000).

Section 2.02. The Company covenants that it is lawfully seized and possessed of the property described in the granting clauses of this Seventeenth Supplemental Indenture and that it will warrant and defend the title to said property to the Trustees for the equal pro rata benefit of the holders of all bonds at any time outstanding under the Indenture against the claims and demands (except those which constitute permitted encumbrances) of all persons whomsoever.

Section 2.03. The property of the Company will at all times be maintained and preserved in good repair and efficiency in accordance with accepted standards and the requirements of the Washington Utilities and Transportation Commission and the Public Utility Commissioner of Oregon with respect to properties within the respective states. So long as any Series P Bonds remain outstanding, it will during the three year period beginning January 1, 1980 and each successive three year period, upon written request of the holders or registered owners of not less than twenty-five per cent (25%) in principal amount of the Series P Bonds then outstanding, have the physical properties of the Company inspected at the Company's expense by an engineer or firm of engineers (who may be in the regular employ of the Company or under regular retainer from the Company) selected by the Board of Directors of the Company and satisfactory to the Trustee. Such engineer or firm of engineers will file with the Trustee a written report stating the extent to which the property of the Company has been maintained in compliance with this covenant. The Trustee will mail a copy of the report to each holder of Series P Bonds.

The Company covenants and agrees that, if such engineer or firm of engineers shall report that a maintenance deficiency exists, the Company will with all reasonable speed make such repairs and/or do such other maintenance work as may be necessary to make good such deficiency as shall exist at the time of such report, whereupon

such engineer or firm of engineers (or, in the case of his or its refusal or inability to act, some other engineer or firm of engineers similarly selected) shall report in writing to the Trustee that such deficiency has been made good.

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

Section 2.04. On the earliest date on which either (a) all Series A through L Bonds have been retired or (b) such amendment to Section 17.04 of the Original Indenture shall have been consented to by the holders of the Series A through L Bonds the amendment to Section 17.04 of the Original Indenture contained in Section 2.03 of the Thirteenth Supplemental Indenture shall become effective. No further assent of the holders of subsequent series of bonds shall be required for effecting such amendment.

The Company covenants and agrees that so long as any Series P Bonds remain outstanding, it will not, without the assent and authorization of each holder of Series P Bonds, enter into any supplemental indenture, or effect any modification of any right specifically provided in respect of the bonds or any waiver of any such right, which would reduce the percentage of the principal amount of bonds set forth in Section 17.04 which is required to assent to and authorize modifications of the Indenture or to give waivers.

Section 2.05. Effective on the earliest date on which either (a) all Series A through N Bonds have been retired or (b) the holders of the Series A through N Bonds have consented to such an amendment, the Original Indenture is hereby amended by deleting

11

Article Eight, Section 8.03 thereof in its entirety. No further assent of the holders of subsequent series of bonds shall be required for effecting such amendment. The amendment contained in this Section 2.05 shall in no way affect the rights of the holders of the Series A through N Bonds under Article Eight, Section 8.03 of the Original Indenture unless and until they have consented to such amendment.

Section 2.06. Effective on the earliest date on which either (a) all Series A through N Bonds have been retired or (b) the holders of the Series A through N Bonds have consented to such an amendment, Article Eleven, Section 11.04 of the Original Indenture is hereby amended by designating the present Section 11.04 as subsection (A) and by adding a new subsection (B) to read as follows:

(B) Notwithstanding anything in subsection (A) of this Section 11.04 to the contrary, the Company, while in possession of the mortgaged property and not in default, may sell or exchange but not otherwise dispose of any of its property of a value of \$10,000 or less, and the Trustees shall release the same from the lien hereof, upon receipt by the Trustee of:

(a) A certificate signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company:

(i) describing the property for the release of which request is made, and stating that in the opinion of the signers such release will be of benefit to the Company and will not be prejudicial to the security of the bonds issued hereunder;

(ii) stating that the Company has sold or exchanged, or contracted to sell or exchange, the property for the release of which request is made for a consideration representing in the opinion of the signers its full value to the Company;

(iii) stating the amount and nature of such consideration and that it consists, or will consist, solely

12

of one or more of the following: cash, property additions, and properties which upon such exchange will constitute property additions;

(iv) if any property additions or properties which on acquisition will become property additions are to be received in consideration, briefly describing them, and stating that in the opinion of the signers their acquisition is desirable from the standpoint of the Company and the bondholders;

(v) stating that the Company is not in default hereunder and stating the original cost of the property to be released;

(b) All moneys stated in the certificate responsive to (a) of this section to be or to have been received in consideration for any property for the release of which request is made, or to the extent that such moneys constitute the consideration for property subject to an underlying mortgage, which moneys are required to be paid or deposited with a mortgagee or trustee, a receipt by such mortgagee or trustee for such moneys, the Company covenants, agreeing and directing that upon the satisfaction or release of such underlying mortgage any such money remaining in the possession or control of such mortgagee or trustee, to which the Company may be entitled, shall forthwith be deposited with the Trustee;

(c) Such deeds, bills of sale, supplemental indentures, or other instruments of conveyance as may be necessary or proper to subject to the lien of this Indenture any property received in exchange for property released.

No further assent of the holders of subsequent series of bonds shall be required for effecting such amendment. The amendment contained in this Section 2.03 shall in no way affect the rights of the holders of the Series A through N Bonds under Article Eleven, Section 11.04 of

the Original Indenture unless and until they have consented to such amendment.

Section 2.07. Effective on the earliest date on which either (a) all Series A through O Bonds have been retired or (b) the holders of the Series A through O Bonds have consented to such an amendment, Article Eleven, Section 11.04 (B) of the Original Indenture is hereby amended by deleting the words "\$10,000 or less", and inserting in lieu thereof the words "up to one-tenth of one percent of total telephone plant of the Company in service".

Section 2.08. Effective on the earliest date on which either (a) all Series A through O Bonds have been retired or (b) the holders of the Series A through O Bonds have consented to such an amendment, the Original Indenture is hereby amended by deleting, in the definition of "Available Bonds" contained in Article One, Section 1.01, the phrases

- 1) "(a) redeemed by the use of any money deposited with the Trustee for the purpose of any sinking fund", and
- 2) "or delivered to the Trustee in lieu of payments for any sinking fund."

Section 2.09. Effective on the earliest date on which either (a) all Series A through O Bonds have been retired or (b) the holders of the Series A through O Bonds have consented to such an amendment, Article Ten, Section 10.03 of the Original Indenture is hereby amended by deleting the phrase "and shall not be reissued."

Section 2.10. Effective on the earliest date on which either (a) all Series A through O Bonds have been retired or (b) the holders of the Series A through O Bonds have consented to such an amendment, Article Five, Section 5.01 (3) (a) is hereby deleted.

Section 2.11. Effective on the earliest date on which either (a) all Series A through O Bonds have been retired or (b) the holders of

14

the Series A through O Bonds have consented to such an amendment, Article Eight, Sections 8.11 and 8.12 of the Original Indenture is hereby amended by deleting the words "Ten thousand dollars (\$10,000)", wherever they occur, and inserting in lieu thereof the words "a value equalling one-tenth of one percent of total telephone plant of the Company in service."

Section 2.12. Effective on the earliest date on which either (a) all Series A through O Bonds have been retired or (b) the holders of the Series A through O Bonds have consented to such an amendment, Article Twelve, Section 12.08 of the Original Indenture is hereby deleted.

Section 2.13. Except as herein specifically changed, the Original Indenture, as supplemented and amended by the First through the Sixteenth Supplemental Indentures, is hereby in all respects ratified and confirmed.

Section 2.14. Although this Seventeenth Supplemental Indenture is dated for convenience and for the purpose of reference as of July 1, 1979, the actual dates of execution by the Company and by the Trustees are as indicated by their respective acknowledgments hereto annexed.

Section 2.15. The warranties, representations, and agreements contained in this Seventeenth Supplemental Indenture, insofar as they apply exclusively to the Series P Bonds, shall be construed in accordance with and governed by the laws of the State of Washington.

Section 2.16. This Seventeenth Supplemental Indenture shall be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

15

IN WITNESS WHEREOF, UNITED TELEPHONE COMPANY OF THE NORTHWEST has caused these presents to be signed in its name and behalf by its President or Vice President and its corporate seal to be hereto affixed and attested by its Secretary or Assistant Secretary and to evidence their acceptance of the trusts hereby created; PEOPLES NATIONAL BANK OF WASHINGTON has caused these presents to be signed in its name and behalf by one of its Vice Presidents or Trust Officers and its corporate seal to be hereto affixed and attested by one of its Trust Officers, and Donald Greenfield has hereto set his hand and seal, all as of July 1, 1979.

UNITED TELEPHONE COMPANY OF THE NORTHWEST

By

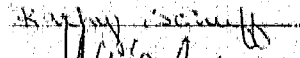
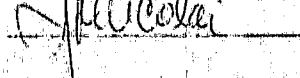

 R. M. Crockett, President

(Corporate Seal)

ATTEST:


 John Hoffelner, Secretary

Signed, sealed and acknowledged
 by United Telephone Company
 of the Northwest in the pres-
 ence of:

16

PEOPLES NATIONAL BANK OF WASHINGTON

By

D. L. Holmes
Trust Officer

By

R. Hanson
Senior Trust Officer

Attest:

Edmond N. Smith
Trust Officer

(Corporate Seal)

Signed, sealed and acknowledged
by Peoples National Bank of
Washington in the presence of:

Clara de Paez
R. Hanson

Donald Greenfield
Donald Greenfield

Signed, sealed and acknowledged
by Donald Greenfield in the pres-
ence of:

Clara de Paez
R. Hanson

17

STATE OF OREGON

COUNTY OF MULTNOMAH

ss.

On this 10th day of July, 1979, before me, the undersigned officer, appeared R. M. CROCKETT and JOHN HOFFELNER, to me personally known, who, being duly sworn, did acknowledge themselves to be President and Secretary, respectively, of United Telephone Company of the Northwest, a corporation, and that said instrument was signed and sealed by R. M. CROCKETT as such President on behalf of said corporation and as the free act and deed of said corporation by authority of its Board of Directors and that JOHN HOFFELNER as such Secretary affixed the corporate seal of said corporation thereto and attested the same.

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

Kathleen Schuff

Notary Public in and for the State of Oregon.

(Notarial Seal)

My commission expires 10-24-80

STATE OF WASHINGTON

COUNTY OF KING

ss.

On this 11th day of July, 1979, before me, the undersigned officer, personally appeared D. L. HENWOOD and D. L. HOLMES, to me known to be Trust Officers of Peoples National Bank of Washington, the national banking association which executed the within and foregoing instrument, and D. L. HENWOOD and D. L. HOLMES as Trustee Officers acknowledged said instrument to be the free and voluntary act and deed of said association for the uses and purposes therein mentioned and, on oath, stated that they were authorized to execute said instrument and ELLEN E. MERRIER as trust officer on oath stated that she was authorized to affix the seal of said

18

association to said instrument and to attest the same and that the seal affixed to said instrument is the seal of said association.

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

Suzanne A. Myhre

Notary Public in and for the State of Washington,
residing at Seattle, Washington.

(Notarial Seal)

My commission expires 6-12-82

STATE OF WASHINGTON }
COUNTY OF KING } ss.

On this 11th day of July, 1979, before me, the undersigned officer, personally appeared DONALD GREENFIELD, to me known to be the individual described in and who executed the within and foregoing instrument and acknowledged that he executed and signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

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

Suzanne A. Myhre

Notary Public in and for the State of Washington,
residing at Seattle, Washington.

(Notarial Seal)

My commission expires 6-12-82

19

SCHEDULE A

1. Situated in County of Jackson, State of Oregon:

Commencing at the corner common to Sections 17, 18, 19 and 20 in Township 36 South, Range 1 West of the Willamette Meridian in Jackson County, Oregon, thence North $0^{\circ}17'40''$ West, along the centerline of Agate Road, 1478.35 feet, thence South $89^{\circ}48'$ East, along the centerline of Avenue "C", 2798.64 feet to a bronze disk set in the concrete pavement on the centerline of Eighteenth Street; thence continue South $89^{\circ}48'$ East, along the centerline of Avenue "C", 800.33 feet, thence South $0^{\circ}12'$ West 40.00 feet to the south boundary of Avenue "C", thence continue South $0^{\circ}12'$ West 47.00 feet, thence South $36^{\circ}23'20''$ West 201.97 feet to the true point of beginning; thence North $89^{\circ}48'$ West 280.75 feet to a $\frac{3}{4}$ " iron pin on the east line of tract described in deed recorded as No. 72-01584 of the Official Records of Jackson County, Oregon; thence South $0^{\circ}12'$ West, along the said east line of said tract, 20.00 feet to the southeast corner thereof; thence South $89^{\circ}48'$ East 153.00 feet to a $\frac{3}{4}$ " iron pin; thence North $53^{\circ}03'45''$ East 152.32 feet to the true point of beginning.

88938

STATE OF OREGON
COUNTY OF SKAGAMIA

I HEREBY CERTIFY THAT THE WITHIN

DOCUMENT OF RECORD WAS FILED BY

United Telephone

ON

AT 4:20 P.M. July 12, 1929

AND RECORDED IN BOOK 56

AT PAGE 546

IN THE COUNTY OF SKAGAMIA, OREGON

W. T. Todd

COUNTY AUDITOR

W. Washburn

RECEIVED	71
INDEXED	1
INDEXED	1
RECORDED	
COMPARED	
MAILED	

Exhibit A

Form of Series P Fully
Registered Bond Without Coupon

\$.....

No. PR

First Mortgage Bond
Series P

Due July 1, 2009

UNITED TELEPHONE COMPANY OF THE NORTHWEST

UNITED TELEPHONE COMPANY OF THE NORTHWEST, a corporation of the State of Oregon (the "Company"), for value received, hereby promises to pay to or registered assigns, on the first day of July, 2009, the principal sum of and to pay interest thereon from the date hereof (unless this Bond shall have been called for previous redemption and payment duly provided therefor) at the rate of ten and one-eighth percent (10 1/8%) per annum, payable semiannually on the first day of January and the first day of July in each year until said principal sum is paid. Both the principal of and the interest on this Bond shall be payable at the main office of Peoples National Bank of Washington, in Seattle, Washington, or at the main office of its successor as corporate trustee in the trust hereinafter referred to, in lawful money of the United States of America.

This Bond is one of a duly authorized issue of first mortgage bonds of the Company, of a series designated 10 1/8% First Mortgage Bonds, Series P, due July 1, 2009, limited as to aggregate principal amount as set forth in the Seventeenth Supplemental Indenture hereinafter mentioned, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other analogous fund, res-

established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Leed of Trust dated as of January 1, 1946, as amended and modified by First through Sixteenth Supplemental Indentures and a Seventeenth Supplemental Indenture dated as of July 1, 1979 (said eighteen instruments being collectively called the Indenture), all duly executed and delivered by the Company to Peoples National Bank of Washington, of Seattle, Washington (the "Trustee"), and to either Donald Greenfield of Seattle, Washington (the "Individual Trustee") or to Donald Greenfield's predecessors in the office of individual trustee pursuant to the Indenture, as trustees, to which Indenture and to all indentures supplemental thereto reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustees and the Company in respect to such security. Subsequent series of said bonds may vary as to date, date of maturity, rate of interest and in other ways as in the Indenture provided or permitted.

Bonds of this Series P are redeemable in whole or in part at the option of the Company at any time, at the following redemption prices, expressed as percentages of said principal amount, during the respective periods hereinafter set forth, in each case together with accrued and unpaid

interest on the principal amount carried to the date fixed for redemption, as follows:

<u>If Redeemed During 12 Months Ending June 30,</u>	<u>Redemption Price</u>	<u>If Redeemed During 12 Months Ending June 30,</u>	<u>Redemption Price</u>
1980.....	110.13	1995.....	104.89
1981.....	109.78	1996.....	104.54
1982.....	109.43	1997.....	104.19
1983.....	109.08	1998.....	103.84
1984.....	108.73	1999.....	103.49
1985.....	108.38	2000.....	103.15
1986.....	108.03	2001.....	102.80
1987.....	107.68	2002.....	102.45
1988.....	107.33	2003.....	102.10
1989.....	106.98	2004.....	101.75
1990.....	106.64	2005.....	101.40
1991.....	106.29	2006.....	101.05
1992.....	105.94	2007.....	100.70
1993.....	105.59	2008.....	100.35
1994.....	105.24	2009.....	100.00

all on the conditions provided in the Indenture; provided, however, that no Series P Bond shall be redeemable, in whole or in part, at any time prior to July 1, 1989, directly or indirectly, as a part of, or in anticipation of, any refunding operations involving the incurring of any indebtedness by the Company having (i) an interest cost of less than ten and one-eighth percent (10 $\frac{1}{8}$ %) per annum, or (ii) a Weighted Average Life to Maturity (as defined in the Seventeenth Supplemental Indenture), at the time of such redemption, less than the Weighted Average Life to Maturity of the Series P Bonds.

On the conditions and in the manner provided in the Indenture and in addition to redemption at the option of the Company as explained above, the Bonds of Series P shall be subject to redemption in whole or in part at the principal amount thereof, without premium, together in each case with interest thereon to the date of redemption (i) through the

operation of the sinking fund, (ii) by use of moneys deposited with or paid to the Trustee as the proceeds of property taken through the exercise of the power of eminent domain or sold to a governmental body pursuant to the provisions of any statute or franchise permitting such governmental body to compel the Company to make such a sale and (iii) by use of moneys similarly deposited as the proceeds of insurance policies because of damage to or destruction of property.

Notice of any of the aforesaid redemptions shall be given by registered mail to the registered owner hereof at his registered address, such notice to be mailed at least sixty (60) days prior to the date fixed for redemption, provided that notice of redemption for the sinking fund may be mailed as aforesaid not less than ten (10) days prior to the date fixed for redemption; all on the conditions and in the manner provided in the Indenture.

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

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

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

This Bond shall not be valid nor become obligatory for any purpose

5

until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

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

UNITED TELEPHONE COMPANY OF THE NORTHWEST

By.....
President

ATTEST:

By.....
Secretary

DATED:

TRUSTEE'S CERTIFICATE

This Bond is one of the Bonds of the 10% First Mortgage Bonds, Series P, due July 1, 2000 referred to in the within mentioned Indenture.

PEOPLES NATIONAL BANK OF WASHINGTON
(Seattle, Washington)

Trustee

By.....

Authorized Officer