

denture, then all the powers of this Article Sixth conferred upon the Corporation may be exercised by the Trustees in the discretion of the Corporate Trustee.

ARTICLE SEVENTH.
REMEDIES OF THE TRUSTEES AND BONDHOLDERS.

SUBORDINATION OF LIEN OF COUPONS OR CLAIMS FOR INTEREST FUNDED OR EXTENDED.

SECTION 1.

In case any coupon or claim for interest on any of the bonds secured hereby shall have been funded or extended by or with the consent of the Corporation, such coupon or claim for interest so funded or extended shall not be entitled, in case of default hereunder, to the benefit or security of this indenture, except subject to the prior payment in full of the principal of all of said bonds that shall be outstanding and of all coupons and claims for interest thereon that shall not have been so funded or extended. If any coupons or claims for interest on any of said bonds at or after maturity shall be owned by the Corporation, then such matured coupons or claims for interest shall not be entitled to the benefit or security of this indenture; and the Corporation covenants that all such coupons and claims for interest so owned by it at or after their maturity shall promptly be cancelled.

EVENTS OF DEFAULT UPON WHICH TRUSTEES MAY ENTER.
UPON ENTRY TRUSTEES MAY OPERATE.
APPLICATION OF INCOME.

SECTION 2.

If one or more of the following events herein called "events of default" shall happen, that is to say:

(a) default shall be made in the payment of the principal of any bond or bonds issued hereunder when the same shall become due and payable, either by the terms thereof or otherwise, as herein provided; or

(b) default shall be made in the payment of any installment of interest on any of the bonds issued under this indenture, and such default shall continue for the period of ninety (90) days; or

(c) default shall be made in the due observance or performance of any covenant or condition in this indenture required to be kept or performed by the Corporation, and any such default shall continue for the period of ninety (90) days after written notice specifying such default shall have been given to the Corporation by the Corporate Trustee, which notice may be given by the Corporate Trustee in its discretion and shall be given on the written request of the holders of twenty-five per cent (25%) of the aggregate principal amount of the bonds issued hereunder at the time outstanding; or

(d) default shall be made in the payment of the principal of any of the bonds secured by the First Mortgage made by Puget Sound Telephone Company to the First National Bank of Everett, Trustee, dated July 1, 1927, when the principal of any such bonds shall have become due and payable under the provisions of said bonds or of said mortgage securing the same; or

(e) a decree by a court having jurisdiction in the premises shall have been entered adjudging the Corporation a bankrupt and such decree shall have continued undischarged and unstayed for a period of ninety (90) days; or an order of a court having jurisdiction in the premises for the appointment of a receiver of the property of the Corporation or for the winding up or liquidation of its business or affairs, shall have been entered and such order shall have remained in force undischarged and unstayed for a period of ninety (90) days; or the Corporation shall institute proceedings to be adjudicated a voluntary bankrupt or shall make an assignment for the benefit of creditors;