

authenticated and delivered by the corporate trustee as follows:

(1) Bonds of said series to the aggregate principal amount of Two Million Five hundred Thousand Dollars (\$2,500,000) shall be authenticated and delivered by the Corporate Trustee to or upon the written order of the Corporation, signed by its President or a Vice President and said bonds or their proceeds may be ^{issued} used by the corporation for any of its lawful corporate purposes without restrictions imposed by this indenture.

SERIES A BONDS TO RETIRE UNDERLYING BONDS.

(2) The remaining bonds of ^{same} series A to the aggregate principal amount of One Million Two Hundred Thousand Dollars (\$1,200,000) shall be authenticated and delivered by the corporate Trustee for the following purposes and in the following manner:

Whenever from time to time the corporation shall deposit or cause to be deposited with the corporate trustee, before or ^{at or} after maturity any of the cancelled or uncanceled First Mortgage Five Per cent Gold Bonds series A, due July 1, 1952, issued under the first mortgage dated July 1, 1927, made by Puget Sound Telephone Company to the First National Bank of Everett Trustee, herein referred to as "underlying bonds" with all unmatured coupons if any thereto appertaining, or shall furnish to the corporate trustee evidence satisfactory to it that any such bonds, including those acquired for sinking fund purposes after the date of this indenture, have been paid and satisfied in full, the Corporate Trustee, upon the request of the corporation, evidenced by a certified copy of the resolution of its board of trustees, shall authenticate and deliver to or upon the written order of the Corporation, signed by its President or a Vice-President, bonds, with all matured coupons, detached, of a principal amount from said remaining Series A bonds then in the possession of the Corporate Trustee, equal to the principal amount of such underlying bonds so delivered to the Corporate Trustee and/or of such bonds so proved to have been paid and satisfied.

DISPOSITION OF UNDERLYING BONDS

Every underlying bond which shall be deposited with the corporate trustee under ^{the} provision of this paragraph (2) of Section 2 of Article Second, shall be stamped by it substantially as follows: not negotiable. Held in trust for the purposes declared in the Trust indenture of the West Coast Telephone Company dated July 1, 1928 and shall be held by the corporate trustee as purchaser, without merger or extinguishment or impairment of lien and if not previously cancelled then in uncanceled form as part of the security for the bonds ^{and to be} issued under this indenture unless and until disposed of as hereinafter in this paragraph (2) authorized and directed.

UNTIL DEFAULT NO INTEREST TO BE PAID.

Until the happening of an event of default described in section 2 of Article seven hereof neither the principal nor the interest of any underlying bonds at any time held by the corporate trustee shall be collected or shall be required to be paid, and the coupons or other interest obligations thereto appertaining, as they may mature, shall be cancelled or otherwise discharged by the corporate trustee and delivered to the corporation, except that if default known to the corporate trustee, be made in the payment of the interest or principal or any of the underlying bonds not held by the corporate trustee hereunder or the coupons appertain ing thereto any such bonds held subject to the lien of this indenture, shall not after ^{such} default be cancelled or otherwise discharged and the Corporate Trustee may demand and enforce any sums due, whether for interest or as principal, on any such bonds or uncanceled coupons, or may take ^{desirable or} such other actions as shall be in its judgement, be necessary and in all respects such bonds so held by the Corporate Trustee shall be enforceable equally and ratably with all other like bonds not so held by the Corporate Trustee. The Corporate Trustee shall be ~~not~~ reimbursed by the Corporation or from the Trust estate for all expenses by it properly