

Notwithstanding the foregoing provisions of this Section 6, if at the time cash received by the Corporate Trustee under any of the provisions of this Article shall be available for the purchase or redemption of bonds, there are no bonds outstanding under this Indenture which by their terms may be redeemed prior to the stated maturity thereof, the Corporate Trustee shall use such cash to purchase bonds at or below the face value thereof, and in so far as said cash cannot be so used and applied, the same or the balance thereof shall be held by the Corporate Trustee in accordance with the provisions of this Section 6, and, notwithstanding the two year limitation upon the withdrawals of money by the company shall be subject to withdrawal as hereinbefore in this Section 6 provided until and unless said cash or the balance thereof shall be used and applied by the Corporate Trustee to the purchaser or redemption of bonds.

Section 7. No purchaser in good faith of property purporting to have been released hereunder shall be bound to ascertain the authority of the Corporate Trustee to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser or grantee of any property or rights permitted by Section 2 of this Article to be sold, granted, exchanged or otherwise disposed of, be under obligation to ascertain or inquire into the authority of the Company to make any such sale, grant, exchange or other disposition.

ARTICLE VIII. CONCERNING PLEDGED SECURITIES.

Section 1. The Company covenants and agrees that the shares of capital stock of West Coast Telephone Company of California, a corporation (herein called the Subsidiary"), pledged hereunder, constitute and represent all of the shares of stock of said Subsidiary now issued and outstanding; and, other than preferred shares, as hereinafter provided, said Subsidiary will not issue any shares of stock unless the same shall be forthwith delivered to the Corporate Trustee and pledged hereunder. Nothing herein contained, however, shall prevent the Subsidiary from creating, issuing and selling shares of preferred stock from time to time, provided that any such shares of preferred stock so created, issued and sold shall be subject to redemption, and that at all times the shares of stock pledged hereunder shall have and represent a majority of the voting power of all shares of said Subsidiary at any time outstanding.

Section 2. So long as the Company shall not be in default as defined in Section 1 of Article VI hereof, it shall be entitled to receive and dispose of for its own use, free of accountability to the Trustees therefor, any dividends declared on the pledged shares of said Subsidiary declared and paid out of earnings, regardless of when such earnings accrued. If any such dividends are received by the Corporate Trustee, they shall be promptly paid over to the Company. Any stock dividends declared or paid in respect of said shares, shall be paid to and held by the Corporate Trustee as additional security for the bonds hereby secured. In the absence of notice to the contrary, the Corporate Trustee shall be entitled to presume that all cash dividends have been declared out of earnings.

Section 3. So long as the Company is not in default as aforesaid, ^{it} may vote, in its discretion, all of the shares of said Subsidiary pledged hereunder, and exercise any and all rights pertaining to the ownership of said shares. The Corporate Trustee shall have the right to cause said shares of said Subsidiary to be transferred of record into its name or the name of its nominee. When not in default hereunder, the Company shall have the right to vote and give consent to all matters not contrary to the covenants herein or elsewhere contained in this Indenture, with the same force and effect as though said shares were not subject to this Indenture; and from time to time, upon the request of the