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MORTGAGE RECORD U
SKAMANIA COUNTY, WASHINGTON

hereinafter provided. The stated value of capital stock as used herein shall be deemed to mean the value thereof as fixed by any regulatory body having jurisdiction in the premises.

Net earnings as here used shall mean the amount remaining after deducting from annual gross revenue the sum of:

(1) All operating expenses and insurance, including executive salaries in amounts and at rates which are reasonable as compared to such salaries paid by other telephone companies of similar size and character:

(2) Depreciation;

(3) Taxes;

(4) Interest charges on mortgaged debt;

(5) Sinking fund payments under paragraph (a) above.

Section 2. Company will pay to the Corporate Trustee on or before the 1st day of December in each year the amount required to be paid by Company under the provisions of Section 1 of this Article.

Section 3. In lieu of any or all of the sinking fund cash payments, or any part thereof required by this Article, the Company may deliver to the Corporate Trustee for cancellation any of the bonds of the 4 $\frac{1}{2}$ % Series, due 1958, or any of the bonds of any subsequent issue or series which previously have been issued and thereafter acquired by the Company, with all unmatured coupons belonging thereto, and the Company shall thereupon be credited upon its obligation to make any such sinking fund cash payment or payments with the amount of the sinking fund redemption price of such bonds. All purchases of bonds for sinking fund purposes made by the Company for use in lieu of the sinking fund cash payments required by Section 2 of this Article V shall be made only at prices not in excess of the then applicable sinking fund redemption price. The corporate Trustee may accept the sworn statement of the Treasurer of the Company that the bonds delivered to the Corporate Trustee under this Section were issued and thereafter re-acquired by the Company at prices not in excess of the then applicable sinking fund redemption price.

The Company may pay moneys to the sinking fund in advance of the sinking fund requirements of Section 2 of this Article V and may also in advance of such requirements deliver bonds of the 4 $\frac{1}{2}$ % Series, due 1958, or of any subsequent issue or series with all unmatured coupons thereof to the sinking fund, and shall thereupon, to the extent of such cash payments or of the applicable sinking fund redemption price of such bonds be credited upon the succeeding sinking fund cash payments in the order that they become due hereunder.

Section 4. All money received by the Corporate Trustee upon account of the sinking fund shall be disbursed by the Corporate Trustee from time to time as soon as practicable after the receipt thereof in the purchase of bonds of the 4 $\frac{1}{2}$ % Series, due 1958, and of any subsequent issue or series issued and outstanding hereunder at the best prices obtainable not in excess of the then applicable sinking fund redemption price thereof. Purchases of bonds as aforesaid may be made at private sale, without notice, or in the open market, or the Corporate Trustee may by publication, at the expense of the Company, or in any other usual manner, invite tenders of such bonds for sale to the sinking fund.

Section 5. Until disbursed by the Corporate Trustee for the redemption of bonds, all moneys in the sinking fund shall be held by the Corporate Trustee as part of the trust estate for the security of all of the bonds; but from and after the time when any bonds shall have been duly called for redemption under the provisions of this Article V, all such moneys to the extent required therefor shall constitute a special trust fund in the hands of the Corporate Trustee to be used and applied by it solely for the purpose of