

deliver a copy of such notice to the Trustee with an affidavit showing the advertisement thereof. If less than all outstanding bonds shall be called for redemption, they shall be drawn by lot by the Trustee and the distinctive numbers of the bonds so selected shall be specified in such notice, but if all the outstanding bonds shall be called, it shall be sufficient to indicate that fact in the notice. Upon such advertisement of notice, the bonds specified in such notice shall become and be due and payable on the date designated in such notice at One Hundred and Five (\$105.00) Dollars for each One Hundred (\$100.00) Dollars of the face value thereof together with the interest accrued from the last matured interest installment. The interest maturing on such designated date being payable to the holders of the coupons for such interest. From and after the date of redemption designated in any notice so advertised (unless the Telephone Company shall make default in paying the same upon demand as herein provided) no further interest shall accrue upon the bonds so called for redemption and the coupons for interest maturing after such date, shall become null and void. All bonds so redeemed and paid shall be cancelled and surrendered to the Telephone Company. The Telephone Company shall deposit with the Trustee, to the credit of such bond, designating it by the number thereof, a sum of money in gold coin as aforesaid equal to the amount payable for the redemption of said bond, as hereinbefore provided, which deposit shall be in full payment of the said bond and all interest thereon as between the Telephone Company and the holder of the said bond, and thereupon and thereafter the said bond and interest thereon shall be excluded from participation in the lien and security afforded by these presents, and the holder of the said bond shall look for the payment of the said bond and interest thereon solely to the money so deposited, and the money so deposited shall be held by the said Trustee, to the credit and for the payment of the said bond, and shall be paid by the said Trustee, to the holder of the said bond, upon the presentation and delivery to it of such bond, together with all the outstanding interest coupons thereto belonging. Upon Moneys so deposited, the said Trustee shall not be obliged to pay interest.

ARTICLE EIGHTEEN.

SINKING FUND.

The Telephone Company further promises and covenants that until all of the outstanding bonds hereby secured have been fully paid or the moneys to redeem the same shall have been deposited with the Trustee that the Telephone Company will pay over to the Trustee on the first day of June of every year, beginning with the first day of June of the year 1916, an amount equal to two per cent of the par value of all bonds then outstanding in each successive year during the term of the bonds.

All sums of money paid to the Trustee by the Telephone Company on account of the sinking fund herein provided for shall be applied by the Trustee from time to time to the purchase of outstanding bonds issued hereunder at a price satisfactory to the Trustee, but not exceeding One Hundred and Five (\$105.00) Dollars for each One Hundred (\$100.00) Dollars of their face value together with accrued interest and the Trustee may purchase the same at public or private sale or otherwise as to it may seem advisable. Until and if none of the bonds issued hereunder can be purchased and be not redeemed as herein provided, the said sinking fund payments shall be forthwith invested by the Trustee in such securities as are authorized by law in the State of Oregon for the investment of trust funds. All interest of other income derived from such investments shall in like manner be invested or reinvested as a part of said sinking fund, provided, however, that all money in said sinking fund shall remain primarily applicable and shall be applied to the purchase of bonds issued hereunder whenever the same may be purchased at a price satisfactory to the Trustee, but not