

City of Seattle, as Trustees (hereinafter sometimes called respectively the "Trustee"; the "Individual Trustee" and collectively the "Trustees"):

WHEREAS the Company is duly authorized by law to issue, sell or otherwise dispose of its obligations for its lawful corporate purposes and to secure the payment of such obligations by a mortgage and deed of trust of and upon its properties, rights, privileges and franchises now owned or hereafter acquired; and

WHEREAS the Company deems it necessary and advisable to borrow money from time to time to retire its obligations and for other proper corporate purposes, and to issue its bonds therefor; and to mortgage and pledge its property hereinafter described to secure the payment of said bonds, and to that end has authorized and directed the issue of its bonds from time to time, limited in aggregate principal amount as hereinafter provided, to be designated as its First Mortgage Bonds, to be issuable in one or more series; to be coupon bonds registerable as to principal and fully registered bonds without coupons, to bear such date or dates, to mature on such date or dates, to bear interest at such rates and to contain and enjoy or to be subject to such provisions as shall be determined for each series by the Board of Directors of the Company prior to the issue thereof; and

WHEREAS the Company has determined by due corporate action to provide for the immediate issuance, authentication and delivery of Six Hundred Thousand Dollars (\$600,000) in aggregate principal amount of said First Mortgage Bonds, to be known as the Company's First Mortgage Bonds, Series A, to be in the form and tenor substantially as hereinafter set forth; and

WHEREAS the execution and delivery of this Indenture and the issuance from time to time of bonds secured hereby as herein provided have been in all respects duly and validly authorized by the Board of Directors of the Company; and

WHEREAS each of the bonds of Series A to be issued hereunder, the interest coupons to be attached to coupon bonds and the certificate of the Trustee to be endorsed on the bonds are to be substantially in the following forms respectively, to wit:

...(FORM OF SERIES A COUPON BOND)

No.....

\$1,000

OREGON-WASHINGTON TELEPHONE COMPANY

First Mortgage Bond, Series A

Due January 1, 1976

OREGON-WASHINGTON TELEPHONE COMPANY, a corporation of the State of Oregon (herein called the Company), for value received, hereby promises to pay to bearer or if this bond be registered as to principal, then to the registered owner hereof on the first day of January, 1976, the principal sum of One Thousand Dollars (\$1,000) and to pay interest thereon from the date hereof (unless this bond shall have been called for previous redemption and payment duly provided therefor) at the rate of three and one-half per cent. (3½%) per annum, payable semi-annually on the first day of January and the first day of July in each year until said principal sum is paid, but until maturity hereof only upon the presentation and surrender of the interest coupons hereto appertaining as they severally become due. Both the principal of and the interest on this bond shall be payable at the main office of Peoples National Bank of Washington in Seattle, in Seattle, Washington, or at the main office of its successor as corporate trustee in the trust hereinafter referred to, in lawful money of the United States of America.

This bond is one of a duly authorized issue of First Mortgage Bonds of the Company, limited as to aggregate principal amount as set forth in the Indenture hereinafter mentioned, issuable in series, and is one of a series known as First Mortgage Bonds, Series A, all