

YAKIMA BINDERY & PTD CO. 18787

- (i) 166 2/3% of aggregate principal amount of Series A bonds in lieu of retirement of which Net Bondable Expenditures are now to be appropriated under Section 10.01.....\$
- (j) 166 2/3% of aggregate principal amount of bonds of series other than Series A in lieu of retirement of which Net Bondable Expenditures are now to be appropriated under provisions of supplemental indenture or supplemental indentures required by Section 10.02..\$
- (k) Total of Net Bondable Expenditures now to be appropriated under Section 8.07 \$ Section 9.02 (c) \$ and Section 13.01 \$
\$\$
- (l) Aggregate amount of cash for the withdrawal of which application is now made under (a) of Section 12.03.....\$
- (m) Amount of Net Bondable Expenditures now to be bonded.....\$
- (Total of (h), (i), (j), (k) and (l))

(Note: The amount of (m) cannot exceed the amount of (g), namely the amount of Net Bondable Expenditures existing at the date of the certificate.)

Dated.....

.....
President

.....
Treasurer

of OREGON-WASHINGTON TELEPHONE
COMPANY.

Subscribed and sworn to by President and Treasurer
of Oregon-Washington Telephone Company, before me this day of , 19 .

.....
Notary Public

SECTION 4.02. For the purposes of this Indenture each of the following terms shall be construed to have the meaning hereinafter specified respectively:

A-Gross Operating Revenues:

The term "gross operating revenues" as applied to any period shall mean gross receipts from the operation of the fixed properties of the Company for such period (excluding such of said gross receipts as are required by any telephone toll or telegraph service contract to be paid to another telephone company or a telegraph company). Gross operating revenues shall not include income derived from stocks, bonds or other securities or gains arising from appreciation in value or from the sale or other disposition of fixed capital assets of the Company or of stocks, bonds or other securities.

B-Net Operating Earnings:

The term "net operating earnings" as applied to any period shall mean the amount by which the aggregate gross operating revenues of the Company for such period exceeds all operating expenses of every character for such period, such expenses to include (but not to be limited to) rents, insurance premiums, expenditures for maintenance, reasonable charges against income for the establishment of a reserve for depreciation plus the amount if any, required to be segregated pursuant to Section 9.03 and all taxes (except Federal and State taxes based directly or indirectly on net income), all as computed in accordance with the system of accounts prescribed by the governmental authority at the time having jurisdiction in the premises.

C-Net Operating Earnings Certificate, Annual Bond Interest Requirements:

The term "net operating earnings certificate" shall mean a certificate signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company

(a) stating the net operating earnings of the Company for a period of twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the first day of the month in which the application for the authentication and delivery under this Indenture of bonds then applied for or other application is made; and

(b) stating the aggregate annual interest charges on all bonds outstanding hereunder at the date of such application (except any bonds for the refunding of which bonds applied for are to be issued) and on all bonds then to be issued hereunder.