4576

UNITED TELEPHONE COMPANY OF IOWA

TO

THE CITY NATIONAL BANK AND TRUST COMPANY OF KANSAS CITY,

*as Trustee.*

# First Mortgage

DATED APRIL 1, 1953

FIRST MORTGAGE BONDS

STATE OF IOWA
MADISON COUNTY } ss
Filed for record the 24 day of July
A. D. 1953 at 10:40 o'clock A
Recorded in book 28 on page 1
Wilma M. Wood Recorder
Mary E. Welty Deputy
Fee .50¢

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152 pgs

**INDENTURE,** dated April 1, 1953, made by and between UNITED TELEPHONE COMPANY OF IOWA, a corporation organized and existing under the laws of the State of Delaware (hereinafter called the Company), having its principal office and place of business in the City of Newton, State of Iowa, party of the first part, and THE CITY NATIONAL BANK AND TRUST COMPANY OF KANSAS CITY, a corporation organized and existing under the laws of the United States of America, having its principal office and place of business in Kansas City, State of Missouri (hereinafter called the Trustee), party of the second part.

WHEREAS, the Company is authorized and deems it desirable to borrow money from time to time to refund 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 the principal of, premium (if any) and interest on, said bonds, and to that end has duly authorized and directed the issue of its bonds, from time to time, not limited in aggregate principal amount except as hereinafter provided, to be designated generally as its First Mortgage Bonds (hereinafter called the Bonds), to be issued in one or more series, the Bonds of each series to be issuable originally either as coupon Bonds registerable as to principal or as registered Bonds without coupons, or both, all such Bonds to be authenticated by the certificate of the Trustee, the Bonds of each series to bear such date or dates, to mature on such date or dates, to bear interest at such rate or rates and to contain such other terms and provisions permitted by law as are required or permitted by this Indenture and as may be determined and prescribed by the Board of Directors of the Company; and

WHEREAS, the initial issue of the Bonds is to be designated First Mortgage 4% Bonds, Series A (hereinafter called the Bonds of Series A), limited to the aggregate principal amount of not exceeding $2,000,000; and

WHEREAS, the Bonds of Series A, the coupons to be attached to coupon Bonds of Series A and the Trustee's authentication certificate on the Bonds are to be substantially in the forms following, respectively:

[FORM OF REGISTERED BOND OF SERIES A]

No. AR . . . $

UNITED TELEPHONE COMPANY OF IOWA

FIRST MORTGAGE 4% BOND, SERIES A

Due April 1, 1983

UNITED TELEPHONE COMPANY OF IOWA, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter called the Company, which term shall include any successor corporation as defined in the Indenture hereinafter referred to), for value received, hereby promises to pay to

or registered assigns, on April 1, 1983 (unless this Bond shall be called for previous redemption and payment thereof duly provided for), dollars, and to pay interest on the unpaid portion of said principal amount from the date hereof at the rate of 4% per annum, semi-annually, on the first day of April and on the first day of October in each year until said principal amount shall become due and payable and to pay interest on any overdue principal and (to the extent permitted by law) on any overdue instalment of interest at the rate of 6% per annum. Payment of the principal of, and premium (if any) and interest on, this Bond shall be made at the principal office of The City National Bank and Trust Company of Kansas City, the Trustee under such Indenture (hereunder called the Trustee), in Kansas City, State of Missouri, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

This Bond is one of an authorized issue of bonds of the Company known as its First Mortgage Bonds (hereinafter called the Bonds), not limited in aggregate principal amount, all issued and to be issued in one or more series under and equally and ratably secured by an Indenture of Mortgage (hereinafter called the Indenture), dated as of April 1, 1953, executed by the Company to the Trustee, to which Indenture and to all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the

Bonds are secured and the rights of the holders or registered owners thereof and of the Trustee in respect of such security. As provided in the Indenture, said Bonds may be issued in series for various principal sums, may bear different dates and mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided or permitted. This Bond is one of the Bonds described in the Indenture and designated therein as First Mortgage 4% Bonds, Series A (hereinafter called the Bonds of Series A), limited to the aggregate principal amount of not exceeding $2,000,000.

The Indenture contains provisions permitting the holders of not less than 66⅔% in aggregate principal amount of the Bonds at the time outstanding, on behalf of the holders of all of the Bonds, by written consent to waive compliance by the Company with certain provisions of the Indenture or to waive any past default under the Indenture and its consequences except a default in the payment of the principal of, premium (if any) and interest on, any of the Bonds. The Indenture permits the amendment thereof and the modification or alteration, in any respect, of the rights and obligations of the Company and the rights of the holders of the Bonds of all or any series and the holders of appurtenant coupons, if any, thereunder and hereunder at any time by the concurrent action of the Company and of the holders of specified percentages of the Bonds then outstanding affected by such amendment, modification or alteration (including, in the case, among others, of a modification of the terms of payment of the principal of, or premium or interest on, this Bond, the consent of the holder hereof), all as more fully provided in the Indenture. Any such consent or waiver by the holder of this Bond (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Bond and of any Bond issued in exchange herefor or in place hereof, irrespective of whether any notation of such consent or waiver is made upon this Bond.

No reference herein to the Indenture and no provision of this Bond or of the Indenture or of any indenture supplemental thereto shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium (if any) and interest on, this Bond at the time and place and at the rate and in the coin or currency herein prescribed.

The Bonds of Series A are entitled to the benefit of a sinking fund to be applied annually by the Trustee to the redemption of Bonds of Series A.

The Bonds of Series A are subject to redemption, in whole or in part, at any time or from time to time, at the option of the Company or pursuant to certain requirements of the Indenture, upon notice published in one daily newspaper printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, at least once in each of four successive calendar weeks, on any day of each such week (the first publication to be at least thirty and not more than sixty days before the redemption date), or, at the option of the Company, if all the Bonds of said series which are to be redeemed are registered Bonds without coupons or coupon Bonds registered as to principal, upon notice mailed by registered mail to the registered owners thereof, at least thirty days before the redemption date, all on the conditions and in the manner provided in the Indenture. If redeemed (i) by the operation of the sinking fund created for the benefit of the Bonds of Series A, or (ii) in connection with the acquisition of properties of the Company by one or more governments or municipal corporations or other governmental subdivisions or governmental bodies, authorities or agencies, the Bonds of Series A are redeemable in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts in the principal amount thereof, together with interest accrued to the date fixed for redemption. If redeemed otherwise than as set forth in the preceding sentence, the Bonds of Series A are redeemable, in like coin or currency, at the following redemption prices (expressed in percentages of the principal amount thereof):

**If Redeemed During the One Year Period Ending April 1**

| Year | Percentage | Year | Percentage |
|---|---|---|---|
| 1954 | 104 % | 1959 | 104 % |
| 1955 | 104 % | 1960 | 103⅞% |
| 1956 | 104 % | 1961 | 103¾% |
| 1957 | 104 % | 1962 | 103⅝% |
| 1958 | 104 % | 1963 | 103½% |

**If Redeemed During the One Year Period Ending April 1**

| Year | Percentage | Year | Percentage |
|---|---|---|---|
| 1964 | 103⅜% | 1974 | 102⅛% |
| 1965 | 103¼% | 1975 | 102 % |
| 1966 | 103⅛% | 1976 | 101¾% |
| 1967 | 103 % | 1977 | 101½% |
| 1968 | 102⅞% | 1978 | 101¼% |
| 1969 | 102¾% | 1979 | 101 % |
| 1970 | 102⅝% | 1980 | 100¾% |
| 1971 | 102½% | 1981 | 100½% |
| 1972 | 102⅜% | 1982 | 100¼% |
| 1973 | 102¼% | | |

and if redeemed after April 1, 1982, and prior to April 1, 1983, at 100% of such principal amount, together in each case with accrued interest on such principal amount to the date designated for redemption. If this Bond, or any portion hereof, is called for redemption and payment duly provided for as specified in the Indenture, interest shall cease to accrue hereon or on such portion, as the case may be, from and after the date fixed for redemption.

The principal of this Bond may be declared or may become due prior to its maturity date, in the manner and with the effect and subject to the conditions provided in the Indenture, upon the occurrence of an event of default as in the Indenture provided.

This Bond is transferable by the registered holder hereof, in person or by duly authorized attorney, on books of the Company to be kept for that purpose at the principal office of the Trustee in Kansas City, State of Missouri, upon surrender hereof at such office for cancelation and upon presentation of a written instrument of transfer duly executed, and thereupon the Company shall issue in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new registered Bond or Bonds of Series A, in an authorized denomination or denominations, of a like aggregate principal amount; and the registered holder of any registered Bond or Bonds of Series A may surrender the same as aforesaid at said office in exchange for a like aggregate principal amount of Bonds of Series A of like form, of other authorized denominations, or of coupon Bonds of Series A, of the authorized denomination, or of both such registered Bonds and coupon Bonds; all upon payment of the charges and subject to the terms and conditions specified in the Indenture.

The Company and the Trustee may deem and treat the person in whose name this Bond shall at the time be registered on the books of the Company as the absolute owner hereof for all purposes whatsoever; and payment of or on account of the principal of, and premium (if any) and interest on, this Bond shall be made only to or upon the order in writing of such registered holder hereof; and all such payments shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any indenture supplemental thereto, or in any Bond or coupon thereby secured, or because of any indebtedness thereby secured, shall be had against any incorporator, or against any past, present or future stockholder, officer or director, as such, of the Company or of any successor corporation, either directly or through the Company or any successor corporation under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise; it being expressly agreed and understood that the Indenture, any indenture supplemental thereto and the obligations thereby secured, are solely corporate obligations, and that no personal liability whatever shall attach to, or be incurred by, such incorporators, stockholders, officers or directors, as such, of the Company or of any successor corporation, or any of them, because of the incurring of the indebtedness thereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in the Indenture or in any indenture supplemental thereto or in any of the Bonds or coupons thereby secured or implied therefrom.

This Bond shall not be entitled to any benefit under the Indenture or any indenture supplemental thereto, and shall not become valid or obligatory for any purpose, until The City National Bank and Trust Company of Kansas City, as the Trustee under the Indenture, or a successor trustee thereunder, shall have signed the form of authentication certificate endorsed hereon.

In witness whereof, United Telephone Company of Iowa has caused this Bond to be signed in its name by its President or a Vice-President and its corporate seal (or a facsimile thereof) to be hereto affixed and attested by its Secretary or an Assistant Secretary, and this Bond to be dated .

United Telephone Company of Iowa,

By

President.

Attest:

Secretary.

[form of coupon bond of series a]

The form of coupon Bond of Series A shall be substantially the same as the form of registered Bond of Series A except that there shall be substituted in such form, in lieu of the corresponding heading and paragraphs in the form of registered Bond of Series A, the following heading and paragraphs and except that there shall be attached to such form of coupon Bond of Series A interest coupons in the form set forth hereinafter:

No. AM . . . $1,000

UNITED TELEPHONE COMPANY OF IOWA

First Mortgage 4% Bonds, Series A

Due April 1, 1983

United Telephone Company of Iowa, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter called the Company, which term shall include any successor corporation as defined in the Indenture hereinafter referred to), for value received, hereby promises to pay to the bearer or, if this bond be registered as to principal, to the registered holder hereof, on April 1, 1983 (unless this Bond shall be called for previous redemption and payment thereof duly provided for, One thousand dollars, and to pay interest on said principal amount from the date hereof at the rate of 4% per annum, semi-annually, on the first day of April and on the first day of October in each year until said principal amount shall become due and payable, but only according to the tenor and upon presentation and surrender of the interest coupons appertaining hereto, as they severally mature and to pay interest on any overdue principal and (to the extent permitted by law) on any overdue instalment of interest at the rate of 6% per annum. Payment of the principal of, and premium (if any) and interest on, this Bond shall be made at the principal office of The City National Bank and Trust Company of Kansas City, the Trustee under such Indenture (hereinafter called the Trustee), in Kansas City, State of Missouri, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

* * * * * *

This Bond is transferable by delivery except while registered as to principal. This Bond may be registered as to principal in the name of the holder on books of the Company to be kept for that purpose at the principal office of the Trustee in Kansas City, State of Missouri, and such registration shall be noted hereon, after which no transfer hereof shall be valid unless made on said books by the registered holder in person, or by his duly authorized attorney, and similarly noted on this Bond; but this Bond may be discharged from registration by being in like manner transferred to bearer and thereupon transferability by delivery shall be restored; and this Bond may again, from time to time, be registered or discharged from registration in the same manner. Such registration, however, shall not affect the negotiability by delivery of the coupons, which shall always be payable to bearer and transferable by delivery.

The holder or registered holder of any coupon Bond or Bonds of Series A may, at his option, surrender the same at the aforesaid office of the Trustee, with all unmatured coupons attached, in exchange for a registered Bond or Bonds of Series A without coupons, of authorized denomination or denominations, of a like aggregate principal amount, upon payment of the charges and subject to the conditions specified in the Indenture.

The Company and the Trustee may deem and treat the bearer hereof, or, if this Bond be registered as to principal, the person in whose name the same shall at the time be registered on the books of the Company, and may deem and treat the bearer of any coupon for interest on this Bond (whether or not this Bond shall be registered as to principal), as the absolute owner of this Bond or of such coupon, as the case may be, for the purpose of receiving payment thereof and for all other purposes whatsoever (except as otherwise provided in the Indenture with respect to Bondholders' consents), irrespective of whether or not this Bond or such coupon shall be overdue, and the Company and the Trustee shall not be affected by any notice to the contrary.

* * * * * *

Neither this Bond nor any coupon hereto attached shall be entitled to any benefit under the Indenture or any indenture supplemental thereto, or shall become valid or obligatory for any purpose until The City National Bank and Trust Company of Kansas City, as the Trustee under the Indenture, or a successor trustee thereunder, shall have signed the form of authentication certificate endorsed hereon.

In witness whereof, United Telephone Company of Iowa has caused this Bond to be signed in its name by its President or a Vice-President and its corporate seal (or a facsimile thereof) to be hereto affixed and attested by its Secretary or an Assistant Secretary, and interest coupons bearing the facsimile signature of its Treasurer to be attached hereto, and this Bond to be dated .

United Telephone Company of Iowa,

By

President.

Attest:

Secretary.

[FORM OF COUPON FOR BONDS OF SERIES A]

No. AM . . . $

On the first day of , 19 , UNITED TELEPHONE COMPANY OF IOWA, a Delaware corporation, will pay to bearer on surrender of this coupon, at the principal office of the Trustee, The City National Bank and Trust Company of Kansas City, in Kansas City, State of Missouri, ($ ) in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, being six months' interest then due on its First Mortgage 4% Bond, Series A, due April 1, 1983, No. AM . . .

This coupon will not be payable if said Bond shall have been called for previous redemption and payment thereof duly provided for.

UNITED TELEPHONE COMPANY OF IOWA,

By

Treasurer.

[FORM OF TRUSTEE'S AUTHENTICATION CERTIFICATE FOR BONDS OF SERIES A]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds, of the series designated therein, described in the within-mentioned Indenture.

THE CITY NATIONAL BANK AND TRUST COMPANY OF KANSAS CITY,

as Trustee,

By

Authorized Officer.

; and

WHEREAS the Bonds of any other series and the coupons to be attached to coupon bonds of such series and the Trustee's certificate of authentication thereon are to be substantially in the forms herein provided for the Bonds of Series A, with such omissions, insertions and variations as may be authorized and permitted by this Indenture; and

Whereas all acts and things prescribed by law and by the certificate of incorporation and by-laws of the Company necessary to make the Bonds, when executed by the Company and authenticated by the Trustee, the valid and binding obligations of the Company in accordance with their terms, and to make this Indenture a valid and binding instrument for the purposes herein expressed, in accordance with its terms, have been duly done and performed; and

Whereas the Trustee has full power and authority to execute this Indenture and to accept and execute the trust imposed upon it;

Now, therefore, this Indenture witnesseth that in order to secure the payment of the principal of, and the interest and premium, if any, on, all the Bonds at any time issued and outstanding under this Indenture, according to their tenor, purport and effect, and to secure the performance and observance by the Company of all the covenants and conditions therein and herein contained, and to declare the terms and conditions upon which the Bonds are secured, and in order to charge the properties, interests and rights hereinafter described with such payment and with such performance and observance and for and in consideration of the premises and of the acceptance or purchase of the Bonds by the holders thereof, and of the sum of Ten dollars, lawful money of the United States of America, to the Company duly paid by the Trustee at or before the ensealing and delivery of this Indenture, the receipt whereof is hereby acknowledged, the Company has executed and delivered this Indenture and has granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over, warranted and confirmed, and by these presents does grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over, warrant and confirm, unto The City National Bank and Trust Company of Kansas City, as Trustee, its successors in the trust and its and their assigns, forever, with power of sale, all and singular the following premises, property and rights:

## GRANTING CLAUSE I.

All those certain described tracts, pieces, parcels or lots of land situate, lying and being in the State of Iowa, described as follows:

1. *Albia.* The South Twenty-two (22) Feet of Lots Three (3) and Four (4) in Block Six (6) of the first survey of the City of Albia, Monroe County, Iowa.

2. *Avoca.* The South Half (S½) of Lot Nine (9) in Block Thirty (30) in the Town of Avoca, Pottawattamie County, Iowa.

3. *Bayard.* The West Twenty-five (25) Feet of Lot One (1) and the West Twenty-five (25) Feet of the North Twelve (12) Feet of Lot Two (2), all in Block Eight (8) of the Town of Bayard, Guthrie County, Iowa.

4. *Bellevue.* The South Sixty (60) Feet of Lot Forty-eight (48) in the Town of Bellevue, excepting therefrom that part thereof conveyed by Joseph Kelso and wife to Joseph Born by warranty deed dated February 24, 1873, and recorded January 5, 1874, in Book H, Page 266, and also excepting therefrom that part thereof conveyed by Joseph Kelso and wife to John Kurtenacker by warranty deed dated April 4, 1874, and recorded November 12, 1874, in Book H, Page 498, the premises described being approximately the South Twenty (20) Feet of the South Sixty (60) Feet of Lot Forty-eight (48) aforesaid, subject to party wall rights in the North wall of the Bank building located on the premises in question and in any extensions thereof, as created by the warranty deed from Joseph Kelso and wife to John Kurtenacker, recorded in Book H, Page 498, and mentioned in later deeds in the chain of title, Jackson County, Iowa.

5. *Bennett.* The North Twenty (20) Feet of Lot Twenty-one (21) in Block Four (4) in the Town of Bennett, Cedar County, Iowa.

6. *Charlotte.* Commencing at the Northwest corner of Lot Eighteen (18) of Block One (1) in the Town of Charlotte, Clinton County, Iowa, thence running South along the West line of Lots Eighteen (18), Nineteen (19) and Twenty (20), of said Block One (1) in the Town

of Charlotte, Clinton County, Iowa, Ninety (90) Feet, thence East Sixty-seven (67) Feet, thence South Four (4) Feet, thence East to the West line of the old Deep Creek Channel, thence along said West line of said old Deep Creek Channel in a Northeasterly direction to a point which is seventeen (17) Feet East of the Northeast corner of Lot Seventeen (17), Block One (1), thence West Seventeen (17) Feet, thence South along the East line of said lot Seventeen (17), Block One (1), to the Southeast corner of said Lot Seventeen (17), Block One (1), thence West along the South line of said Lot Seventeen (17), Block One (1) to the place of beginning, which is the Northwest corner of Lot Eighteen (18), Block One (1), in the Town of Charlotte, Clinton County, Iowa.

7. *Delmar.* Part of Lots Ten (10) and Eleven (11) in Block Thirty-three (33) in the Town of Delmar, Clinton County, Iowa, described as follows: That part of Lots Ten (10) and Eleven (11) described as commencing at a point thirty (30) Feet North of the Southeast corner of said Lot Eleven (11), running thence West Eighty (80) Feet, thence South Thirty-nine (39) Feet, thence East Eighty (80) Feet, thence North Thirty-nine (39) Feet to the place of beginning; that part of Lot Eleven (11) described as commencing at a point Forty-three (43) Feet South of the Northwest corner of said Lot Eleven (11) and running thence in a Southeasterly direction to a point on the South line of said lot Twenty-five (25) Feet East of the Southwest corner, and thence running East along said South line Fourteen (14) Feet, thence North Thirty (30) Feet, thence West Thirty-nine (39) Feet, thence South Thirteen (13) Feet to the place of beginning; that part of Lot Ten (10) described as commencing at a point Twenty-five (25) Feet East of the Northwest corner of said Lot and running thence East Fourteen (14) Feet, thence South Nine (9) Feet, and running thence in a Northwesterly direction to the place of beginning, all in the Town of Delmar, Clinton County, Iowa; and Lot Fourteen(14), in Block Thirty-two (32), in the Town of Delmar, Clinton County, Iowa.

8. *DeWitt.* The West Twenty-four (24) Feet of Lot Eight (8), in Block Ten (10) in the Town of DeWitt, Clinton County, Iowa.

9. *Durant.* The East Half (E½) of Lot One (1) in Block Fourteen (14), in the Town of Durant, Cedar County, Iowa.

10. *Fairfield.* A tract of land Twenty-eight (28) Feet in width North and South and One Hundred Thirty-two (132) Feet in length East and West off of the North end of Lots Seven (7) and Eight (8) in Block Fifteen (15) in the old Plat to the City of Fairfield, Jefferson County, Iowa.

11. *Fontenelle.* The South Half (S½) of the North Two-thirds (⅔) of Lot Seven (7), in Block Twenty (20), in the Original Town of Fontenelle, Adair County, Iowa.

12. *Fredericksburg.* The West Twenty-two (22) Feet of the East Half (E½) of Lot Three (3), Block Nineteen (19), Fredericksburg, Chickasaw County, Iowa.

13. *Fremont.* Lot J of the Auditor's Subdivision of the North Half (N½) of Block Ten (10), Original Plat in the Town of Fremont, Mahaska County, Iowa.

14. *Greenfield.* Lot Six (6) in Block Seventeen (17) in the Original Town of Greenfield, Adair County, Iowa.

15. *Grundy Center.* The East Nine (9) Feet of the South One Hundred Four (104) Feet of Lot Eight (8), and the West Fourteen (14) Feet of Lot Nine (9) in Block Twenty-five (25) of the Original Plat of Grundy Center, Grundy County, Iowa.

16. *Guthrie Center.* The West Fifteen (15) Feet Seven (7) Inches of Lot Three (3) in Block Thirty-two (32) in the Town of Guthrie Center, Guthrie County, Iowa.

17. *Harlan.* The East Twenty (20) Feet of Lot Nine (9), and the West Two (2) Feet of Lot Ten (10) in Block Fifty-two (52), in Long's Addition to Harlan, Shelby County, Iowa.

18. *Lisbon.* The East Twenty (20) Feet of Lot Two (2), Block A, J. S. Pfautzs Addition to the Town of Lisbon, Linn County, Iowa. However, it is believed that the actual deed received by the United Telephone Company of Iowa, under its then name, Iowa State Telephone Company, was limited to the South Twenty (20) Feet of the tract described herein.

19. *Low Moor.* A part of Lot Two (2) in Block Eight (8) in the Town of Low Moor, more particularly described as follows: Beginning at a point Fourteen (14) Feet West of the Northeast corner of said Lot Two (2) in Block Eight (8), and running thence West parallel with Second Avenue Fifty-two (52) Feet, thence South along the West line of said Lot Two (2) Sixty-six (66) Feet, thence East at right angles with said West line Fifty-two (52) Feet, thence North Sixty-six (66) Feet to the place of beginning, all in the Town of Low Moor, Clinton County, Iowa.

20. *Luther.* That part of Lot Six (6) in Block Eight (8) in Luther, Iowa, described as follows: Commencing at the Southeast corner of said Lot Six (6), running thence West Twenty (20) Feet, thence North Sixty (60) Feet, thence East Twenty (20) Feet, thence South Sixty (60) Feet to the place of beginning; also Lot Seven (7) in Block Eight (8), in Luther, Boone County, Iowa.

21. *Madrid.* Lot Seven (7) of Block Nine (9) in Madrid, Boone County, Iowa.

22. *Minden.* The North Seventy-nine (79) Feet of Lot No. Seven (7) in Block No. One (1), Town of Minden, Pottawattamie County, Iowa.

23. *New Hampton.* The West Forty-four (44) Feet of the North Half (N½) of Block Five (5) of Bigelow's Addition to New Hampton, Chickasaw County, Iowa.

24. *New Sharon.* A strip of land Twenty-five (25) Feet in equal width off from the entire South side of Lot One (1), Block Twelve (12), Original Plat Sharon, Mahaska County, Iowa.

25. *Newton.* The East Forty-five (45) Feet of Lot Three (3), Block Twenty-seven (27), Original Town, now City of Newton, Jasper County, Iowa. In addition, the West Twenty-one (21) Feet of Lot Three (3), and the East Twenty-three (23) Feet of Lot Four (4), all in Block Twenty-seven (27), Original Town now the City of Newton, Jasper County, Iowa.

26. *Sabula.* The South Thirty-eight (38) Feet of Lot Seven (7) in Half Block Three (3) in the Town of Sabula, Jackson County, Iowa.

27. *Shelby.* The South Half (S½) of Lot Five (5) in Block Twenty-three (23) in the Town of Shelby, Shelby County, Iowa.

28. *Sumner.* The West Thirty (30) Feet of Lot Two (2) in Block Twenty-five (25) of the Original Town of Sumner, Bremer County, Iowa.

29. *Tipton.* Lot Nine (9) and all of Lot Ten (10), except the North Twenty-five (25) Feet thereof, in Block Twelve (12), in the Original Town, now City of Tipton, Cedar County, Iowa.

30. *Greene.* Commence at a point Seventy-two (72) Feet distant from the Northeasterly corner of Lot Eight (8), Block Four (4), Original Town of Greene, Iowa, Southwesterly along the Southeasterly lot line of said lot, thence Northwesterly parallel to the Northeasterly lot line of said lot, thence Southwesterly along the Northwesterly lot line of said lot to the center of alley in Block Four (4), thence in a Southeasterly direction along center of said alley a distance of Fifty (50) Feet, thence in a Northeasterly direction along the Southeasterly lot line of said lot to point of beginning, said property described being all of Lot Eight (8), Block Four (4), except the Northeasterly Seventy-two (72) Feet thereof, in the Original Town of Greene, Iowa.

31. *Ionia.* Commencing at the Southwest corner of Lot Fifteen (15), in Block Eighteen (18) in the Original Plat of the Town of Dover, now known as the Town of Ionia, Iowa, running thence North Twelve (12) Feet, thence East Twelve (12) Feet, thence South Twelve (12) Feet, thence West Twelve (12) Feet to the place of beginning.

32. *Marble Rock.* Commencing Forty-four (44) Feet East of the Southeast corner of Block Ten (10) in the Town of Marble Rock, Iowa, thence North Eight (8) Rods, thence East Twenty-two (22) Feet, thence South Eight (8) Rods, thence West Twenty-two (22) Feet to place of beginning, except eleven (11) Feet off the North end for alley. The above property is also described as the East Twenty-

two (22) Feet of the West Sixty-six (66) Feet of Lot Four (4) in the Southwest Quarter (SW¼) of the Southwest Quarter (SW¼) of Section Nine (9), Township Ninety-four (94) North, Range Seventeen (17) West of the 5th P. M., Marble Rock, Floyd County, Iowa.

## GRANTING CLAUSE II.

All property, real and personal, of every kind and nature, whether now owned or hereafter acquired by the Company, located upon any of the properties described in Granting Clause I or upon any other properties which, or any interest in which, shall hereafter become subject to the lien hereof, or used or procured for use in connection with, or pertaining to, or useful in the transaction of, the telephone business with exchanges in Adair, Albia, Aplington, Avoca, Bayard, Bellevue, Bennett, Bridgewater, Charlotte, Delmar, De Witt, Durant, Eddyville, Fairfield, Fontanelle, Fredericksburg, Fremont, Greene, Greenfield, Grundy Center, Guthrie Center, Harlan, Ionia, Liston, Lowden, Low Moor, Madrid, Marble Rock, Melrose, Minden, New Hampton, New Sharon, Newton, Oxford Junction, Sabula, Shelby, Stanwood, Sumner, Tipton and Wellsburg, in the State of Iowa, and elsewhere which the Company now owns or in which it has any interest or which it may hereafter acquire (regardless of whether placed upon real property belonging to the Company or belonging to others), including, without limitation, buildings, plants, shops, laboratories, exchanges, factories, warehouses, systems, mills, docks, pipes, fixtures, exchange and station outfits, appliances, machinery, materials, supplies, tools, implements, apparatus, fittings, telephone lines, switchboards, wires, cables, poles, conductors, subways, conduits, stations, sub-stations, equipment (including central office equipment, subscribers' stations equipment and other equipment in general), instruments, house-wiring connections, engines, boilers, dynamos, generators, connections, overhead and underground construction, main frames, brackets, braces, guy wires, guy stubs, drop wires, transmitters, receivers, microphones, implements, supplies, furniture, chattels, municipal and other franchises, and any and all other property, devices or rights relating to the dispatch, transmission, reception or reproduction of messages, communication, intelligence, signals, light, vision or sound by electricity or otherwise and all extensions, additions, improvements, betterments, renewals and replacements of, to or upon any of said property, and spare and repair parts for the same.

## GRANTING CLAUSE III.

All easements, estates, rights, interests, privileges, liberties, leases, leaseholds, servitudes, licenses, license agreements, permits, franchises, immunities, consents, permissions, patents, patent-rights, hereditaments and appurtenances whatsoever, streets, ways, alleys, passages, sewer rights, railroad tracks and sidings, rights-of-way, factories, warehouses, laboratories, buildings, plants, systems, works, structures, docks, improvements, pipes, exchanges, private branch exchanges and fixtures, in any way belonging, relating or appertaining to any of the property by the terms of any of these Granting Clauses conveyed or mortgaged or intended so to be, or which hereafter shall in any way belong, relate or be appurtenant thereto, and all extensions, additions, improvements, betterments, renewals and replacements of, to or upon any of said property, and all machinery, apparatus, equipment, tools, implements and appliances of every kind and description (including spare and repair parts), movable or immovable, now owned or hereafter acquired by the Company and located upon, or used or procured for use in connection with, or in any way belonging, relating or appertaining to, any of said property, whether or not the same be affixed thereto.

## GRANTING CLAUSE IV.

All other real estate, land, chattels real and interests in land, now owned or hereafter acquired by the Company, wheresoever situated, and all easements, estates, rights, interests, privileges, liberties, hereditaments and appurtenances whatsoever, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, railroad tracks and sidings, rights-of-way, mills, factories, warehouses, laboratories, buildings, plants, systems, works, structures, docks, improvements, pipes, exchanges, private branch exchanges and fixtures, in any way belonging, relating or appertaining thereto, or which hereafter shall in any way belong, relate or be appurtenant thereto; and all extensions, additions, improvements, betterments, renewals and replacements of, to or upon any of the foregoing property; and all machinery, apparatus, equipment, tools, implements and appliances of every kind and description (including spare and repair parts), movable or immovable, and all other property, interests and rights of every kind, real or personal or mixed, now owned or hereafter acquired by the Company, wherever located.

## GRANTING CLAUSE V.

Any and all other property, interests and rights of every kind, real or personal or mixed, which the Company is required by the provisions of this Indenture from time to time to grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over, warrant or confirm to the Trustee, or which from time to time hereafter may be granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over, warranted or confirmed by the Company, or by anyone in its behalf, to the Trustee, which is hereby authorized at any and all times to receive any such property, interests and rights for the purposes hereof as and for additional security hereunder, and also (when and as hereinafter provided) as substituted security, for the Bonds hereby secured, and to hold or apply any and all such property, interests and rights subject to the terms hereof; subject, however (as to such other property, interests and rights so granted, bargained, sold, aliened, remised, released, conveyed, confirmed, warranted, assigned, mortgaged, pledged, transferred, delivered or set over) to all terms, conditions, agreements, covenants, exceptions and reservations expressed or provided in the deeds or other instruments, respectively, under and by virtue of which the Company shall hereafter acquire the same.

Together with all and singular the reversions and remainders, and (subject to the rights of the Company hereinafter set forth) the tolls, earnings, income, rents, revenues, issues and profits now or hereafter belonging or in anywise appertaining to any of the property described in or covered by the foregoing Granting Clauses (which assignment of the tolls, earnings, income, rents, revenues, issues and profits shall run with the land and be good and valid as against the Company or those claiming through or under it), and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law as well as in equity, which the Company may now have or may hereafter acquire in and to the same and every part and parcel thereof with the appurtenances thereto.

## EXCEPTED PROPERTY

THERE IS, HOWEVER, EXPRESSLY EXCEPTED, RESERVED AND EXCLUDED from the lien and operation of this Indenture, within the limits, if any, and for the periods, if any, hereinafter provided, the following described property now owned or hereafter acquired by the Company:

(*a*) all cash on hand or in banks, contracts, agreements, shares of stock, bonds, notes, evidences of indebtedness and other securities, bills, notes and accounts receivable, claims, credits, choses in action and other intangible rights, other than any of the foregoing which are specifically by the express provisions of this Indenture subjected or required to be subjected to the lien hereof;

(*b*) all goods, wares, materials and supplies (other than spare and repair parts), merchandise, manufactured products, stock in trade and on hand, and other personal property, purchased, acquired, produced or manufactured for the purpose of consumption or sale in the ordinary course of business;

(*c*) all automobiles, buses, trucks, truck cranes, tractors, trailers and similar vehicles, and other similar movable equipment and personal property and accessories and supplies used in connection with any of the foregoing;

(*d*) all aircraft, office furniture and fixtures, and all accessories and supplies used in connection with any of the foregoing and all hand tools;

(*e*) all leases for a term (including any period for which the Company shall have a right of renewal) of less than five years;

(*f*) the last day of the term of each leasehold estate subject to the lien hereof; *provided, however,* that the Company covenants and agrees that it will hold each such last day in trust for the use and benefit of the Bondholders and that it will dispose of each such last day at any time and from time to time in accordance with such written order as the Trustee in its discretion may give; and (*g*) all franchises, permits, grants, or interests in real property, which by their terms or by reason of applicable law would become void or voidable if mortgaged or pledged by the Company;

*provided, however,* that (*i*) if, upon the occurrence of any of the Events of Default, the Trustee or any Receiver shall have entered into possession of the Mortgaged Property or a substantial part thereof (other than Securities or cash deposited or pledged with the Trustee as part of the Mortgaged Property), all of the property then owned or thereafter acquired by the Company of the character hereinabove excepted from the lien hereof by the foregoing subparagraphs (*a*) through (*e*), inclusive, shall immediately become subject to the lien hereof to the extent permitted by law, and (*ii*) whenever all Events of Default shall have been cured and the possession of the Mortgaged Property (other than Securities and cash forming a part thereof) shall have been restored to the Company, any property of the character described in the foregoing subparagraphs (*a*) through (*e*), inclusive, so restored to the Company shall again be excepted and excluded from the lien and operation of this Indenture to the extent hereinabove set forth;

To HAVE AND TO HOLD all said property hereby, and all property hereafter (by supplemental indenture or otherwise), granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over, warranted or confirmed by the Company as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining (said property being herein sometimes called the Mortgaged Property), unto the Trustee, its successors in the trust and its and their assigns forever;

SUBJECT, HOWEVER, to the exceptions, reservations, restrictions and matters hereinabove recited; to Permitted Encumbrances; and, with respect to any property which the Company may hereafter acquire and which may hereafter constitute part of the Mortgaged Property, to all terms, conditions, agreements, covenants, exceptions and reservations expressed or provided in the deeds and other instruments, respectively, under and by virtue of which the Company shall hereafter acquire the same;

In trust nevertheless, under and subject to the conditions herein set forth and, except as herein otherwise expressly provided, for the equal and proportionate benefit and security, without priority or preference because of prior issuance or otherwise, of all Holders of the Bonds or coupons now or hereafter issued under and secured by this Indenture, and for the enforcement of the payment of the principal of the Bonds, and the premium (if any) and the interest thereon, when payable, and for the performance of and compliance with the covenants and conditions of this Indenture, without preference, priority or distinction as to lien or otherwise of any of the Bonds or coupons.

Provided, however, that these presents are upon the condition that, if the Company, its successors or assigns, shall pay or cause to be paid the principal and interest payable in respect of the Bonds, together with the premium (if any) payable on the Bonds, at the times and in the manner stipulated therein and herein and shall keep, perform and observe all and singular the covenants and promises in the Bonds and the appurtenant coupons and in this Indenture expressed to be kept, performed and observed by and on the part of the Company, then this Indenture, and the estates and rights hereby assigned shall cease, determine and be void; otherwise they shall remain and be in full force and effect.

And it is hereby covenanted and declared that all the Bonds are to be authenticated and delivered and the Mortgaged Property is to be held and applied by the Trustee, subject to the further covenants, conditions and trusts hereinafter set forth, and the Company for itself and its successors and assigns does hereby covenant and agree to and with the Trustee and its successor or successors in such trust, for the benefit of all present or future holders of the Bonds and coupons, or any of them, as follows:

## ARTICLE I.

### Definitions.

**Section 1.01. Definitions.** Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes of this Indenture have the respective meanings set forth below, the following definitions to be equally applicable to both the singular and the plural forms of any of the terms defined:

*Acquired Plant:*

The term "Acquired Plant" shall mean any plant or system, including any property used in connection therewith, purchased or acquired by the Company after March 31, 1953, which prior to the date of purchase or acquisition thereof by the Company shall never have been owned by the Company and which within two years prior to such date shall have been used or operated by others in the business of a telephone company or of a telephone utility.

As to the Cost of an Acquired Plant, see under the definition of Cost.

As to the Fair Value of an Acquired Plant, see under the definition of Fair Value.

*Additions Credit:*

The term "Additions Credit" shall mean the amount shown in Item (*h*) of Clause (12) of any Net Capital Additions Certificate, which Additions Credit may thereafter be used in the next subsequent Net Capital Additions Certificate.

*Annual Interest Charges:*

The term "Annual Interest Charges", with respect to Bonds or Indebtedness of the Company, shall mean the amount of interest payable annually on such Bonds or Indebtedness, computed at the rates in effect at the date of determination. In case any of the Bonds shall be pledged as security for any Indebtedness of the Company, Annual Interest Charges on the Bonds so pledged shall mean the greater of (i) Annual Interest Charges on such Bonds (determined in accordance with the foregoing sentence) or (ii) Annual Interest Charges on the Indebtedness as security for which such Bonds shall be pledged (determined in accordance with the foregoing sentence).

*Article, Section:*

All references herein to an "Article" or a "Section" or any other subdivision are to the corresponding article, section or subdivision of this Indenture.

*Authorized Newspaper:*

The term "Authorized Newspaper", with respect to any city, shall mean a newspaper printed in the English language and of general circulation in that city, customarily published on each business day.

*Authorized Securities:*

The term "Authorized Securities" shall mean any obligations of the United States of America or any political subdivision thereof for which the full faith and credit of the obligor shall be pledged and which shall mature not more than one year after the purchase thereof by the Trustee.

*Board of Directors:*

The term "Board of Directors" shall mean the Board of Directors of the Company.

*Bond:*

The term "Bond" shall mean one of the Bonds duly authenticated and delivered hereunder.

*Bondholders; Holders:*

Subject to Article XV hereof, the term "Bondholders" or "Holders" of the Bonds shall, for the purposes of this Indenture, unless the context otherwise requires, mean the bearers of any coupon Bonds hereunder the ownership of which is not at the time registered as to principal, the Registered Holders of any coupon Bonds which are at the time registered as to principal and the Registered Holders of any registered Bonds without coupons.

*Capital Account:*

The term "Capital Account" shall mean an appropriate plant and property fixed asset account classified as such under Required Accounting Practice.

*Capital Additions:*

The term "Capital Additions" shall mean real estate owned in fee, easements, rights-of-way, and other rights in respect of real estate, plants, buildings, poles, structures, machinery, equipment and other properties, real or personal, used or useful in connection with the business of the Company as a telephone company or as a telephone utility and purchased, constructed, erected or otherwise acquired by the Company after March 31, 1953, which prior to the date of purchase or acquisition thereof by the Company shall never have been owned by the Company and which are charged and properly chargeable under Required Accounting Practice to Capital Account; and such Capital Additions, without by the following enumeration in any wise limiting or restricting the scope of the foregoing, shall include and be construed to include:

(*a*) improvements, extensions, additions or betterments to or about the properties of the Company in the process of construction or erection in so far as actually constructed or erected by the Company;

(*b*) property purchased, constructed or otherwise acquired by the Company to renew, replace or in substitution for old, worn out, retired, discontinued or abandoned property; and

(*c*) property of the character described above which was retired and the retirement of which has been credited to Capital Account;

but shall not include or be construed to include:

(*d*) any Excepted Property; or

(*e*) any property acquired or constructed by the Company to the extent that the cost thereof may not under Required Accounting Practice properly be capitalized; or

(*f*) any property which is subject to any Lien prior to, or on a parity with, the lien hereof, other than Funded Prior Liens or Permitted Encumbrances; or

(*g*) any property of the character described above which has been retired and the retirement of which has not been credited to Capital Account; or

(*h*) any property which shall not be held in fee by the Company, unless (i) the interest of the Company therein shall extend beyond the maturity of any Outstanding Bonds and (ii) the Company shall have the right to remove all fixtures therefrom and such fixtures shall be capable of being removed at reasonable expense and without destroying their value; or (*i*) any property acquired or constructed by the Company by the use of moneys deposited with the Trustee pursuant to the provisions of Sections 4.11, 7.02, 7.03, 7.04 or 7.06; or

(*j*) any damaged or destroyed property replaced, renewed, repaired or rebuilt by the application of the proceeds of any insurance pursuant to the provisions of Section 4.11.

*Certified:*

The term "Certified", when used with reference to Capital Additions, shall mean and include the following:

(i) any Capital Additions certified to the Trustee in clause (1) of any Net Capital Additions Certificates;

(ii) any Capital Additions which shall have been certified to the Trustee in any Certificate filed pursuant to the provisions of paragraph 2 of Section 7.03; and

(iii) any Capital Additions which shall have been certified to the Trustee pursuant to Clause 2 of Section 8.02.

*Certified Resolution:*

The term "Certified Resolution" shall mean a copy of a resolution or resolutions certified by the Secretary or an Assistant Secretary of the Company under the corporate seal of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, which date shall be not more than 10 days prior to the date of the taking of any action by the Trustee, in connection with which such Certified Resolution is furnished, and shall comply with the provisions of Section 16.04, if applicable.

*Company:*

The term "Company" shall mean the party of the first part hereto, United Telephone Company of Iowa, a Delaware corporation, and, subject to the provisions of Article XII, shall also include any Successor Corporation.

*Control; Controlling; Controlled:*

The terms "Control" and "Controlling" shall mean the power of a Person, directly or indirectly, either alone or in conjunction with a third Person, to direct or cause the direction of the management and policies of another Person, whether through the ownership of voting securities, by contract or otherwise.

The term "Controlled" shall mean being subject to such a power.

*Cost:*

The term "Cost", as applied to Capital Additions or any other property of the Company, shall mean the aggregate of

(*a*) any cash paid or expended in the making, acquisition, construction or erection thereof, including the installation thereof ready for operation, and also including the cost of any paving, grading or other improvements to public highways paid by the Company which is part of the cost of installation of any such Capital Additions or other property and which is charged and properly chargeable to Capital Account under Required Accounting Practice,

(*b*) the Fair Value (as of the date of delivery) of any Securities delivered in payment therefor or for the acquisition thereof,

(*c*) the Fair Value (as of the date of transfer) of any other property transferred in payment therefor or for the acquisition thereof,

(*d*) the amount of any Indebtedness

(i) which shall have been assumed or agreed to be assumed by the Company in connection with the making, acquisition, construction or erection thereof or which shall have been incurred, issued or delivered in payment therefor or

(ii) subject to which the same shall have been acquired and which shall have been credited or allowed against or deducted from, or constituted any part of, the consideration therefor,

but nothing in this paragraph (*d*) shall be construed to modify the requirements with respect to Prior Liens contained in Clause (2) of a Net Capital Additions Certificate and in paragraph 4 of Section 3.05, and

(*e*) such allowance for interest during construction, taxes, engineering, casualties and other items of overhead (other than operating or start-up losses) incurred or expended as is properly chargeable to Capital Account, under Required Accounting Practice, in connection therewith.

The Cost of any Acquired Plant shall be deemed to include the Cost of any franchises or other rights acquired simultaneously therewith for which no separate consideration shall have been paid or apportioned, but not the cost of any such franchises or rights for which a separate consideration shall have been paid or apportioned.

*Cost Basis:*

The term "Cost Basis", when used with reference to Retirements, shall mean, as to any property acquired subsequent to March 31, 1953, the Cost thereof and, as to any property acquired prior to April 1, 1953, the gross amount (without any deductions for amortization, depreciation, depletion or otherwise) at which such property was carried in the Capital Accounts on the books of the Company on March 31, 1953.

*Current Indebtedness:*

The term "Current Indebtedness" shall mean as of the date of determination thereof, all Indebtedness maturing on demand or within one year after the date as to which such determination is made (excluding any Indebtedness renewable or extendible at the option of the debtor, absolutely or conditionally for a period or periods ending more than one year after the date of such determination, whether or not theretofore extended or renewed), fixed sinking fund payments (except to the extent that funds for the payment thereof shall have been deposited with the Trustee) or other prepayments required to be made with respect to any Indebtedness within one year after said date, and all other items (including taxes accrued as estimated) which in accordance with Required Accounting Practice would be included as current indebtedness.

*Events of Default:*

The term "Events of Default" shall mean the events specified in Section 9.01.

*Excepted Property:*

The term "Excepted Property" shall mean the property specified in the Excepted Property clause of this Indenture.

*Fair Value:*

The term "Fair Value" of any property or Securities shall mean the fair value thereof to the Company after deducting, in the case of any property which at the date of determination of the Fair Value thereof is subject to a Prior Lien which will not be discharged prior to or simultaneously with the taking of any action in connection with which Fair Value is being certified, the amount of the Indebtedness secured by such Prior Lien.

The Fair Value of any Acquired Plant shall not include any amount for good will, going-concern value or contracts, operating agreements or other similar intangible property, whether or not separate or distinct consideration shall have been paid for or apportioned to the same.

*Funded Prior Liens:*

The term "Funded Prior Liens" shall mean Liens securing Indebtedness for the payment or redemption of all of which money in the necessary amount shall have irrevocably been deposited with the Trustee or with the trustee of the Lien securing such Indebtedness, but only, in case such Indebtedness is to be redeemed, if notice of such redemption shall have been given to the satisfaction of the Trustee and such trustee. When used in connection with the authentication and delivery of Bonds hereunder, such term shall also include any Lien securing Indebtedness which will be discharged prior to or simultaneously with the authentication and delivery of the Bonds applied for.

*Herein, hereof, hereby, hereunder:*

The terms "herein", "hereof", "hereby", "hereunder" and other terms of similar import refer to this Indenture, as a whole, and not to any particular Article, Section, paragraph or subdivision hereof, as this Indenture is originally executed or as the same may from time to time be supplemented, modified or amended by any indenture supplemental hereto.

*Holders:*

The term "Holders" shall have the meaning set forth under the definition of the term "Bondholders".

*Indebtedness:*

The term "Indebtedness" means and includes (i) all items of indebtedness or liability (other than capital, surplus, deferred credits and reserves, as such) which in accordance with Required Accounting Practice would be included in determining total liabilities as shown on the liability side of a balance sheet as at the date as of which Indebtedness is to be determined and (ii) indebtedness secured by any mortgage, pledge, or lien existing on property owned by the corporation in question subject to such mortgage, pledge or lien, whether or not the indebtedness secured thereby shall have been assumed, and (iii) guaranties, endorsements (other than for purposes of collection) and other contingent obligations in respect of, or to purchase or otherwise acquire, indebtedness of others.

*Indenture:*

The term "Indenture" shall mean this Indenture, either as originally executed or as the same may from time to time be supplemented, modified or amended by any indenture supplemental hereto.

*Independent Engineer:*

The term "Independent Engineer" shall mean (a) any engineer, appraiser or other expert (who may be an individual, partnership or corporation) who (1) is acceptable to the Trustee, (2) is in fact independent, (3) does not have any substantial interest direct or indirect in the Company or any affiliate thereof and (4) is not connected with the Company or any affiliate thereof as an officer, director, employee, promoter, underwriter, trustee, partner, director or person performing similar functions or (b) such individual, partner or corporation as may be approved in writing for the purpose by the Holders of not less than 66⅔% in principal amount of all Bonds then Outstanding. The term "affiliate" means any Person, directly or indirectly Controlling, Controlled by, or under direct or indirect common Control with, the Company.

*Lien:*

The term "Lien" as applied to property or assets, real or personal, tangible or intangible, of the Company (including, without limitation, Bonds), shall mean all mortgages, liens, charges or encumbrances of any kind thereon or pledges thereof (other than Permitted Encumbrances and the lien of this Indenture).

*Mortgaged Property:*

The term "Mortgaged Property" shall have the meaning specified in the habendum clause of this Indenture.

*Net Capital Additions Certificate:*

The term "Net Capital Additions Certificate" shall mean a Certificate delivered by the Company to the Trustee in accordance with the provisions of paragraph 1 of Section 3.05.

*Net Earnings:*

The term "Net Earnings" for any period of twelve months for the purpose of any Net Earnings Certificate shall mean an amount equal to the Net Income of the Company for such period after adding back any interest charges, charges for amortization of debt discount and expense, taxes on corporate debt, and any income or excess profits taxes (including surtax on undistributed profits) deducted in determining Net Income.

If the net non-operating revenues included in the foregoing calculation of Net Income for the purposes of this definition of Net Earnings shall exceed seventeen and one-half per cent. (17½%) of the Net Earnings as so calculated, then there shall be deducted from such Net Earnings a sufficient part of such net non-operating revenues so that the remaining non-operating revenues included in the resultant figure shall amount to seventeen and one-half per cent. (17½%) of such resultant figure, and such resultant figure shall be deemed to be the Net Earnings of the Company in any Net Earnings Certificate.

In case the Company shall have acquired any Acquired Plant within or after the period for which the calculation of Net Earnings is made, the Company, in computing its Net Earnings, shall be entitled to include the net earnings of such property for the whole of such period (if such net earnings can be separately determined under the bookkeeping practice of the Company), to the extent that the same shall not have been otherwise included and might have been included had such property been owned by the Company during the whole of such period. The net earnings of any property so acquired for the period preceding such acquisition shall be ascertained and computed as if such property had been owned by the Company during such period. If any property, the net earnings of which can be separately determined under the bookkeeping practice of the Company, shall have been released from the lien hereof within or after the period for which the calculation of Net Earnings is made, Net Earnings shall not include the net earnings of any such property so released.

Any Net Earnings Certificate delivered subsequent to a consolidation or merger or transfer or conveyance as provided in Section 12.01 shall contain a statement to the effect that the Net Earnings shown in such Certificate do not include any earnings derived from the operation of any property of the Successor Corporation which is not subject to the lien hereof.

In determining Net Earnings, operating revenues shall be deemed to include only the revenues derived by the Company from its operations as a telephone company or as a telephone utility and revenues from all other sources shall be deemed to be non-operating revenues.

*Net Earnings Certificate:*

The term "Net Earnings Certificate" shall mean a Certificate delivered by the Company to the Trustee in accordance with the provisions of paragraph 6 of Section 3.03.

*Net Income:*

The term "Net Income" for any period of twelve months shall mean the net income (or the net deficit, if expenses and charges exceed revenues and other proper income credits) of the Company for such period determined in the following manner:

(1) The gross revenues and other proper income credits of the Company shall be computed for such period in accordance with Required Accounting Practice, provided that in any event there shall not be included in such gross revenues and income credits any of the following items: (*i*) any gains arising from any sale of capital assets (except to the extent that the excess of such gains during any calendar year over any losses from the sale or abandonment of capital assets during such calendar year shall not exceed

$25,000) or any gain arising from any write-up of capital assets or from the acquisition or retirement or sale of Securities of the Company; or (*ii*) any restoration of any contingency reserve to income, except to the extent that provision for such contingency reserve was made out of income accrued subsequent to March 31, 1953.

(2) From the amount of such gross revenues and other proper income credits for such period determined as provided in the preceding subdivision (1) there shall be deducted an amount equal to the aggregate of all expenses and other proper income charges (exclusive of losses from the write-down of capital assets, and exclusive of losses from the sale or abandonment of capital assets to the extent that the excess of such losses during any calendar year over any gains arising from any sale of capital assets during such calendar year exceeds $25,000) for such period, determined in accordance with Required Accounting Practice, but in any event including (without in any respect limiting the generality of the foregoing) the following items: (*i*) all interest and rental charges; (*ii*) amortization of debt discount and expense and amortization of all other deferred charges properly subject to amortization; (*iii*) provision for all taxes in respect of property and in respect of income; (*iv*) provision for all contingency reserves, whether general or special; (v) provision for normal depreciation, depletion and obsolescence (including depreciation and amortization of leasehold improvements) in an amount not less than the largest of the following amounts, each of which shall be computed without regard to accelerated amortization of emergency facilities, viz.: (x) the amount thereof actually deducted on the books of such corporation, (y) the amount thereof claimed for income tax purposes for such period (subject to adjustment in respect of any part of such amount so claimed but not allowed) and (z) the amount thereof required by Required Accounting Practice; and (vi) any tax saving for such period resulting from the deduction during any of such period of accelerated amortization of emergency facilities for income or excess profits tax purposes for such period, any such tax saving to be credited to a reserve account to which may be charged amounts sufficient to offset any increased income and excess profits taxes resulting from the prior deduction during such period of accelerated amortization for tax purposes.

*Officers' Certificate:*

The term "Officers' Certificate" shall mean a certificate signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company. Such Certificate shall be dated not more than ten (10) days prior to the date of the taking of any action by the Trustee, in connection with which such Certificate is furnished, and shall comply with the provisions of Section 16.04, if applicable.

*Opinion of Counsel:*

The term "Opinion of Counsel" shall mean an opinion in writing signed by counsel, who may but need not be of counsel to the Company, appointed by the Board of Directors and approved by the Trustee in the exercise of reasonable care. Such Opinion of Counsel shall be dated not more than ten (10) days prior to the date of the taking of any action by the Trustee, in connection with which such Opinion of Counsel is furnished, and shall comply with the provisions of Section 16.04, if applicable.

*Outstanding:*

The term "Outstanding", when used as to any particular time with reference to Bonds, shall mean, subject to the provisions of Sections 5.08 and 10.02, all Bonds which shall theretofore have been authenticated and delivered under this Indenture, except:

(*a*) Bonds which shall be deemed to have been retired as provided below in this definition;

(*b*) Bonds which shall have been surrendered to the Trustee for cancelation;

(*c*) Bonds in substitution for which other Bonds shall have been issued pursuant to Section 2.11 (relating to lost, stolen, destroyed and mutilated Bonds); and

(*d*) Bonds held in the treasury of the Company.

A Bond shall be deemed to have been retired if

(i) a sum sufficient to pay the principal thereof and premium (if any) thereon and all unpaid interest thereon to maturity or to the date fixed for the redemption thereof, as the case may be, shall have been irrevocably deposited with the Trustee in trust for that purpose and made immediately available to the Holder thereof, and

(ii) in case such Bond is to be redeemed, notice of redemption thereof (including notice of such availability) shall have been duly given as provided in Article V or provision satisfactory to the Trustee for the giving of such notice shall have been made, or

(iii) in case such Bond is not to be redeemed and is to be paid at maturity, notice of the availability of such sum shall have been duly given as provided in subdivision (*a*) of Section 15.01 or provision satisfactory to the Trustee for the giving of such notice shall have been made.

*Permitted Encumbrances:*

The term "Permitted Encumbrances" shall mean

(*a*) liens of taxes and assessments not yet payable or payable without penalty,

(*b*) liens of taxes, assessments, charges and other Indebtedness, the validity of which the Company is contesting or causing to be contested in good faith by appropriate action diligently pursued and which the Company is not at the time required to pay or satisfy under the provisions of Section 4.06, provided that the Company shall have made such provision or given such security as shall be required by the Trustee, in its judgment, for the payment of the amount of any such taxes, assessments, charges or other Indebtedness as may ultimately be determined to be due and payable, in order to prevent the loss or forfeiture of any of the Mortgaged Property,

(*c*) liens securing Indebtedness which has neither been assumed by the Company nor upon which it customarily pays interest charges, existing solely upon real property (or rights in or relating thereto) used primarily for right-of-way purposes, which liens do not materially impair the use of such property in the operation of the business of the Company, (*d*) liens of employees and laborers for current wages, not yet due, and

(*e*) easements or reservations or rights of others in any property of the Company for rights-of-way, streets, electric transmission and distribution lines, telegraph lines and other similar purposes and minor defects and irregularities in the record evidence of title to any property of the Company; *provided, however,* that such easements, reservations, rights, defects and irregularities do not materially affect the marketability of title and do not materially impair the use of such property in the operation of the business of the Company.

*Person:*

The term "Person" shall mean an individual, a corporation, a partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

*Prior Lien:*

The term "Prior Lien" shall mean a Lien, prior to the lien of this Indenture, existing at the particular time upon any of the Mortgaged Property.

*Prior Lien Bonds:*

The term "Prior Lien Bonds" shall mean any bonds or obligations secured by a Prior Lien.

*Receiver:*

The term "Receiver" shall mean a receiver or receivers or a liquidator or liquidators of all or a substantial part of the property of the Company appointed in an action in a federal or state court or a trustee or trustees appointed in reorganization proceedings under the Bankruptcy Act or any other official or officials having powers, under applicable law, similar to those of such a receiver, liquidator or trustee and having custody of all or a substantial part of the property of the Company, including (but not limited to) the Company if it remains in possession of such property pursuant to the order of the court in such proceedings.

*Registered Holder:*

The term "Registered Holder", with respect to any registered Bonds without coupons or any coupon Bond registered as to principal, shall mean the Person or Persons in whose name or names such Bond shall be registered on the books of the Company kept for that purpose in accordance with the terms of this Indenture.

*Request:*

The term "Request" shall mean a written request for the action therein specified, duly executed on behalf of the Company by the President or one of the Vice-Presidents of the Company and by the Secretary, an Assistant Secretary, the Treasurer or an Assistant Treasurer of the Company. Such Request shall be dated not more than ten (10) days prior to the date of the taking of any action by the Trustee, in connection with which such Request is furnished, and shall comply with the provisions of Section 16.04, if applicable.

*Required Accounting Practice:*

The term "Required Accounting Practice" shall mean the accounting rules or regulations, if any, in effect at the time in question prescribed by the regulatory body having jurisdiction over the accounts of the Company at such time, and, to the extent that a matter is not at such time covered by such rules or regulations, or, if at such time there be no such regulatory body or no such accounting rules or regulations, or the Company shall at such time be contesting in good faith the validity or applicability of such rules or regulations to the Company, then such term shall mean sound accounting principles.

*Responsible Officer:*

The term "Responsible Officer", with respect to the Trustee, shall have the meaning specified in Section 13.03.

*Retirements:*

The term "Retirements" shall mean, at any time as of which the amount thereof is to be determined, all Mortgaged Property which shall have been theretofore and since March 31, 1953, become no longer useful in the business of the Company or shall have been retired, abandoned, destroyed, replaced, permanently discontinued, lost through enforcement of Liens or released or otherwise disposed of free of the lien of this Indenture or taken by exercise of the power of eminent domain or under the exercise of any right to purchase the same or recorded as retired on the books of the Company.

*Retirements Credits:*

The term "Retirements Credits" shall mean the amount available for use in any Net Capital Additions Certificate as a credit against the amount of Retirements reflected therein, which shall be determined by adding, but without duplication:

(i) the amount of any cash, the Fair Value (as of the date of delivery) of any Securities and the Fair Value (as of the date of transfer) of any other property received upon the sale, exchange or other disposition of any property released pursuant to the provisions of Section 7.03;

(ii) the amount of cash deposited with the Trustee in connection with the sale, exchange or other disposition of property pursuant to the provisions of Section 7.04;

(iii) the amount of the award or consideration received by the Trustee or the trustee under a Prior Lien pursuant to the provisions of Section 7.06 in respect of any property released pursuant to the provisions of Section 7.06; and

(iv) the amount of any insurance moneys applied to the replacement, renewal, repair or rebuilding of damaged or destroyed property or paid to the Trustee or to the trustee of a Prior Lien pursuant to the provisions of Section 4.11 on account of the destruction of property;

but in each case only to the extent that the same have not theretofore been used as a credit against Retirements.

*Securities:*

The term "Securities" shall mean any stocks, bonds, debentures, notes, evidences of Indebtedness, or, in general, any instruments commonly known as "securities", or any certificates of interest or participation in, temporary or interim certificates for, receipts for, guaranties of, or warrants or rights to subscribe to or purchase, any of the foregoing.

*Subordinated Note:*

The term "Subordinated Note" shall mean any Indebtedness of the Company evidenced by a written instrument containing substantially the following terms, to which the holders thereof shall have agreed for the benefit of the Holders of the Bonds, namely:

(i) that the Company shall not give and the holder of the Subordinated Note shall not take or receive any security for the payment of the principal of, or interest on, the Subordinated Note, and, if an Event of Default under this Indenture shall have occurred and be subsisting, the Company shall not make and such holder shall not take or receive in any manner payment of the whole or any part of the principal of, or interest on, the Subordinated Note;

(ii) that upon any distribution of assets of the Company to creditors upon any dissolution or winding-up or total or partial liquidation or reorganization of the Company, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceeding, the principal of, and premium (if any) and interest on, all the Bonds shall have first been paid in full before the holders of the Subordinated Note shall be entitled to receive or to retain any payment or distribution in respect thereof;

(iii) that upon any such dissolution or winding-up or liquidation or reorganization, the holder of the Subordinated Note irrevocably authorizes the Trustee under this Indenture to file on behalf of such holder any and all claims, proofs of debt, petitions, consents and other documents, and any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the holder of the Subordinated Note would be entitled, shall be paid, by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, directly to the Trustee under this Indenture to the extent necessary to pay the principal of, and premium (if any) and interest on, all the Bonds in full before any payment or distribution is made to the holder of the Subordinated Note;

(iv) that, notwithstanding the foregoing sub-paragraphs (ii) and (iii), if, upon any such dissolution or winding-up or liquidation or reorganization, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or Securities, shall be received by the holder of the Subordinated Note before the principal of, and premium (if any) and interest on, all the Bonds shall be paid in full, such payment or distribution shall be held in trust for the benefit of, and shall be paid over to, the Trustee under this Indenture for the application to the payment of the principal of, and premium (if any) and interest on, all the Bonds until such principal, premium (if any) and interest shall have been paid in full;

(v) that the foregoing terms are agreed to for the benefit of the Holders of the Bonds and may be enforced by the Trustee under this Indenture without production of the Bonds; and

(vi) that no extension or renewal or alteration of the provisions of any of the Bonds or of this Indenture shall in any way impair or affect the foregoing terms.

For the purposes of this definition of "Subordinated Note", payment in full of the principal of, premium (if any) and interest on, the Bonds shall be deemed to be payment thereof in full in cash or in Securities and property to the extent accepted by the Holders of Bonds in lieu of cash, no delivery of Securities or property to the Holders of Bonds, without the consent of such Holders, being deemed to constitute, or to be the equivalent of, payment for the purpose of determining whether such principal, premium (if any) and interest shall have been paid in full.

*Successor Corporation:*

The term "Successor Corporation" shall have the meaning specified in Section 12.01.

*Trustee:*

The term "Trustee" shall mean The City National Bank and Trust Company of Kansas City, a corporation organized and existing under the laws of the United States of America, the party of the second part hereto, or its successor or successors for the time being in the trusts created by this Indenture.

*Used:*

The term "Used", with respect to Bonds, shall mean all Bonds which shall have been

(a) used as a basis for the authentication and delivery of Bonds under any provisions of this Indenture;

(b) used as a basis for the withdrawal of moneys under any provisions of this Indenture;

(c) purchased, paid, redeemed or otherwise retired by the application of any moneys held by the Trustee under any provisions of this Indenture; or

(d) used as a credit against any sinking or analogous fund created under any provisions of this Indenture or any supplemental indenture thereto.

## ARTICLE II.

### Form, Terms and Execution of Bonds.

**Section 2.01. Bonds May Be in Series; Designation and Terms Thereof.** The Bonds may, if and when authorized by the Board of Directors, be in one or more series and shall be designated generally as the First Mortgage Bonds of the Company. The Bonds of each series other than Series A shall have such further particular designations as the Board of Directors may adopt for such series, and each Bond shall bear upon the face thereof the designation so adopted for the series to which it belongs.

All Bonds of any one series shall be identical in respect of the date of maturity (unless, subject to Section 2.03, they shall be of serial maturities), the place or places of payment of the principal thereof and the premium (if any) and interest thereon, the interest rate (unless they shall be of serial maturities) and interest payment dates, the price or prices and terms for redemption (unless they shall be of serial maturities), if redeemable, and the provisions (if any) as to the payment of principal or interest, or both, without deduction for, or provisions as to the reimbursement of, taxes and (except for necessary or proper variations between Bonds of different denominations) as to conversion, if provision shall be made therefor (unless they shall be of serial maturities), but Bonds of the same series may be of different denominations and Bonds of any series other than Series A may be of serial maturities and, if of serial maturities, may differ with respect to maturity date, interest rate and price and terms of redemption or conversion. All coupon Bonds of any one series shall be dated as of the same date.

**Section 2.02. Creation of Bonds of Series A.** A series of Bonds to be authenticated and delivered hereunder and secured hereby is hereby created, which shall be designated as, and shall be distinguished from the Bonds of all other series by the title, First Mortgage 4% Bonds, Series A, (hereinafter sometimes called the Bonds of Series A).

Except as otherwise provided in this Article II in respect of exchanges and transfers of, and lost, stolen, destroyed and mutilated, Bonds, the aggregate principal amount of the Bonds of Series A shall be limited to not exceeding $2,000,000.

The coupon Bonds of Series A shall be dated, and shall bear interest from, April 1, 1953. All Bonds of Series A shall be due April 1, 1983, and shall bear interest at the rate of four per cent. (4%) per annum payable semi-annually on the first day of April and the first day of October in each year, until the principal thereof shall become due and payable and shall bear interest on any overdue principal and (to the extent permitted by law) on any overdue instalment of interest at the rate of six per cent. (6%) per annum.

The Bonds of Series A shall be issuable as coupon Bonds registerable as to principal, in the denomination of One thousand dollars ($1,000), the Bonds of such denomination to be numbered consecutively AM1 upwards, and also as registered Bonds without coupons in the denominations of One thousand dollars ($1,000) and any multiple thereof, numbered AR1 and upwards.

The principal of, and premium (if any) and interest on, the Bonds of Series A shall be payable at the principal office of the Trustee in [Kansas City, State of Missouri], in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

The Bonds of Series A shall be redeemable in whole or in part, at any time or from time to time, either (i) at the option of the Company or (ii) pursuant to any provision of this Indenture requiring such redemption.

(*A*) *Special Redemption Price.* Bonds of Series A shall be redeemable at the principal amount thereof, together with interest accrued to the date fixed for redemption, if redeemed

(i) by the operation of the sinking fund created for the benefit of Bonds of Series A, or

(ii) in connection with the acquisition by one or more governments or municipal corporations or other governmental subdivisions or governmental bodies, authorities or agencies of all or substantially all of the Mortgaged Property or all or substantially all of the Mortgaged Property which shall be used or useful in connection with the business of the Company as a telephone company or as a telephone utility; *provided, however,* that the principal amount of the Bonds of Series A redeemable at the redemption price set forth in this subdivision (*A*) shall not exceed the lesser of (a) the amount which shall bear the same ratio to the lesser of the Fair Value of the property so acquired and $1,750,000 as the principal amount of all Bonds of Series A then Outstanding shall bear to all Bonds then Outstanding, or (b) the smallest principal amount of Bonds of Series A which shall bear the same ratio to all Bonds of Series A then Outstanding as the Bonds of any other series (if there shall then be any such other series) which shall be redeemable, and shall simultaneously be called for redemption, at such redemption price in connection with such acquisition shall bear to all Bonds of such other series then Outstanding.

(*B*) *General Redemption Prices.* If redeemed at the option of the Company or pursuant to any provision of this Indenture otherwise than as set forth in subdivision (*A*) of this Section 2.02, the Bonds of

Series A shall be redeemable at the following redemption prices (expressed in percentages of the principal amount thereof):

**If Redeemed During the One Year Period Ending April 1:**

| Year | | Percentage | Year | | Percentage |
|---|---|---|---|---|---|
| 1954 | .................... | 104 % | 1969 | .................... | 102¾% |
| 1955 | .................... | 104 % | 1970 | .................... | 102⅝% |
| 1956 | .................... | 104 % | 1971 | .................... | 102½% |
| 1957 | .................... | 104 % | 1972 | .................... | 102⅜% |
| 1958 | .................... | 104 % | 1973 | .................... | 102¼% |
| 1959 | .................... | 104 % | 1974 | .................... | 102⅛% |
| 1960 | .................... | 103⅞% | 1975 | .................... | 102 % |
| 1961 | .................... | 103¾% | 1976 | .................... | 101¾% |
| 1962 | .................... | 103⅝% | 1977 | .................... | 101½% |
| 1963 | .................... | 103½% | 1978 | .................... | 101¼% |
| 1964 | .................... | 103⅜% | 1979 | .................... | 101 % |
| 1965 | .................... | 103¼% | 1980 | .................... | 100¾% |
| 1966 | .................... | 103⅛% | 1981 | .................... | 100½% |
| 1967 | .................... | 103 % | 1982 | .................... | 100¼% |
| 1968 | .................... | 102⅞% | | | |

and, if redeemed after April 1, 1982, and prior to April 1, 1983, at 100% of such principal amount, together in each case with accrued interest on such principal amount to the date designated for redemption; *provided, however,* that no such redemption shall be made prior to April 2, 1958, directly or indirectly as a part of, or in anticipation of, any refunding operation involving the incurring of Indebtedness by the Company. In the event of any redemption pursuant to this subdivision (*B*) prior to April 2, 1958, the Company shall file with the Trustee an Officers' Certificate stating that such redemption complies with the requirements of this subdivision (*B*).

Any redemption of Bonds of Series A shall be effected in accordance with the provisions of Article V of this Indenture.

The text of the coupon Bonds of Series A and the coupons appertaining thereto and of the registered Bonds without coupons of said Series and of the authentication certificate of the Trustee upon said Bonds shall be, respectively, substantially of the tenor and effect hereinbefore recited with respect thereto.

**Section 2.03. Variations and Text of Future Series.** The Bonds of any series other than Series A, at the election of the Board of Directors, as expressed from time to time in one or more indentures supplemental hereto, which the Company is hereby authorized to execute and deliver to the Trustee, may contain such terms and conditions, not inconsistent with the provisions of this Indenture, as may be prescribed by the Board of Directors; *provided, however,* that no Bonds of any such series shall, so long as Bonds of Series A shall be Outstanding (unless the restriction in this proviso shall be waived by the Holders of all Outstanding Bonds of Series A), mature by their terms before April 1, 1983 (except in the case of serial maturities, as provided in Section 2.01), or be entitled to the benefit of any sinking fund or have serial maturities which may together permit or require (disregarding any redemptions or retirements of such Bonds otherwise than through the operation of such sinking fund or on such serial maturities) the retirement of all such Bonds prior to the date of maturity of the Bonds of Series A or the retirement of such Bonds more rapidly than on a pro rata basis with the Bonds of Series A during the period beginning with the date of issue of the first Bonds of such series and ending with the date of maturity of the Bonds of Series A.

The text of the Bonds of any series other than Series A, of the coupons appertaining to the coupon Bonds of said series and of the authentication certificate of the Trustee on the Bonds of said series shall be, respectively, substantially of the tenor and effect of the Bonds, coupons and authentication certificate of the Trustee hereinbefore recited with respect to the Bonds of Series A, with such changes consistent with and permitted or required by this Indenture as may be appropriate and authorized by the Board of Directors.

**Section 2.04. Execution of Bonds; Signatures; Matured Coupons; Legends, etc.** All the Bonds shall be executed on behalf of the Company by its President or one of its Vice-Presidents and its corporate seal shall be thereunto affixed and attested by its Secretary or one of its Assistant Secretaries (which seal may be in facsimile, if permitted by law). The coupons to be attached to the Bonds shall bear the facsimile signature of the present or any future Treasurer of the Company, and the Company may adopt and use for the purpose a facsimile signature of any person who shall have been its Treasurer, notwithstanding that such person may not have been such Treasurer at the date of the Bonds or may have ceased to be such Treasurer at the time such Bonds shall be actually authenticated and delivered.

In case any of the officers who shall have signed or sealed any Bonds or attested the seal thereon shall cease to be such officers of the Company before the Bonds so signed and sealed shall have been actually authenticated or delivered by the Trustee, such Bonds nevertheless may be authenticated and delivered with the same force and effect as though the person or persons who signed and sealed such Bonds and attested the seal thereon had not ceased to be such officer or officers of the Company; and also any such Bond may be signed and sealed and the seal thereon attested, on behalf of the Company, by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Company, although at the nominal date of such Bond any such persons may not have been such officers of the Company.

Before authenticating any coupon Bond the Trustee shall, except as provided in Section 2.11 and Section 2.12, cut off and cancel all matured coupons appertaining thereto and, on the Request of the Company, deliver the same to the Company.

Any Bond authenticated and delivered hereunder may bear such numbers, letters or other marks of identification or designation, and may be endorsed with or have incorporated in the text thereof such legends or recitals as may be required to comply with the rules and regulations of any stock exchange upon which the Bonds are listed or are to be listed or to conform to any law or usage with respect thereto.

**Section 2.05. Registered Bonds; Date; Interest Accrual; Transfer; Exchange; Reservation of Coupon Bonds.** Any registered Bond without coupons of any series may be transferred at the office or agency of the Company specified for such purpose in said Bond, upon surrender thereof at said office or agency for cancelation, and thereupon the Company shall execute, and the Trustee shall authenticate and deliver, a new registered Bond or Bonds without coupons of the same series and maturity, in the name of the transferee or transferees, in an authorized denomination or denominations, for a like aggregate principal amount. Except as provided in Section 2.11 and Section 2.12, all the registered Bonds without coupons of each series shall respectively be dated as of the semi-annual interest payment date to which interest has been paid on Bonds of such series next preceding the date of authentication thereof unless the date of authentication be an interest payment date to which interest has been paid, in which case the Bonds shall be dated as of the date of authentication; *provided, however,* that in case of the authentication of a registered Bond without coupons of any series prior to the first interest payment date on Bonds of such series, the date of such registered Bond shall be the date of the coupon Bonds of such series. Every registered Bond without coupons shall bear interest from its date. Registered Bonds without coupons may, upon surrender thereof at the aforesaid office or agency of the Company, be exchanged for a like aggregate principal amount of Bonds of like form, in any other authorized denomination or denominations, or of coupon Bonds, of the same series and maturity, in any authorized denomination or denominations, bearing, or (in the case of coupon Bonds) with attached coupons for, interest from the last interest payment date to which interest has been paid on the registered Bonds so surrendered, or for a like aggregate principal amount of both such registered Bonds without coupons and coupon Bonds, all subject to the conditions, including the payment of any charges and taxes, and provisions set forth in Section 2.08; *provided, however,* that the Company shall not be obligated to make any such exchange except after notice giving it a reasonable time for the preparation of the Bonds to be delivered on such exchange.

**Section 2.06. Transfer, Registration and Exchange of Coupon Bonds.** All coupon Bonds authenticated and delivered hereunder shall be transferable by delivery except while registered as to principal in the manner hereinafter provided. Any coupon Bond authenticated and delivered hereunder may be registered as to principal in the name of the Holder on books of the Company to be kept for that purpose at the office or agency of the Company specified for such purpose in said Bond, and such registration shall be noted on the Bond. After such registration, no transfer shall be valid unless made on said books by the Registered Holder in person, or by his duly authorized attorney, and similarly noted on the Bond; but such Bond may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored; and such Bond may again, from time to time, be registered or discharged from the registration in the same manner. Such registration, however, shall not affect the negotiability by delivery of the coupons, but every such coupon shall continue to be transferable by delivery merely and shall be and remain payable to bearer, and payment thereof to bearer shall fully discharge the Company in respect of the interest therein mentioned, whether or not the Bond to which such coupon shall appertain be registered as to principal. Such registrations, transfers and discharges from registration shall be under such reasonable regulations as the Company may prescribe and shall be without expense to the Holder or Registered Holder of the Bond; but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the party requesting such registration, transfer or discharge from registration as a condition precedent to the exercise of the privilege conferred by this Section 2.06. Any coupon Bond or Bonds, bearing all unmatured coupons, may, upon surrender thereof at the aforesaid office or agency of the Company, be exchanged for a like aggregate principal amount of registered Bonds without coupons or of coupon Bonds of the same series and maturity, of any authorized denomination or denominations, subject to the conditions, including the payment of any charges and taxes, and provisions set forth in Section 2.08.

**Section 2.07. Ownership of Registered and Bearer Bonds.** As to all coupon Bonds registered as to principal and all registered Bonds without coupons, the Registered Holder thereof shall be deemed and regarded as the absolute owner thereof for all purposes of this Indenture whatsoever; and payment of or on account of the principal of, and premium (if any) on, any such Bond, if it be a coupon Bond registered as to principal, and of the principal of, and premium (if any) and interest on, any such Bond, if it be a registered Bond without coupons, shall be made only to or upon the order in writing, in form satisfactory to the Company and the Trustee, of such Registered Holder thereof, but such registration may be changed as provided herein. All such payments shall be valid and effectual to satisfy and discharge the liability of the Company upon such Bonds to the extent of the sum or sums so paid. The Company and the Trustee may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal and the bearer of any coupon for interest on any coupon Bond (whether or not such Bond shall be registered as to principal), whether or not such Bond or coupon shall be overdue, as the absolute owner of such Bond or coupon, as the case may be, for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Company and the Trustee shall not be affected by any notice to the contrary.

**Section 2.08. Exchanges and Transfers of Bonds — Manner and Conditions; Charges.** In all cases in which the privilege of exchanging Bonds or transferring registered Bonds without coupons shall exist and shall be exercised, the Bonds to be exchanged or transferred shall be surrendered for cancelation at the office or agency of the Company specified for such purpose in said Bonds, with all unmatured coupons (if any) attached and, in the case of coupon Bonds registered as to principal or registered Bonds without coupons, accompanied by such duly executed instruments of transfer as may be required by the Company and the Trustee, and the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor the Bonds, with appropriate coupons attached, which the person making the exchange or transfer shall be entitled to receive. The Trustee shall forthwith cancel all Bonds and coupons so surrendered and, on the Request of the Company, deliver the same to the Company.

Every exchange or transfer of Bonds under the provisions of this Article II shall be effected in such manner as may be prescribed by the Board of Directors or pursuant to its authorization, with the approval of the Trustee, and as may be required to comply with the rules and regulations of any stock exchange upon which the Bonds are listed or are to be listed or to conform to any law or usage with respect thereto. In case any Bond which has been selected in whole or in part for redemption shall be surrendered for transfer or exchange, the Trustee, with the consent of the Company, may make such arrangements as the Trustee shall deem appropriate for notation, on each new Bond issued in exchange for or upon the transfer of the Bond or portion thereof so selected for redemption, of an appropriate legend to the effect that such new Bond or the corresponding portion thereof has been so selected for redemption.

Upon any such exchange of Bonds (other than pursuant to Sections 2.09, 2.10 or 5.03), the Company may require the payment of such reasonable charges therefor, not exceeding Three dollars ($3) for each Bond delivered, as it may deem proper, the payment of which, together with any taxes or other governmental charges required to be paid with respect to such exchange, shall be made by the party requesting the same as a condition precedent to the exercise of the privilege of such exchange.

**Section 2.09. Exchange for Bonds of Successor Corporation.** In case the Company, pursuant to the provisions of Article XII, shall be consolidated with or merged into any other corporation or all or substantially all of the Mortgaged Property as an entirety or substantially as an entirety shall be conveyed or transferred, subject to the lien of this Indenture, and the Successor Corporation resulting from such consolidation, or into which the Company shall have been merged, or which shall have received a conveyance or transfer as aforesaid, shall have executed with the Trustee and caused to be recorded an indenture pursuant to the provisions of Section 12.01, any Bonds issued under this Indenture prior to such consolidation, merger, conveyance or transfer may, from time to time, at the Request of the Successor Corporation and with the consent of the Holders or Registered Holders of such Bonds, and without expense to such Holders or Registered Holders, be exchanged for other Bonds of the same series and maturity, executed in the name and under the seal of the Successor Corporation, with such changes in phraseology and form as may be appropriate but in substance of like tenor, and with corresponding coupons attached, as the Bonds surrendered for such exchange, and of like principal amount; and the Trustee, upon the Request of the Successor Corporation, shall authenticate Bonds as specified in such Request for the purpose of such exchange and shall deliver such Bonds upon surrender of the Bonds so to be exchanged therefor. All coupon Bonds so surrendered and all coupon Bonds delivered in exchange therefor shall be accompanied by all unmatured coupons appertaining thereto, and all coupon Bonds registered as to principal and registered Bonds without coupons so surrendered shall be accompanied by written instruments of transfer duly executed by the Registered Holder or his duly authorized attorney, if deemed necessary by the Trustee. The Trustee shall forthwith cancel all Bonds and coupons so surrendered and, on the Request of the Company, deliver the same to the Company. All Bonds so executed in the name and under the seal of the Successor Corporation and authenticated and delivered shall in all respects have the same legal rank and security as the Bonds executed in the name of the Company and surrendered upon such exchange, with like effect as if the Bonds so executed in the name of the Successor Corporation had been authenticated and delivered hereunder on the date hereof.

If additional Bonds of any particular series of which Bonds are at the time Outstanding shall at any time be issued in any new name, the Company will provide for the exchange of any Bonds of such series previously issued, at the option of and without expense to the Holders or Registered Holders thereof, for Bonds authenticated and delivered in such new name.

**Section 2.10. Temporary and Definitive Bonds.** Until definitive Bonds of any series shall be ready for delivery, the Company may execute and, upon Request of the Company, the Trustee shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations and conditions, one or more temporary lithographed, typewritten, mimeographed or printed Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds shall be authenticated and delivered, without coupons or with one or more coupons, registerable or not registerable as to principal, with such privileges of exchangeability, in such denomination or denominations (whether or not of denominations authorized for definitive bonds), with appropriate omissions, variations and insertions, and in such form (not inconsistent with the provisions of this Indenture or any indenture supplemental hereto) as the Board of Directors may determine. The text of the temporary Bonds may express the interest rate of the Bonds and the series thereof by reference to the title of the Bonds.

The Company shall, without unnecessary delay and at its own expense, prepare, execute and deliver to the Trustee, and thereupon, upon the presentation and surrender of any such temporary Bond or Bonds, with all unmatured coupons, if any, appertaining thereto, the Trustee shall authenticate and deliver in exchange therefor definitive Bonds of the same series and maturity, for the same aggregate principal amount as, and in the authorized denominations indicated by the Holders or Registered Holders of, the temporary Bond or Bonds so surrendered. Until exchanged for definitive Bonds, such temporary Bonds or Bonds shall be entitled to the lien and benefit of this Indenture. The Trustee shall forthwith cancel all temporary Bonds and coupons so surrendered and, on the Request of the Company, deliver the same to the Company.

When and as interest is paid on any temporary Bond in bearer form, if no coupon be attached, the fact of such payment shall be noted thereon. Until definitive Bonds are ready for delivery, the Holder or Registered Holder of any temporary Bond or Bonds may, with the consent of the Company, exchange the same, upon the surrender thereof to the Trustee for cancelation, with all unmatured coupons, if any, appertaining thereto, for a like aggregate principal amount of temporary Bonds of the same series and maturity, in any other authorized denomination or denominations indicated by him, bearing all unmatured coupons, if any.

The definitive Bonds of each series shall be engraved, or lithographed or printed with steel engraved borders, as the Board of Directors may determine.

**Section 2.11. Lost, Stolen, Destroyed and Mutilated Bonds.** Upon receipt by the Company and the Trustee of evidence satisfactory to them of the ownership, and the loss, theft, destruction or mutilation, of any Bond hereby secured and any coupons appertaining thereto and of indemnity satisfactory to them, and upon surrender and cancelation thereof if mutilated, (*a*) the Company may execute, and the Trustee may authenticate and deliver, a new Bond of the same series and maturity and of like tenor and with corresponding coupons attached, in lieu of such lost, stolen, destroyed or mutilated Bond, and coupons, if any, or (*b*) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, or shall be about to mature or to be redeemed, in lieu of executing and delivering a new Bond as aforesaid, the Company may pay such Bond. Any such new Bond, in the discretion of the Company, may bear the same serial number as the lost, stolen, destroyed or mutilated

Bond in lieu of which it is authenticated and delivered (in which case the new Bond may be marked "Duplicate" or be otherwise distinguished) or a different serial number, and may bear such endorsement as may be prescribed by the Company, with the approval of the Trustee, and as may be required to comply with the rules and regulations of any stock exchange upon which the Bonds are listed or are to be listed or to conform to any law or usage with respect thereto. The applicant for any such new Bond may be required to pay all expenses and charges of the Company and of the Trustee in connection with the issue of such new Bond or the making of any such payment under this Section 2.11. Any Bonds and coupons authenticated and delivered pursuant to this Section 2.11 shall constitute original, additional contractual obligations on the part of the Company and shall be secured equally and ratably with all other Bonds and coupons issued hereunder.

**Section 2.12. No Gain or Loss in Interest.** Each Bond delivered pursuant to any provision of this Indenture in exchange or substitution for, or upon the transfer of the whole or any part of one or more other Bonds, shall carry all of the rights to interest accrued and unpaid and to accrue which were carried by the whole or such part, as the case may be, of such one or more other Bonds, and, notwithstanding anything contained in this Indenture, such Bonds shall be so dated or have attached thereto such coupons or bear such notation that neither gain nor loss in interest shall result from any such exchange, substitution or transfer.

**Section 2.13. Trustee's Authentication Certificate.** The Trustee's authentication certificate upon the Bonds shall be substantially of the tenor and effect hereinbefore provided, and no Bond shall be secured hereby or entitled to the benefit hereof, or shall be or become valid or obligatory for any purpose, unless there shall be endorsed thereon an authentication certificate, substantially in such form, duly executed by the Trustee; and such authentication certificate of the Trustee upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered hereunder and conclusive evidence that the Holder or Registered Holder thereof shall be entitled to the benefit of the trust and lien hereby created.

## ARTICLE III.

### Issue of Bonds.

**Section 3.01. Continuing Lien of Indenture.** This Indenture creates a continuing lien to secure the full and final payment of the principal of, and any premium which may be due and payable on, and the interest on, all Bonds which may, from time to time, be executed, authenticated and delivered hereunder.

**Section 3.02. Aggregate Principal Amount of Bonds.** The aggregate principal amount of Bonds which may be so executed, authenticated and delivered hereunder shall not be limited, except that the amount of Bonds at any time Outstanding (including in such term for this purpose Bonds held in the treasury of the Company) shall not exceed the limit of indebtedness (if any) of the Company at the time as fixed by its stockholders or the amount then permitted by law, whichever is less.

The Company shall not apply for the authentication and delivery of Bonds under this Article III except for the purpose of the prompt sale thereof. In the event that the Company shall not have sold any Bonds authenticated and delivered under this Article III within three months after the date of authentication and delivery thereof, the Company shall surrender to the Trustee such Bonds, together with all coupons, if any, appertaining thereto, whereupon such Bonds and coupons, if not previously canceled, shall be canceled by the Trustee and the Company shall thereafter be entitled to have Bonds authenticated and delivered under this Article III in all respects as though such Bonds so surrendered had not theretofore been authenticated and delivered.

**Section 3.03. General Requirements for Authentication and Delivery of Bonds.** Whenever requesting the authentication and delivery of any Bonds under this Article III, the Company shall furnish the Trustee, in addition to any other instruments elsewhere in this Article III required, the following:

1. *Certified Resolution.* A Certified Resolution requesting the Trustee to authenticate and deliver Bonds, specifying the series,

maturity or (if Bonds of such series are of serial maturities) maturities and principal amount of such Bonds to be authenticated and delivered, and naming the Person or Persons to whom or upon whose order such Bonds shall be delivered.

2. *Supplemental Indenture and Certified Resolution.* In case the Bonds to be authenticated and delivered are of any series not theretofore created, an indenture supplemental hereto, accompanied by a Certified Resolution authorizing such supplemental indenture, designating the new series to be created and prescribing the terms and provisions of the Bonds of such series.

All Bonds of any such series which may be executed, authenticated and delivered hereunder shall substantially conform to the provisions of such supplemental indenture.

3. *Certificate of Regulatory Authority; Opinion of Counsel as to Governmental Authorizations.* Either (*a*) evidence, authenticated in a manner satisfactory to the Trustee, of the authorization or approval of or consent to the issue of such Bonds and the execution by the Company of the supplemental indenture, if any, relating thereto, by each governmental body at the time having jurisdiction in the premises, together with an Opinion of Counsel that the same constitutes sufficient evidence of such authorization, approval or consent, and that no authorization, approval or consent by any other governmental body is required, or (*b*) an Opinion of Counsel that no authorization, approval or consent by any governmental body is required.

4. *Opinion of Counsel as to Instruments Furnished Trustee, etc.* An Opinion of Counsel that

(*a*) all instruments furnished the Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for it to authenticate and deliver the Bonds then applied for;

(*b*) all laws and requirements in respect of the form and execution by the Company of the supplemental indenture, if any such supplemental indenture is required, and the execution and delivery by the Company of the Bonds then applied for have been complied with;

(*c*) the Company has corporate power and authority to issue such Bonds and has duly taken all necessary corporate action for that purpose;

(*d*) after giving effect to the authentication and delivery of the Bonds then applied for, the total amount of Bonds then to be Outstanding hereunder will not make the total amount of Indebtedness of the Company, as stated in the accompanying certificate provided for in paragraph 5 of this Section 3.03, exceed the limit of Indebtedness of the Company fixed by its stockholders or the amount permitted by law, whichever is less, and stating such limit or amount, or that there is no limit of Indebtedness of the Company then fixed by its stockholders or by law;

(*e*) the Bonds then applied for, when authenticated and delivered, will constitute legal, valid and binding obligations of the Company in accordance with their terms and will be secured by the lien of this Indenture, equally and ratably with all other Bonds then Outstanding hereunder; and

(*f*) this Indenture constitutes a lien, for the benefit of the Bonds, on all mortgagable property of the Company, other than Excepted Property, subject to no lien prior to or on a parity with the lien of this Indenture other than (i) Funded Prior Liens, (ii) Permitted Encumbrances, and (iii) with respect to any property which the Company may acquire after the date hereof, all terms, conditions, agreements, covenants, exceptions and reservations expressed or provided in such deeds and other instruments under and by virtue of which the Company shall have acquired the same and any and all Liens existing thereon at the time of acquisition.

5. *Certificate as to Indebtedness Outstanding.* Unless the Opinion of Counsel provided for in the foregoing paragraph 4 of this Section 3.03 shall state that there is no limit of Indebtedness of the Company then fixed by its stockholders or by law, an Officers' Certificate stating that, after giving effect to the authentication and delivery of the Bonds then applied for, the total principal amount of Bonds then to be Outstanding hereunder, plus the total amount of other Indebtedness affected by such limitation,

will not exceed a principal amount which shall be specified in such certificate.

6. *Net Earnings Certificate.* A Net Earnings Certificate, signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company, in substantially the following form with the blanks applying completed:

UNITED TELEPHONE COMPANY OF IOWA

First Mortgage (the defined terms therein being used herein), Dated April 1, 1953

Net Earnings Certificate

Dated

Under
Section 3.03 thereof

The undersigned hereby certify:

(1) The amount of the Net Earnings for the period of to , inclusive [*12 consecutive calendar months within the 18 calendar months immediately preceding the date of the Request accompanying this Certificate*] is $ .

(2) The aggregate amount of the Annual Interest Charges on—

*(a)* All Bonds Outstanding under the Indenture at the date of this Certificate are .......... $

*(b)* All Bonds the authentication and delivery of which is applied for in the Request accompanying this Certificate are .......... $

*(c)* All Indebtedness secured by a Lien upon the Mortgaged Property, or any part thereof, prior to or on a parity with the lien of the Indenture, other than Permitted Encumbrances and Funded Prior Liens are .......... $

Total .......... $

(3) The amount of the Net Earnings set forth in Clause (1) above is at least equal to two times the aggregate amount of the Annual Interest Charges set forth in Clause (2) above.

Dated: 19 .

[*Not more than 60 days prior to the authentication and delivery requested in the Request accompanying this Certificate*]

UNITED TELEPHONE COMPANY OF IOWA,

President or Vice-President

Treasurer or Assistant Treasurer

7. *Officers' Certificate as to no adverse Changes.* If the Net Earnings Certificate shall be dated more than 10 days prior to the date of the authentication and delivery of the Bonds requested in the Request accompanying such Certificate, an Officers' Certificate, dated within 10 days prior to such date, stating that up to the time of delivery of such Officers' Certificate, there have been no substantial adverse changes with respect to any of the facts set forth in such Net Earnings Certificate.

**Section 3.04. Issue of Bonds of Series A.** The initial issue of Bonds under this Indenture shall be the Bonds of Series A, limited, except as otherwise provided in Article II in respect of exchanges and transfers of, and lost, stolen, destroyed and mutilated, Bonds, to the aggregate principal amount of not exceeding $2,000,000 Outstanding (including in such term for this purpose Bonds held in the treasury of the Company).

At any time after the execution and delivery of this Indenture (and whether before or after the recording of this Indenture), said $2,000,000 aggregate principal amount of Bonds of Series A may be executed by the Company and delivered to the Trustee, and the Trustee shall thereupon authenticate and deliver said Bonds to or upon the Request of the Company.

**Section 3.05. Issuance of Additional Bonds Based on Net Amount of Capital Additions.** From time to time hereafter the Company, in addition to the Bonds authorized to be authenticated and delivered pursuant to other provisions of this Article III, may execute and deliver to the Trustee, and the Trustee, upon the Request of the Company (which Request shall state that the Company is not in default under any of the provisions of this Indenture) and as hereinafter in this Section 3.05 provided, shall thereupon authenticate and deliver as specified in such Request, Bonds of series other than Series A in an aggregate principal amount not exceeding sixty per cent. (60%) of an amount determined by deducting (ii) from (i) as follows:

(i) the sum of the Cost or Fair Value (whichever is less) of all Capital Additions listed in the Net Capital Additions Certificate filed with such Request (except that certain Capital Additions which shall have been retired shall be included at Cost) and any Additions Credit which the Company shall then have;

(ii) an amount equal to the Cost Basis of all Retirements (not theretofore deducted in a Net Capital Additions Certificate) after crediting against the Cost Basis of such Retirements any unused Retirements Credits;

*provided, however,* that the Net Earnings of the Company for a period of twelve consecutive months within the eighteen months immediately preceding the date of such Request shall have been not less than two times the aggregate of the Annual Interest Charges upon all Bonds to be Outstanding immediately after the authentication and delivery of the Bonds specified in such Request.

Bonds shall be authenticated and delivered by the Trustee under this Section 3.05 only upon receipt by the Trustee of the resolutions, certificates, instruments and opinions provided for in Section 3.03 and also the following:

1. *Net Capital Additions Certificate.* A Net Capital Additions Certificate, dated within the 60 days immediately preceding the date of the accompanying Request, but as of a date subsequent to the last date on which any Bonds shall have been authenticated and delivered or moneys withdrawn under any of the provisions of this Indenture or any property shall have been released pur-

suant to the provisions of Section 7.03, 7.04 or 7.06 or any Capital Additions shall have been Certified, signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company, and by an engineer (who may be in the employ of the Company) or a firm of engineers (who may be under regular retainer from the Company), in each case selected by the Board of Directors and satisfactory to the Trustee (*provided, however,* that, if the Capital Additions included in such Net Capital Additions Certificate shall have a Fair Value of more than $100,000, such engineer or firm of engineers shall be an Independent Engineer), in substantially the following form with appropriate exhibits annexed thereto and the blanks appropriately completed:

UNITED TELEPHONE COMPANY OF IOWA

FIRST MORTGAGE (the defined terms therein being used herein), DATED APRIL 1, 1953

NET CAPITAL ADDITIONS CERTIFICATE No.

Dated

Under
Section 3.05 thereof

The undersigned hereby certify:

(1) The Company has acquired, by purchase or construction [*or, in the alternative, by other specified manner*] since , the date of the last Net Capital Additions Certificate (No. ) the Capital Additions briefly listed in Exhibit A hereto, which Exhibit A includes a statement of the principal subdivisions of Capital Account to which the Cost of said Capital Additions has been charged. [*If said Capital Additions include any additional tract or parcel of real estate not previously or concurrently described in a supplemental indenture delivered to the Trustee, the following is to be added:*] A separate description of each additional tract or parcel of real estate included in said Capital Additions is also set forth in Exhibit A.

No part of said Capital Additions has heretofore been Certified.

(2) No part of said Capital Additions is subject to any Liens other than Funded Prior Liens.

(3) There is no outstanding Indebtedness of the Company for the purchase or construction of, or for labor, wages or materials in connection with the construction of, said Capital Additions which could become the basis of a lien upon said Capital Additions prior to the lien of the Indenture which, in the opinion of the signers of this Certificate, might materially impair the security afforded thereby.

(4) No part of said Capital Additions consists of any Acquired Plant [*the following may be added, if applicable*] except Capital Additions identified as such in Exhibit A hereto and separately described.

(5) No part of said Capital Additions was acquired by the Company, in whole or in part, for a consideration consisting of Securities [*the following may be added if applicable*] except Capital Additions identified as such in Exhibit A hereto and separately described. Said Securities are described in Exhibit B hereto. The Cost of such separately identified Capital Additions does not exceed the Fair Value of said Securities as shown by the Appraisers Certificate filed with the Trustee pursuant to Section 3.05 of the Indenture.

(6) The Cost to the Company of said Capital Additions is $ . The Fair Value at the date of acquisition of said Capital Additions (other than Capital Additions that have been retired, such Capital Additions being included at Cost) is [*either*] $ in the aggregate, as shown in Exhibit A hereto [*or, in the alternative*] not less than the Cost so specified.

(7) All of said Capital Additions constitute Capital Additions as said term is defined in the Indenture.

(8) The Company has $ Additions Credit from Item (*h*) of Clause (12) of the last Net Capital Additions Certificate (No. dated ).

(9) The aggregate Cost Basis of all Retirements up to the date of this Certificate which have not been included in Clause (9) of previous Net Capital Additions Certificates filed with the Trustee is $ .

(10) A brief description of said Retirements and the principal subdivisions of Capital Account to which such Retirements have been credited is set forth in Exhibit C hereto.

(11) The amounts of all Retirements Credits (listed in sufficient detail to identify the same) which have not been included in previous Net Capital Additions Certificates filed with the Trustee and which are to be applied against said Retirements are as follows:

Total Retirements Credits to be used............... $

(12) The following is a summary of amounts shown in this Certificate:

(*a*) Gross amount of Capital Additions, at Cost or Fair Value (whichever is less) as shown by Clause (6) .................................................................................. $

(*b*) Total Additions Credit, as shown by Clause (8) .... $

(*c*) Retirements, as shown by Clause (9) ........................ $

(*d*) Retirement Credits, as shown by Clause (11) ........ $

(*e*) Net Retirements—Item (*c*) minus Item (*d*) [*may be less than zero only to the extent that the aggregate of all Retirements included in Item (c) of Net Capital Additions Certificates previously delivered to the Trustee exceeds the aggregate of all Retirements Credits included in Item (d) of such Certificates*] ........................................................................ $

(*f*) Net amount of Capital Additions—Item (*a*) plus Item (*b*) and minus (*or, in case Item* (*e*) *is less than zero, plus*) Item (*e*) .......................................... $

(*g*) Net amount of Capital Additions to be used upon authentication and delivery of $.................. First Mortgage Bonds pursuant to the Request accompanying this Certificate, the principal amount of Bonds to be not more than 60% of Item (*f*) ........ $

(*h*) Balance of Additions Credit—Item (*f*) minus Item (*g*) .......................................................................... $

Dated: 19 .

[*Not more than 60 days prior to the authentication and delivery requested in the Request accompanying this Certificate*]

United Telephone Company of Iowa

President or Vice-President

Treasurer or Assistant Treasurer

Engineer

2. *Appraiser's or Engineer's Certificate.* (*a*) In case any Capital Additions listed in such Net Capital Additions Certificate shall have been constructed or acquired by the Company in whole or in part through the issue or delivery of Securities, a certificate of an appraiser or other competent person (who may be in the regular employ of the Company), selected by the Board of Directors and satisfactory to the Trustee (*provided, however,* that, if such Securities shall have a Fair Value of more than $100,000, such appraiser or other competent person shall be an Independent

Engineer), stating, in the opinion of the signer or signers thereof, the Fair Value of such Securities at the date of delivery thereof in payment for, or for the acquisition of, such Capital Additions.

(*b*) In case any Capital Additions listed in such Net Capital Additions Certificate shall have been acquired by the Company in whole or in part in exchange for any property, other than cash or Securities, a certificate of an engineer (who may be in the regular employ of the Company) or a firm of engineers (who may be under regular retainer from the Company), in each case selected by the Board of Directors and satisfactory to the Trustee (*provided, however,* that, if such Capital Additions shall have a Fair Value of more than $100,000, such engineer or firm of engineers shall be an Independent Engineer), stating, in the opinion of the signer or signers thereof, the Fair Value of such property at the date of transfer thereof in exchange for such Capital Additions.

3. *Instruments of Conveyance, etc.* Such supplemental indentures, deeds, instruments of conveyance, assignment and transfer (if any) as may be necessary, as stated in the Opinion of Counsel referred to in paragraph 4 of this Section 3.05, to subject to the lien of this Indenture all the right, title and interest of the Company in and to the property (other than property theretofore retired) included in the Capital Additions listed in such Net Capital Additions Certificate.

4. *Opinion of Counsel.* An Opinion of Counsel, dated not earlier than the date of the accompanying Request, to the effect that:

(*a*) the Company has good and marketable title to the Capital Additions listed in such Net Capital Additions Certificate (other than property theretofore retired) subject to no Prior Liens other than Funded Prior Liens, if any, specified in such Opinion of Counsel and said Capital Additions are subject to the lien of this Indenture as a legally valid and direct first mortgage lien thereon subject only to Permitted Encumbrances and to such Funded Prior Liens;

(*b*) no supplemental indenture or other instrument supplemental hereto is necessary for the purpose of subjecting such Capital Additions to the lien of this Indenture except such, if any, as may be delivered to the Trustee with such Opinion of Counsel and, if any such supplemental indenture or other instrument be delivered to the Trustee, the same has been duly executed and delivered, does not impair or otherwise adversely affect the lien of this Indenture on any property subject thereto immediately prior to the execution and delivery of such supplemental indenture or instrument and subjects such Capital Additions to the lien of this Indenture free and clear of all Liens other than such Funded Prior Liens;

(*c*) the Company has power and authority to acquire, own and operate such Capital Additions;

(*d*) this Indenture and all such supplemental indentures or other instruments have been duly recorded, registered and filed (and, if such action has become necessary, re-recorded, re-registered and refiled) in such manner and in such places as may be required by law in order to make effective and to maintain the lien intended to be created hereby and thereby, reciting the details of such action or referring to prior Opinions of Counsel in which such details have been recited, and at the date of such opinion re-recording, re-registration or refiling (which re-recording, re-registration or refiling requirements shall be specified) is required by law to protect and preserve such lien, or no re-recording, re-registration or refiling is required for such purpose; and

(*e*) all conditions precedent provided for in this Indenture relating to the authentication and delivery of Bonds in question have been complied with.

5. *Independent Engineer's Certificate as to Fair Value of Acquired Plant.* In case any property included in the Capital Additions listed in such Net Capital Additions Certificate shall consist of any Acquired Plant and the Cost to the Company or the Fair Value thereof (whichever is less) as shown in such Net Capital Additions Certificate is in excess of $100,000, a certificate of an Independent Engineer, dated within the 60 days immediately pre-

ceding the date of the Request for the authentication and delivery of Bonds, stating, in the opinion of the signer or signers thereof, that the Fair Value of such property at the date of such certificate is not less than the Cost or Fair Value (whichever is less) thereof as shown in Clause (6) of such Net Capital Additions Certificate.

6. *Officers' Certificate as to No Adverse Changes.* If the Net Capital Additions Certificate shall be dated more than 10 days prior to the date of the authentication and delivery of the Bonds, an Officers' Certificate, dated within 10 days prior to the date of such authentication and delivery of Bonds, stating that up to the time of delivery of such Officers' Certificate, there have been no substantial adverse changes with respect to any of the facts set forth in such Net Capital Additions Certificate and that the excess of the aggregate amount of Retirements since the date of such Net Capital Additions Certificate over the aggregate amount of Retirement Credits since that date is not greater than the balance of Additions Credit set forth in Item (*h*) of Clause 12 of such Net Capital Additions Certificate.

**Section 3.06. Issuance of Bonds Based on Deposit of Cash; Withdrawal of Cash So Deposited.** From time to time hereafter the Company, in addition to the Bonds authorized to be issued pursuant to other provisions of this Article III, may execute and deliver to the Trustee, and the Trustee, upon the Request of the Company (which Request shall state that the Company is not in default under any of the provisions of this Indenture) and upon compliance with the provisions of Section 3.03, shall thereupon authenticate and deliver as specified in such Request, Bonds of series other than Series A hereby secured upon the deposit with the Trustee of an amount in cash equal to the principal amount of the Bonds so requested to be authenticated and delivered; *provided, however,* that the Net Earnings of the Company for a period of twelve consecutive months within the eighteen months immediately preceding the date of such Request shall have been not less than two times the aggregate of the Annual Interest Charges upon all Bonds to be Outstanding immediately after the authentication and delivery of the Bonds specified in such Request. Moneys so deposited shall be held by the Trustee as part of the

Mortgaged Property; and, whenever the Company shall become entitled to the authentication and delivery of Bonds under any of the provisions of this Article III, then, upon compliance by the Company with the provisions of Section 3.05 or Section 3.07, as the case may be, and upon receipt by the Trustee of a Request of the Company (which Request shall state that the Company is not in default under any of the provisions of this Indenture), the Trustee shall pay over to the Company, out of the moneys so deposited, in lieu of each such Bond which the Company shall then be entitled to have authenticated and delivered, a sum equal to the principal amount of such Bond; *provided, however,* that the resolutions, certificates, opinions and instruments required under the provisions of Section 3.03 shall not be required in connection with any such payment to the Company; and *provided further* that any instruments required to be furnished to the Trustee under the provisions of this Section 3.06 may contain such additions, omissions and modifications as may be necessary or appropriate in order to make such instruments applicable to the withdrawal of moneys hereunder.

**Section 3.07. Issuance of Bonds to Refund Bonds Issued Under Indenture.** From time to time hereafter, the Company, in addition to the Bonds authorized to be issued pursuant to other provisions of this Article III, may execute and deliver to the Trustee, and the Trustee, upon the Request of the Company (which Request shall state that the Company is not in default under any of the provisions of this Indenture), shall thereupon authenticate and deliver as specified in such Request, Bonds of series other than Series A upon the satisfaction, discharge and cancelation of, or for the purpose of paying, redeeming or refunding, any Bonds theretofore authenticated and delivered under any of the provisions of this Indenture but not theretofore Used; *provided, however,* that no Bonds shall be so authenticated and delivered in excess of the principal amount of the Bonds so satisfied, discharged and canceled or so to be paid, redeemed or refunded; *provided further* that the Bonds so satisfied, discharged and canceled or so to be paid, redeemed or refunded shall not have been paid or redeemed by the Company more than one year prior to the date of the authentication and delivery of the Bonds specified in such Request (except that unmatured Bonds acquired by the Company and held alive in its treasury may be so satisfied, discharged and canceled); and *provided further* that, if the Bonds specified in such Request are to be authenticated and delivered more than one year prior to the date of maturity expressed in the Bonds so satisfied, discharged and canceled or so to be paid, redeemed or refunded, and are to bear interest at a rate higher than said Bonds so satisfied, discharged and canceled or so to be paid, redeemed and refunded, the Net Earnings of the Company for a period of twelve consecutive months within the eighteen months immediately preceding the date of such Request shall have been not less than two times the aggregate of the Annual Interest Charges upon all Bonds to be Outstanding immediately after the authentication and delivery of the Bonds specified in such Request. Bonds shall be authenticated and delivered by the Trustee under this Section 3.07 only upon receipt by the Trustee of the resolutions, certificates, instruments and opinions provided for in Section 3.03 (except that a Net Earnings Certificate shall be furnished only if the additional Bonds are to be authenticated and delivered more than one year prior to the date of maturity expressed in the Bonds so satisfied, discharged and canceled or so to be paid, redeemed or refunded, and are to bear interest at a rate higher than said Bonds so satisfied, discharged and canceled or so to be paid, redeemed and refunded) and also the following:

1. *Certified Resolution.* A Certified Resolution specifying the Bonds theretofore authenticated and delivered hereunder which have been, or before or simultaneously with the authentication and delivery of such additional Bonds are to be, satisfied, discharged and canceled, or for the payment, redemption or refunding of which such additional Bonds are to be authenticated and delivered.

2. *Bonds or Cash.* Either *(a)* the Bonds specified in the resolution mentioned in paragraph 1 of this Section 3.07, canceled, and with all unmatured coupons appertaining thereto canceled, which Bonds shall be equal in principal amount to the principal amount of the Bonds the authentication and delivery of which is desired, or *(b)* in lieu of any or all of the Bonds specified in such resolution, an amount in cash equal to the principal amount of such Bonds, with interest thereon to maturity, or,

to the extent that such Bonds are subject to redemption and that the provisions of Section 5.02 and any additional provisions applicable to redemption of Bonds of any series contained in any indenture supplemental hereto shall have been complied with, an amount in cash (or provision satisfactory to the Trustee made therefor) equal to the redemption price of such Bonds including interest thereon to the date fixed for redemption.

3. *A Certificate of the Company* in substantially the following form with appropriate exhibits annexed thereto and the blanks appropriately completed:

UNITED TELEPHONE COMPANY OF IOWA

First Mortgage (the defined terms therein being used herein) Dated April 1, 1953

Certificate

Dated

Under
Section 3.07 thereof

The undersigned hereby certify:

(1) [*Either (a) and/or (b) and/or (c)*].

*(a)* There are delivered to the Trustee herewith Bonds heretofore authenticated and delivered, which have been paid, redeemed or otherwise retired, of the following series and principal amounts respectively:

| Series | Bond Numbers | Principal Amount |
|---|---|---|
| | Total | |

[*and/or*]

*(b)* There is delivered to the Trustee herewith [*or, in the alternative, the Trustee now holds*] in trust, irrevocably, for

the purpose of payment or redemption thereof, cash sufficient to pay or redeem the following Bonds heretofore authenticated and delivered under the Indenture:

| Series | Principal Amount | Redemption Price or Amount to be Paid |
|---|---|---|
| | Total | |

Instructions with respect to the payment or redemption of such Bonds are as follows: [*Insert instructions*]

[*and/or*]

*(c)* The following Bonds heretofore authenticated and delivered under the Indenture have been paid, redeemed or otherwise retired and heretofore delivered to the Trustee:

| Series | Bond Numbers | Principal Amount |
|---|---|---|
| | Total | |

(2) The Bonds, the retirement of which (or provision therefor) is made the basis for the authentication and delivery of Bonds hereunder, do not include any Bond heretofore Used.

Dated: 19 .

[*Not more than 60 days prior to the authentication and delivery requested in the Request accompanying this Certificate.*]

UNITED TELEPHONE COMPANY OF IOWA

President or Vice-President

Treasurer or Assistant Treasurer

In the event of the deposit with the Trustee of moneys pursuant to the provisions of this Section 3.07, the Company shall, from time to time, upon delivery to the Trustee for cancelation of any of the Bonds, with all unmatured coupons appertaining thereto, in respect of which such deposit shall have been made, be entitled to receive from the Trustee the moneys held by it in respect of such Bonds; and all such Bonds and coupons so delivered to the Trustee shall be forthwith canceled by it and, on the Request of the Company, delivered to the Company. All moneys deposited with the Trustee under the provisions of this Section 3.07 shall, until so repaid to the Company, be held by the Trustee in trust for the account of the respective Holders of the Bonds and coupons in respect of which such moneys shall have been deposited and be applied by the Trustee to the redemption or to the payment, as the case may be, of such Bonds and coupons, but only upon presentation of the same for such redemption or payment.

## ARTICLE IV.

### Particular Covenants of the Company.

**Section 4.01. Payment of Principal, Interest and Premium.** The Company will duly and punctually pay the principal of, and premium, if any, and interest on, all the Bonds, according to the terms thereof; *provided, however,* that if the date of maturity of interest or principal or the date of redemption of any Bond shall be a Saturday, a Sunday, a legal holiday at the place where payment thereof is to be made or a date on which banking organizations at the place where such payment is to be made are authorized by law to remain closed for the entire day, then such payment may be made on the next succeeding business day with the same force and effect as if made on the nominal date of maturity or redemption, and no interest shall accrue for the period after such nominal date.

As Bonds and coupons shall be paid in full they shall be presented to the Trustee for cancelation and the Trustee shall forthwith cancel the same.

The Company will not issue, or permit to be issued, any Bonds in any manner other than in accordance with the provisions of this Indenture.

**Section 4.02. Maintenance of Offices and Agencies.** The Company will cause to be maintained an office or agency, so long as any of the Bonds shall be Outstanding, at any and all places at which the principal of or interest on any of the Bonds shall be payable, where notices, presentations and demands to or upon the Company in respect of such Bonds or coupons as may be payable at such places, or in respect of the Indenture, may be given or made, and for the payment of the principal thereof and interest thereon. The Company will from time to time give the Trustee written notice of the location of such office or offices or agency or agencies. In case the Company shall fail to maintain such office or offices or agency or agencies or shall fail to give notice of the location or change of location thereof, presentation and demand may be made and notice may be served upon the Company at the office of the Trustee in Kansas City, State of Missouri, and the Company hereby appoints the Trustee its agent, on its behalf, to receive all such presentations, demands and notices.

**Section 4.03. Qualification.** The Company represents and warrants that it is duly qualified to do business in each jurisdiction in which such qualification is necessary to the extent necessary to own such of its properties as are located in such jurisdiction and to carry on such of its business as is carried on in such jurisdiction, is duly authorized, under the laws of the State of Delaware and the State of Iowa and all other applicable provisions of law, to execute this Indenture and, to mortgage and pledge the Mortgaged Property and to create and issue the Bonds, and that all corporate action necessary therefor has been duly and effectively taken, and the Bonds, when duly authenticated and delivered as herein provided, will be the legal, valid, binding and enforceable obligations of the Company and entitled to the benefit of this Indenture in accordance with their and its terms.

**Section 4.04. Title to Property.** The Company represents and warrants that, as of the date of execution of this Indenture, it has good and marketable title in fee simple (free and clear of any Liens) to all the real properties described in Granting Clause (I) hereof, and it is lawfully possessed of all other property described in the Granting Clauses hereof (except any property therein described as to be hereafter acquired by the Company), and the Indenture constitutes a direct and valid first lien on all such properties and interests in properties, subject only to Permitted Encumbrances. The Company represents and warrants that it has and covenants that it will continue to have, subject to the provisions hereof, good right, full power and lawful authority to grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over, warrant and confirm to the Trustee all property of every kind and nature described or referred to in the Granting Clauses hereof (except any property therein described as to be hereafter acquired by the Company) which by the provisions hereof is intended to be subject to the lien hereof; and the Company will warrant to the Trustee, preserve and defend all rights, titles and interests in and to the Mortgaged Property and every part thereof conveyed by this Indenture to the Trustee, including all property (to the extent of the Company's interest therein) hereafter subjected to the lien hereof, against the claims of all persons whosoever and, subject to the provisions hereof, will maintain and preserve the lien hereof thereon as long as any of the Bonds shall be Outstanding.

All property of every kind and nature referred to in the Granting Clauses hereof which by the provisions hereof is intended to become subject to the lien hereof shall, except as herein otherwise provided, immediately upon the acquisition thereof by the Company and without any further conveyance or assignment, become and be subject to the lien hereof as fully and completely as though now owned by the Company and specifically described in the Granting Clauses hereof. At any and all times the Company will promptly do, execute, acknowledge and deliver any and all such other acts, notices, deeds, grants, releases, conveyances, assignments, transfers, mortgages, hypothecations, pledges and assurances thereof as shall be necessary, or as the Trustee shall require, for the purpose of expressly and specifically subjecting such property to the lien hereof or granting, bargaining, selling, aliening, remising, releasing, conveying, assigning, transferring, mortgaging, hypothecating, pledging, setting over, warranting, confirming, and assuring unto the Trustee all the property, rights and interests hereby granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over, warranted or confirmed or intended, agreed or covenanted so to be. Within 120 days after the close of each fiscal year, the Company will, if necessary in the opinion of counsel, execute, acknowledge, deliver, record, register and file an instrument supplemental hereto confirming unto the Trustee any substantial items of personal property acquired by the Company during such fiscal year which are intended to be subject to the lien hereof.

**Section 4.05. Recordation of Indenture and Supplemental Indentures.** The Company will cause this Indenture and all indentures and other instruments supplemental hereto to be promptly recorded, registered and filed and to be kept recorded, registered and filed in such manner and in such places as may be required by law in order to make effective the lien intended to be created hereby and thereby and to maintain the lien hereof and thereof and will pay all taxes and fees incidental thereto.

The Company will furnish to the Trustee (*a*) promptly after the execution and delivery of this Indenture and of each indenture or other instrument supplemental hereto, an Opinion of Counsel either stating that this Indenture and all such instruments have been properly recorded, registered and filed to the extent necessary to make effective the lien intended to be created hereby and thereby, and reciting the details of such action or referring to prior Opinions of Counsel in which such details are given, or stating that no such action is necessary to make such lien effective, and (*b*) within 120 days after the close of each fiscal year, an Opinion of Counsel (*i*) stating that such action has been taken with respect to the recording, registering, filing, re-recording, re-registering and refiling of this Indenture and of each instrument supplemental hereto as is necessary to maintain the lien hereof and thereof (including the lien hereof and thereof on any property acquired by the Company after the date of execution and delivery hereof and owned at the end of such fiscal year), and reciting the details of such action or referring to prior Opinions of Counsel in which such details are given, (*ii*) stating that the instrument, if any, supplemental hereto delivered pursuant to the last sentence of Section 4.04 in respect of such fiscal year is sufficient for the purposes of confirming the lien hereof on the items of personal property described therein and (*iii*) stating what, if any, action of the foregoing character may reasonably be expected to become necessary during the current fiscal year to maintain the lien hereof and of each instrument supplemental hereto.

**Section 4.06. Maintenance of Corporate Existence and Mortgaged Property.** So long as any of the Bonds remain Outstanding, the Company

(1) subject to the provisions of Article XII, will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises;

(2) will pay and discharge or cause to be paid and discharged, before the same shall become in default, all taxes, assessments and governmental charges lawfully levied or imposed upon the Company or upon the income and profits of, or upon any property belonging to, the Company, or upon the lien or interest of the Trustee in respect of the Mortgaged Property or any part thereof, or upon moneys in possession of the Trustee pursuant to the provisions hereof, as well as all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a lien or charge upon any of such properties; *provided, however,* that the Company shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment, charge, levy or claim which is being contested in good faith by appropriate proceedings so long as the Company shall have established and shall maintain adequate reserves for the payment of the same;

(3) will not consolidate or merge with or into any other corporation or merge any other corporation into it or sell, transfer, lease or otherwise dispose of any of the Mortgaged Property, or any interest therein, except as permitted by the provisions of Article VII or Article XII; and

(4) will pay or cause to be paid the principal of and interest on any Indebtedness of the Company at the times and in the manner specified therein; and

(5) will, subject to the provisions of Article VII hereof, at all times maintain, preserve and keep or cause to be maintained,

preserved and kept the Mortgaged Property, and every part thereof, in good repair, working order and condition and supplied with all necessary equipment, and will from time to time make or cause to be made all needful and proper repairs and renewals, replacements, and substitutions, so that at all times the efficiency of the Mortgaged Property shall be fully preserved and maintained in accordance with generally accepted standards of the telephone industry and the requirements of each regulatory body under the jurisdiction of which the Company shall at the time be operating. The Company will, with reasonable promptness, retire on its books and accounts all property included in Capital Account (except real estate held for the purpose of sale or resale) which has permanently ceased to be used or useful in the business of the Company.

So long as any of the Bonds of Series A remain Outstanding, the Company will during each three year period beginning April 1, 1953, upon the written request of the Holders of not less than twenty-five per cent. (25%) in principal amount of all Bonds of Series A then Outstanding, have the physical properties of the Company inspected at the Company's expense by an engineer or firm of engineers (who may be in the regular employ of the Company and under regular retainer from the Company), selected by the Board of Directors and satisfactory to the Trustee, in order to determine whether the physical properties of the Company have been maintained by the Company in accordance with its covenants contained in subparagraph (5) of this Section 4.06. Said engineer or firm of engineers shall within a reasonable time after such request is made, file a written report with the Trustee and the Company, which report shall express an opinion whether the covenants of the Company contained in such subparagraph (5) have been met. The Company shall forthwith mail a copy of said report to each Holder of Bonds of Series A who requested that the physical properties of the Company be inspected as aforesaid and to each Registered Holder of Bonds of Series A.

**Section 4.07. Furnishing of Reports and Financial Statements.** So long as any of the Bonds remain Outstanding, the Company will at all times keep true and complete books of record and account, in accordance with Required Accounting Practice, and will file with the Trustee:

(i) within 120 days after the end of each fiscal year, statements of its income and surplus for such year and related balance sheets as at the end of such year, setting forth in comparative form the corresponding figures of the last previous annual statements, all in reasonable detail and accompanied by a report of independent public accountants of recognized standing selected by the Company (who may be the accountants who regularly audit the books of the Company and who shall state in such report that they are independent) and satisfactory to the Trustee, which report shall include a written statement of such accountants that such accountants, in making the audit in connection with such report, have obtained no knowledge, except as specifically stated, of any default by the Company existing during the fiscal year under audit, in the observance, performance or fulfillment of any of the terms, provisions or conditions contained in this Indenture, it being understood that such accountants shall not be liable, directly or indirectly, to anyone for failure to obtain knowledge of any such default;

(ii) within 120 days after the end of each fiscal year, a certificate of the President or a Vice-President of the Company stating (1) that a review of the activities of the Company during such year has been made under his supervision with a view to determining whether the Company has kept, observed, performed, and fulfilled all its obligations under this Indenture and (2) that to the best of his knowledge the Company has kept, observed, performed, and fulfilled each and every one of its covenants and conditions in this Indenture contained and is not at the time in default in the observance, performance, or fulfillment of any of such covenants and conditions, or, if the Company shall be so in default, specifying all such defaults and the nature and status thereof;

(iii) promptly upon their becoming available,

(1) copies of all financial statements, reports, and proxy statements which the Company shall send to its stockholders; and

(2) copies of all regular and periodical reports and statements, if any, which the Company shall file with the Securities and Exchange Commission, the Federal Communications Commission, or any governmental agency or agencies substituted therefor, or any similar or corresponding governmental department, commission, board, bureau, agency or instrumentality, Federal or state, or with any national securities exchange;

(iv) within 75 days after the end of each of the first three quarterly periods in each fiscal year, statements of income and surplus of the Company for such period and for the 12 months then ended and related balance sheets as at the end of such period, setting forth in comparative form the corresponding figures for the corresponding period of the preceding fiscal year and for the 12 months ending with such corresponding period, all in reasonable detail and certified by one of the appropriate financial officers of the Company, subject, however, to year-end audit adjustments; and

(v) promptly upon receipt thereof, copies of all detailed reports, if any, submitted to the Company by independent public accountants in connection with each annual or interim audit of its books.

**Section 4.08. Limitation on Indebtedness, Leases and Investments.** So long as any of the Bonds shall be Outstanding, the Company

(1) will not incur or otherwise become or be liable in respect of any Indebtedness, except:

(*a*) the Bonds;

(*b*) Current Indebtedness which shall have been incurred in the ordinary course of business (including obligations for construction, equipment, supplies and services) or as a result of borrowing;

(*c*) Indebtedness to any Person owning directly or indirectly all or substantially all the voting securities of the Company; *provided, however,* that, if such Indebtedness shall exceed $100,000 in the aggregate at any one time, such excess shall be evidenced by Subordinated Notes satisfactory in form to the Trustee;

(*d*) Indebtedness represented by unpaid dividends declared in accordance with Section 4.10; and

(*e*) Indebtedness of the Company secured by Liens permitted by Section 4.09 or secured by Permitted Encumbrances;

(2) will not become or be a party as lessee under any lease of real property if thereafter the aggregate amount of rentals (excluding property taxes, insurance and water and similar charges payable as part of rentals) accrued and to accrue under all such leases of the Company (other than leases having terms, including any term for which any such lease may be renewed at the option of the lessor or the lessee, of not more than three years from the time in question) shall exceed $50,000 in any period of twelve consecutive months;

(3) will not become or be a party as lessee under any lease of switchboard or other equipment which is an integral or necessary part of the Company's telephone operations if such lease shall have a term, including any term for which such lease may be renewed at the option of the lessor or the lessee, of not more than five years; *provided, however,* that nothing in this subparagraph (3) shall be deemed to limit or restrict the acquisition by the Company of new equipment through conditional sale or bailment leases or similar title-retention agreements to the extent permitted by Section 4.09;

(4) will not make any investment (whether by ownership or acquisition of stock or Indebtedness or by loan, advance, transfer of property, capital contribution, guaranty of Indebtedness or otherwise) in any Person owning or controlling, directly or indirectly, more than 50% of the shares of stock of the Company having general voting power under ordinary circumstances to elect a majority of the Board of Directors (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency) or in any Person, directly or indirectly, Controlling, Con-

trolled by or under direct or indirect common Control with any such Person or the Company;

(5) will not acquire, own or control, directly or indirectly, more than 10% of those shares of stock of any Person which have general voting power under ordinary circumstances to elect a majority of the board of directors, managers or trustees, of such Person (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

**Section 4.09. Creation of Liens and Purchase Money Mortgages.** The Company will not create or incur or suffer or permit to be created or incurred or to exist any Lien, except that:

(1) the Company may make pledges or deposits under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of money) or leases to which the Company shall be a party, or to secure public or statutory obligations of the Company or deposits of cash or United States Government obligations to secure or in lieu of surety and appeal bonds to which the Company shall be a party, or to obtain the release of mechanics', workmen's, repairmen's, materialmen's, warehousemen's or carriers' liens or other similar liens;

(2) the Company may create, incur or suffer to exist purchase money mortgages or other purchase money liens upon any real property purchased by the Company or acquire real property subject to mortgages and liens existing thereon at the date of acquisition, or own or acquire or agree to acquire property subject to or upon chattel mortgages, conditional sales agreements or other title retention agreements; *provided, however,* that (*a*) the principal amount of the Indebtedness secured by each such mortgage, lien or agreement shall not exceed 60% of the Cost or Fair Value at the time of the acquisition thereof by the Company, whichever shall be less, to the Company of the property subject thereto, as determined by the Board of Directors, (*b*) each such mortgage, lien or agreement shall apply only to the property originally subject thereto and fixed improvements erected on such real property or

affixed to such personal property, (*c*) at any time the aggregate principal amount of all Indebtedness of the Company at the time outstanding secured by such mortgages, liens and agreements (including extensions, renewals and replacements thereof, as permitted by subparagraph (3) of this Section 4.09, and also the Indebtedness then being incurred) shall not exceed the greater of $200,000 or 15% of the aggregate principal amount of all Bonds Outstanding at that time and (*d*), if the property being acquired shall be an Acquired Plant, the net earnings of such Acquired Plant during twelve consecutive months out of the eighteen months immediately preceding the date of the acquisition of such Acquired Plant shall be at least two times the aggregate of the Annual Interest Charges of the Indebtedness secured by the Prior Liens on such Acquired Plant; and

(3) the Company may modify, extend, renew or replace any mortgage or other lien on property permitted by subparagraph (2) of this Section 4.09 upon the same property theretofore subject thereto, or modify, replace, renew or extend the Indebtedness secured thereby, provided that in any such case the principal amount of such Indebtedness so modified, replaced, extended or renewed shall not be increased.

**Section 4.10. Dividend Restriction.** The Company will not declare any dividends (other than dividends payable in shares of capital stock of the Company) on, or make any other distribution (by reduction of capital or otherwise) in respect of, any shares of any class of its capital stock or apply any of its property or assets to, or set aside any sum for, the payment, purchase, redemption or other retirement of any shares of any class of its capital stock, unless, after giving effect to such action, the sum of

(*i*) the aggregate amount declared as dividends (other than dividends paid or payable in shares of capital stock of the Company) on all shares of capital stock of all classes of the Company or distributed in respect of such shares of capital stock subsequent to December 31, 1952, and

(*ii*) the excess of the aggregate amount applied or set aside subsequent to December 31, 1952, to or for the payment, purchase, redemption or other retirement of shares of capital stock of all classes of the Company over the aggregate amount received as the net cash proceeds of sales of shares of capital stock of the Company subsequent to December 31, 1952,

will not exceed the sum of Net Income of the Company accrued since December 31, 1952, and $200,000; *provided, however,* that, notwithstanding the foregoing provisions of this Section 4.10, the Company may from time to time declare and pay cash dividends on, and make cash sinking fund payments in respect of, any shares of preferred stock of the Company at any time issued and outstanding, which shall be required by the terms and preferences thereof, but all amounts declared or paid pursuant to this proviso shall be included for the purpose of all calculations required by this Section 4.10 (excluding therefrom this proviso).

Other than dividends payable in shares of stock of the Company, the Company will not pay any dividend which it has not declared and will not declare any dividend which is payable more than 60 days after the date of declaration thereof.

**Section 4.11. Company to Insure.** The Company will

*(a)* keep all of its insurable property of a character usually insured by companies operating businesses and properties of the character at the time owned by the Company insured against all risks usually insured against by such companies and in amounts customarily carried by such companies;

*(b)* keep all of its insurable property insured against war and sabotage risks, as and when such insurance shall be generally available for properties of the character at the time owned by the Company, in amounts not less than the lesser of the aggregate principal amount of the Bonds then Outstanding or 100% of the full insurable value of such property;

*(c)* maintain public liability insurance in such amounts as shall be usually carried by companies operating businesses and properties of the character at the time owned by the Company against claims for personal injury, death, or property damage suffered by others upon or in or about any premises occupied by it or occurring as a result of its maintenance or operation of

any automobiles, trucks or other vehicles or airplanes or other facilities; and

*(d)* maintain all such workmen's compensation or similar insurance as may be required under the laws of any territory, state or jurisdiction in which it may be engaged in business.

All policies for insurance on any of the Mortgaged Property shall be made payable (without contribution) to the Trustee as its interest may appear, under the standard mortgagee clause or other similar clause acceptable to the Trustee, except that the loss payable clause shall provide that all amounts payable as to any particular loss, if the aggregate amount to be paid in respect of such loss is less than $10,000, may be paid to the Company.

The Company will cause all proceeds of any insurance on the Mortgaged Property payable directly to it to be applied as promptly as practicable to the replacement, renewal, repair or rebuilding of any damaged or destroyed property in respect of which such proceeds were received, except to the extent that the trustee under some Prior Lien shall be entitled to receive the same or some part thereof, or, at the option of the Company, except as aforesaid, to be deposited with the Trustee for application by it in accordance with the provisions of Sections 8.02 or 8.04.

The Company will deliver to the Trustee, upon the execution and delivery of this Indenture and within 90 days after the close of each fiscal year beginning with the year 1953 and at such other reasonable times as the Trustee may request, an Officers' Certificate (*a*) listing the policies of insurance on the Mortgaged Property then outstanding and in force, the names of the companies issuing such insurance, the amounts and expiration date or dates of such insurance and the risks covered thereby, and further stating that such insurance complies with the covenants contained in this Section 4.11 or (*b*) to the effect that a designated Officers' Certificate previously delivered pursuant to this Section 4.11 is still accurate and correct.

**Section 4.12. Modification or Termination of Agreements.** So long as any of the Bonds shall be Outstanding, the Company will not modify or terminate any agreements between the Company and other telephone companies or systems in respect of the operation or division of revenues of long distance or toll communications or any agreements between the Company and other Persons in respect of the ownership and use of poles used jointly by the Company and any such other Person, unless, in the judgment of the Board of Directors, any such modification or termination is in the best interests of the Company, will not adversely affect the business of the Company as a telephone company or as a telephone utility and will not impair the security of the Bonds.

**Section 4.13. Waiver of Covenants.** With the written consent of the holders of not less than 66⅔% in principal amount of all Bonds at the time Outstanding, including 66⅔% in principal amount of the Bonds of Series A then Outstanding, filed with the Trustee, any provision of this Article IV, except Section 4.01, may be waived on behalf of the Holders of all Bonds then Outstanding or held in the treasury of the Company and any act or thing which the Company may do or omit to do in accordance with such consent shall not be deemed to constitute a violation of or a default under this Indenture. Any such written consent so given shall be binding upon all the Holders of all Bonds then or at any time thereafter Outstanding or held in the treasury of the Company.

## ARTICLE V.

### Redemption of Bonds.

**Section 5.01. Reservation of Right to Redeem.** The Company reserves the right to redeem, at its option, the Bonds of Series A Outstanding hereunder as set forth in subdivision (*B*) of Section 2.02. In the creation of each particular series of Bonds authenticated and delivered hereunder other than Series A, the Company may reserve the right to redeem, at its option, and pay prior to their fixed maturity, all or any part of the Bonds of such series at such time or times, and on such terms, as the Board of Directors may determine and as shall be appropriately expressed in the Bonds of such series and in the supplemental indenture with respect to the Bonds of such series.

**Section 5.02.** **Notice of Redemption.** In case the Company shall desire to redeem all or any part of the Bonds in accordance with the right so reserved by it under Section 5.01 or in accordance with the provisions of Article VI or Sections 7.07, 8.04 or 15.01, it shall publish, or cause to be published on its behalf, in an Authorized Newspaper in the Borough of Manhattan, City and State of New York, and, if the Bonds so to be redeemed shall so specify, in an Authorized Newspaper in each other city, if any, in which the interest on such Bonds is payable, at least once in each of four successive calendar weeks, on any day of each such week, the first publication to be at least thirty (30) days and not more than sixty (60) days before the date fixed for redemption, a notice to the effect that the Company has elected to redeem all the Bonds or a part thereof, as the case may be, on a date therein designated, specifying, in the case of the redemption of less than all series, the serial designations of the Bonds to be redeemed, and, in the case of the redemption of less than all of the Outstanding Bonds of a series, the distinctive numbers of the Bonds to be redeemed, and in every case stating that on said date there will become and be due and payable upon each Bond so to be redeemed, at the principal office of the Trustee, the principal thereof, together with the accrued interest to such date, with such premium, if any, as is due and payable on such Bond upon such redemption, and that from and after such date interest thereon will cease to accrue. Each notice of redemption of Bonds shall state the respective principal amounts of the various series of Bonds being redeemed, as the case may be, pursuant to Sections 5.01, 7.07 and 8.04, respectively, and out of payments made into the respective sinking funds for the Bonds of each such series, and each notice of redemption of Bonds shall state that the redemption is pursuant to such Sections or out of such payments.

If any of the Bonds to be redeemed shall be registered Bonds without coupons or coupon Bonds registered as to principal, similar notice shall be mailed by the Company, postage prepaid, at least thirty days prior to such redemption date, to the persons respectively who shall appear by the registration and transfer books of the Company to be the Registered Holders of such Bonds, at their addresses as the same shall appear upon such books; but such mailing shall not be a condition precedent to such redemption, and failure so to mail any notice or any defect therein or in the mailing thereof shall not affect the validity of the proceedings for the redemption of such Bonds.

If all the Bonds of any series which are to be redeemed shall be registered Bonds without coupons or coupon Bonds registered as to principal, then, at the option of the Company, publication of such notice of redemption with respect to the Bonds of such series may be omitted; but, if publication of such notice of redemption with respect to the Bonds of any series shall be so omitted, then such notice shall be mailed, by registered mail with return receipt requested, at least thirty days prior to such redemption date, to the Registered Holders of the Bonds of such series which are to be redeemed, at their addresses as above provided, and such mailing thereof (but not the receipt thereof or the return of the receipt so requested) shall be a condition precedent to the redemption of the Bonds of such series.

In case provision shall be made in respect of any series for the publication of such notice of redemption in other cities or for publication more than once in each of four successive calendar weeks or in more newspapers or for a longer period than thirty (30) days prior to the redemption date or for any other additional condition to the redemption of Bonds of such series, compliance shall be made with such provision in case Bonds of such series shall be redeemed.

**Section 5.03. Partial Redemption.** Whenever less than all the Outstanding Bonds of any particular series are to be redeemed, the particular Bonds (or portions thereof) of such series to be redeemed shall be designated by the Trustee as follows:

(1) If at the time of designation all the Outstanding Bonds of such series shall be registered Bonds without coupons or coupon Bonds registered as to principal (hereinafter in this Section 5.03 called Registered Bonds, the remainder of the Outstanding Bonds of such series being hereinafter in this Section 5.03 called Coupon Bonds), the Bonds (or portions thereof) to be redeemed shall be designated by the Trustee by allocating the principal amount of Bonds to be redeemed among the various Holders (if more than one) of Bonds of such series in proportion to the Out-

standing aggregate principal amount of Bonds of such series registered in their respective names.

(2) If at the time of designation less than all the Outstanding Bonds of such series shall be Registered Bonds,

(*a*) the Trustee shall first prorate the moneys to be applied to the redemption of Bonds of such series between Coupon Bonds and Registered Bonds in proportion, as nearly as may be, to the principal amount of Coupon Bonds and the principal amount of Registered Bonds at the time Outstanding;

(*b*) the Trustee shall then designate for redemption the particular Coupon Bonds to be redeemed by lot in any manner deemed to be proper by the Trustee; and

(*c*) the Trustee shall then prorate the principal amount of Registered Bonds to be redeemed, as determined pursuant to clause (*a*) of this paragraph (2), among the various Holders of Registered Bonds in proportion to the principal amount of Registered Bonds registered in their respective names.

(3) In any prorating pursuant to this Section 5.03, the Trustee shall, according to such method as it shall deem to be proper, make such adjustments, by increasing or decreasing by not more than $1,000 the amount which would be allocable on the basis of exact proportion to Coupon Bonds or to Registered Bonds or to any one or more Registered Holders of Registered Bonds, as may be necessary to the end that the principal amount so prorated shall be $1,000 or a multiple thereof. The particular Bonds registered in the name of any Bondholder to be redeemed, in whole or in part, so as to make the aggregate principal amount thereof equal to the principal amount which for the purpose of such redemption shall have been allocated to the name of such Bondholder, shall be determined by the Trustee in its uncontrolled discretion.

The Trustee shall promptly notify the Company in writing of the distinctive numbers of the Bonds selected for redemption in whole or in part. The Company shall give to the Trustee reasonable written notice of the aggregate principal amount of Bonds of each series to be redeemed.

If an agreement with respect to the selection of the Registered Bonds of a series to be redeemed duly executed by the Registered Holders of all of the Outstanding Registered Bonds of such series shall be filed with the Trustee at least ten (10) days prior to the date upon which the first publication or mailing of the notice of redemption hereinbefore mentioned is required to be made, the Registered Bonds to be redeemed shall be selected in accordance with the provisions of such agreement.

**Section 5.04. Presentation of Bonds Called for Redemption.** Upon presentation of any Bond which is to be redeemed in part only, the Company shall execute and the Trustee upon cancelation of such Bond shall authenticate and deliver to the Registered Holder thereof, without cost to such Holder, a new Bond or Bonds, of the same series and of any authorized denomination or denominations, for the unredeemed portion of the Bond so presented or, at the option of such Registered Holder, there may be noted thereon at the direction of the Trustee the payment of the portion of the principal amount of such Bond so called for redemption; *provided, however,* that payment of the redemption price of a portion of any Bond may be made direct to the Registered Holder thereof without presentation or surrender thereof if there shall have been filed with the Trustee an agreement between the Company and such Registered Holder or the person for whom such Registered Holder is a nominee that payment shall be so made and that such Registered Holder will not sell, transfer or otherwise dispose of such Bond unless prior to delivery thereof it shall surrender the same to the Trustee for notation thereon of the portion of the principal amount thereof redeemed or in exchange for a new Bond or Bonds for the unredeemed balance of the principal amount thereof.

In case any coupon Bond presented for redemption shall not be accompanied by all coupons maturing after the date fixed for redemption thereof, the face amount of any such missing coupon or coupons shall be deducted from the amount payable on redemption to the Holder of such coupon Bond and the amount so deducted shall be payable, without interest, only upon presentation of such missing coupon or coupons. In lieu of the deduction of the face amount of any such coupon or coupons the Company and the Trustee may in their discretion require the Holder of such coupon Bond to furnish such security or indemnity for the payment of such amount as they may require.

**Section 5.05. Deposit of Cash for Redemption.** On or before the redemption date specified in the notice of redemption, the Company shall, and it hereby covenants that it will, deposit with the Trustee an amount in cash sufficient to effect the redemption on such redemption date of the Bonds specified in such notice, except that such amount may be reduced to the extent that moneys then held by the Trustee under any of the provisions of this Indenture are available for such redemption. All moneys deposited by the Company with the Trustee or set apart by the Trustee under the provisions of this Indenture for the redemption of Bonds shall be held in trust for the account of the respective Holders of the Bonds to be redeemed and applied in accordance with the provisions of Section 16.03.

**Section 5.06. Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue.** On the redemption date designated in the notice of redemption the principal amount of each Bond so to be redeemed, together with the accrued interest thereon to such date, and such premium, if any, as is due and payable on such Bond upon such redemption, shall become due and payable; and from and after such date (such notice having been given in accordance with the provisions of this Article V and such deposit having been made or moneys set apart as aforesaid), then, notwithstanding that any Bonds so called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds (or, in the case of registered Bonds without coupons, on the portion thereof so to be redeemed), and any coupons for interest appertaining to any such Bonds and maturing after such date shall be void, unless such Bonds be not paid on presentation thereof as provided in the notice, in which event the same shall bear interest until paid at the rate of 6% per annum.

**Section 5.07. Cancelation of Redeemed Bonds.** All Bonds redeemed pursuant to the provisions of this Article V, and all coupons appertaining thereto, shall forthwith be canceled by the Trustee and, on the written request of the Company, delivered to the Company.

**Section 5.08. Bonds Held by Company Not Outstanding for Redemption Purposes; Pledged Bonds.** No Bonds held by any Person owning or controlling, directly or indirectly, more than 50% of the shares of stock of the Company having general voting power under ordinary circumstances to elect a majority of the Board of Directors (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency) or by any Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with any such Person or the Company shall be deemed to be Outstanding for the purposes of any redemption of Bonds so long as any other Bonds are Outstanding hereunder, and the Company, in case of any such redemption, shall furnish to the Trustee the numbers of any Bonds so held by it of any series of which any Bonds are so to be redeemed. Bonds pledged to secure any bona fide indebtedness of the Company shall not be deemed "held by the Company" within the meaning of this Section 5.08, if the pledgee shall establish to the satisfaction of the Trustee that the pledgee is not a Person owning or controlling, directly or indirectly, more than 50% of said shares of stock of the Company nor a Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with the Company or any such Person. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

## ARTICLE VI.

### Sinking Fund for Bonds of Series A.

**Section 6.01. Sinking Fund for Bonds of Series A.** So long as any of the Bonds of Series A shall be Outstanding and as and for a sinking fund for the redemption thereof, the Company will pay to the Trustee $20,000 on March 31 in each year, beginning with the year 1954.

**Section 6.02. Moneys to Be Applied to Redemption of Bonds of Series A.** All moneys paid to the Trustee on any particular March 31 shall be applied by the Trustee to the redemption of Bonds of Series A on the next ensuing April 1, at the principal amount thereof, together with accrued interest thereon to the date fixed for such redemption, in the manner and with the effect provided in Article V.

**Section 6.03. Trustee to Select Bonds of Series A for Redemption.** Promptly after February 15 in each year, beginning with the year 1954, the Trustee shall proceed to select in the manner provided in Article V, $20,000 principal amount, Bonds of Series A for redemption, on the next ensuing April 1, and, for and on behalf of the Company, shall give notice in the name of the Company and in the manner and with the effect provided in Article V, of the redemption for the sinking fund of the Bonds of Series A so selected.

**Section 6.04. Company to Pay Trustee Accrued Interest.** Prior to the date fixed for redemption of Bonds of Series A through the sinking fund, the Company shall pay to the Trustee (in addition to the payments above provided for in this Article VI) an amount sufficient to pay accrued interest to the date fixed for redemption of the Bonds of Series A so called for redemption.

**Section 6.05. Manner of Redeeming Bonds of Series A for Sinking Fund.** The manner of redeeming Bonds of Series A for the sinking fund and of selecting Bonds of Series A for redemption for the sinking fund shall be governed by the provisions of Article V.

## ARTICLE VII.

### Possession, Use and Release of Property.

**Section 7.01. Possession of and Dealing With Mortgaged Property until Default; Leases, etc.** Unless and until one or more Events of Default shall occur and be continuing, the Company shall be suffered and permitted to possess, use and enjoy all the Mortgaged Property, except cash and obligations required by any provision of this Indenture to be deposited with the Trustee, and to receive and use the tolls, rents, revenues, issues, income, product and profits thereof, with power in the ordinary course of business, freely and without let or hindrance on the part of the Trustee or the Bondholders,

(*a*) to use and consume materials and supplies, (*b*) except as herein otherwise expressly provided to the contrary, to deal with choses in action, leases, leasehold interests and contracts, and to exercise the rights and powers conferred upon it thereby,

(*c*) to change the location of its exchanges, poles, lines, conduits or other property whatsoever, provided that such change shall not impair the lien of this Indenture thereon, and

(*d*) to alter, repair and remodel its buildings and structures and to replace and renew any of its equipment, machinery or other similar property, provided that such alterations, repairs, remodeling, replacements or renewals shall not diminish the value thereof or impair the lien of this Indenture thereon.

**Section 7.02. Disposal of Mortgaged Property Without Trustee's Consent.** Unless and until a default hereunder shall occur and be continuing, the Company may, at any time and from time to time, without notice to or any release or consent by the Trustee:

1. *Replacement of Worn Out Property.* Sell or otherwise dispose of, free from the lien of this Indenture, any apparatus, tools, implements, machinery, equipment, pipe or other similar property comprising part of the Mortgaged Property, which has become worn out, unserviceable, obsolete, disused, undesirable or unnecessary for use in the conduct of the business of the Company, not exceeding in Fair Value at the date of disposition thereof Ten thousand dollars ($10,000) for any single transaction nor a total of Twenty-five thousand dollars ($25,000) in any one calendar year, upon replacing the same with or substituting for the same other property of a Fair Value at least equal to the Fair Value of the property so disposed of, which shall become subject to the lien of this Indenture, free and clear of all Prior Liens except Permitted Encumbrances and except Prior Liens to which the property so disposed of shall have been subject; or

2. *Abandonment of Worn Out Property.* In the ordinary course of business, demolish, dismantle, tear down, use for scrap, abandon or surrender any of the Mortgaged Property which has become worn out or unserviceable, if in the opinion of the Board

of Directors such demolition, dismantling, tearing down, use, abandonment or surrender is in the best interests of the Company and the value and utility of the Mortgaged Property as an entirety and the security of the Bonds will not thereby be impaired; or

3. *Lease; Grant or Conveyance of Right-of-Way, Easement or License.* Make any lease, or grant or convey any right-of-way, easement or license (but the property so leased and the property over, through, under or with respect to which any such right-of-way, easement or license shall be so granted or conveyed shall remain subject to the lien of this Indenture to the same extent and in the same manner as it was prior to such lease, grant or conveyance), *provided, however,* that

(i) no such lease, grant, conveyance or other disposition shall be made unless, in the judgment of the Board of Directors the same will not be prejudicial to the security of the Bonds;

(ii) any cash consideration in excess of $1,000 received by the Company for any such lease, grant, conveyance shall be deposited with the Trustee for application by it in accordance with the provisions of Sections 8.02 and 8.04;

(iii) any lease made by the Company shall be made expressly subject to the lien of this Indenture or expressly terminable at the election of the Trustee in case of the happening of an Event of Default or at the election of the purchaser, whether under the power of sale herein granted or under judgment or decree in any judicial proceedings, of the property subject to such lease; or

4. *Modification or Surrender of Franchises, Etc.* Surrender in whole or in part, or assent to the modification of, any franchise, license or permit which it may hold, or under which it may be operating, provided that

(*a*) in the written opinion, filed with the Trustee, of an engineer (who may be in the regular employ of the Company), selected by the Board of Directors and satisfactory to the Trustee, the Company is exercising the privileges granted thereby without a fair return to it and such surrender or modification is to the best interests of the Company and the Bondholders, or

(*b*) in the event of any such modification, the franchise, license or permit as modified shall, in the Opinion of Counsel, filed with the Trustee, authorize the continuance by the Company of the same or an extended business in the same or an extended territory during the same or an extended or unlimited or indefinite period of time, or

(*c*) in the event of any such surrender, the Company shall receive in exchange a new franchise, license or permit which, in the Opinion of Counsel, filed with the Trustee, shall authorize it to do the same or an extended business in the same or an extended territory during the same or an extended or unlimited or indefinite period of time, or

(*d*) after the surrender or modification of any such franchise, license or permit, the Company shall still, under some other franchise, license or permit, have the right, in the Opinion of Counsel, filed with the Trustee, to conduct the same or an extended business in the same or an extended territory during the same or an extended or unlimited or indefinite period of time.

For the purposes of this subparagraph 4 and of any opinion to be rendered under it, any right of any municipality or other governmental body to terminate a franchise, license or permit by purchase shall not be deemed to abridge or affect its duration.

The Company shall deliver to the Trustee, on or before April 1 in each year after the year 1953, (1) an Officers' Certificate setting forth with respect to transactions during the preceding calendar year pursuant to the foregoing subparagraph 1 (excluding, in the case of the first such Officers' Certificate, the period from January 1, 1953 to the date hereof) (*a*) the Fair Value at the date of disposition of, the aggregate amount realized from, and a general description of, any property disposed of pursuant to said subparagraph 1, stating that such property had become worn out, unserviceable, obsolete, disused, undesirable or unnecessary for use in the conduct of the business of the Company and (*b*) the Fair Value of, the Cost of, and a general description of, any property acquired in replacement of or in substitution for such property disposed of, (2) such supplemental indentures or other instruments as may be necessary for the purpose of effectually subjecting such acquired property to the lien hereof and (3) an Opinion of Counsel that such supplemental indentures or other instruments are duly executed and are sufficient for such purpose (or that no such supplemental indentures or instruments are necessary), and that the property acquired pursuant to said subparagraph 1 is subject to the lien of this Indenture, free and clear of all Prior Liens except Permitted Encumbrances and except Prior Liens to which the property disposed of pursuant to said subparagraph 1 was subject; and/or that any lease made pursuant to clause (iii) of the foregoing subparagraph 3 is subject to the lien of this Indenture or terminable as provided in said clause (iii).

**Section 7.03. Release by Trustee of Mortgaged Property Sold by Company.** Upon the terms and conditions and subject to the restrictions in this Section 7.03 contained and not otherwise (except as provided in Sections 7.02 and 7.04), the Company may, if the security afforded by the Indenture will not thereby be impaired, sell, exchange or otherwise dispose of any (less than substantially all) property subject to the lien hereof which, in the judgment of the Board of Directors shall no longer be necessary or advantageous in the business of the Company and which is not necessary for the efficient operation of the remaining property of the Company used or useful as a telephone utility and the Fair Value of which shall not be more than the amount or Fair Value, as the case may be, of the consideration to be received therefor (which consideration must consist of cash, purchase money obligations, within the limitations hereinafter in this Section 7.03 set forth, taken at their face amount, or Capital Additions taken at their Fair Value; *provided, however,* that any such purchase money obligations shall be purchase money closed first mortgages upon the property so to be released which obligations (a) shall mature not later than a date two years prior to the maturity date of the earliest series of Bonds then Outstanding, (b) shall be of an aggregate principal amount which shall not be in excess of sixty per cent. (60%) of the Fair Value of such property, (c) shall constitute all the obligations secured by such mortgage and (d), together with the unpaid balances of all obligations secured by purchase money mortgages theretofore received for the property released from the lien of this Indenture and then held by the Trustee, shall not exceed the greater of $200,000 or fifteen per cent. (15%) of the aggregate principal amount of all Bonds then Outstanding). If the Company shall not then be in default hereunder to the knowledge of the Trustee, the Trustee, upon the Request of the Company (which Request shall state that the Company is not in default under any of the provisions of this Indenture), shall release the same from the lien of this Indenture upon receipt by the Trustee of:

1. *Certified Resolution.* Certified Resolution requesting such release;

2. *A Certificate of the Company.* A Certificate of the Company, signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company and by an engineer (who may be in the employ of the Company) or firm of engineers (who may be under regular retainer from the Company), or, if such property shall consist of Securities, by an appraiser, engineer or other competent person or firm (who may be in the regular employ of the Company or under regular retainer from the Company), in each case selected by the Board of Directors and satisfactory to the Trustee (*provided, however*, that, if such property has a Fair Value of more than $100,000, such engineer, firm of engineers, appraiser or other competent person or firm shall be an Independent Engineer) in substantially the following form with appropriate exhibits annexed thereto and the blanks appropriately completed:

UNITED TELEPHONE COMPANY OF IOWA

FIRST MORTGAGE (the defined terms therein being used herein), DATED APRIL 1, 1953

CERTIFICATE

Dated

Under

Section 7.03 thereof

The undersigned hereby certify:

(1) The Company has [*either*] sold or disposed of [*or, in the alternative*] [contracted to sell or dispose of] the property

described in Exhibit A hereto, and desires to have the same released; and the consideration to be received for such property is also set forth in Exhibit A hereto;

(2) In the opinion of the undersigned, such release is in the best interests of the Company and the property to be released is not necessary for the efficient operation of its remaining property which is used or useful as a telephone utility, and the security afforded by the Indenture will not be impaired by such release;

(3) the Fair Value of the property so to be released is more [*or less*] than One hundred thousand dollars ($100,000).

(4) The Company has sold or exchanged or otherwise disposed of, or has contracted to sell or exchange or otherwise dispose of, the property so to be released for a consideration representing, in the opinion of the undersigned, at least its Fair Value, which consideration (to the extent that it does not consist of cash) is described in Exhibit A hereto, and consists of

(i) cash in the amount of $ .

(ii) obligations secured by a purchase money closed first mortgage upon the property so to be released, as described in Exhibit A hereto, which obligations (a) shall mature not later than a date two years prior to the maturity date of the earliest maturing series of Bonds then Outstanding, (b) are of an aggregate principal amount which is not in excess of sixty per cent. (60%) of the Fair Value of such property, (c) constitute all the obligations secured by such mortgage and (d), together with the unpaid balances of all obligations secured by purchase money mortgages theretofore received for property released from the lien of the Indenture and then held by the Trustee, do not exceed the greater of $200,000 or fifteen per cent. (15%) of the aggregate principal amount of all Bonds then Outstanding, and

(iii) other property, as described in Exhibit A hereto, which, upon acquisition thereof by the Company, will constitute Capital Additions.

(5) The Fair Value of the property described in subparagraph (iii) of paragraph (4) of this Certificate is $ .

(6) The consideration described in Exhibit A hereto does [*or does not*] include an Acquired Plant.

Dated: 19 .

UNITED TELEPHONE COMPANY OF IOWA

President or Vice-President

Treasurer or Assistant Treasurer

Engineer or Appraiser

3. *Consideration; Instruments of Conveyance.* Any money or obligations stated in the certificate specified by the foregoing paragraph 2 of this Section 7.03 to be or to have been received as consideration for any property so to be released (or, to the extent that such money or obligations constitute the consideration for property subject to a Prior Lien, a certificate of the trustee under such Prior Lien that it has received such money or obligations and has been irrevocably authorized by the Company to pay over to the Trustee any balance of such money or obligations remaining after the discharge of such Prior Lien, which trustee shall be the corporate trustee thereunder if there be a corporate trustee thereunder and if the terms of the instrument creating such lien permit the corporate trustee thereunder to receive such money or obligations); and, if any property other than cash or obligations is included in the consideration for any property so to be released, such instruments of conveyance, assignment and transfer, if any, as may be necessary, in the Opinion of Counsel hereinafter referred to, to subject to the lien of this Indenture all the right, title and interest of the Company in and to such property;

4. *Opinion of Counsel.* An Opinion of Counsel (1) to the effect that

(*a*) the instruments furnished to the Trustee in connection with such release constitute an adequate and proper basis under the terms of this Indenture for the execution and delivery of the release applied for,

(*b*) any purchase money obligations included in the consideration are valid and enforceable in accordance with their terms, are within the limitations as to character and amount provided in Item (ii) of paragraph (4) of the Certificate specified by paragraph 2 of this Section 7.03, are secured by a closed mortgage constituting a valid, direct, first mortgage lien upon the property to be released, subject only to Permitted Encumbrances existing thereon at the time of such release, and have been delivered and assigned to and duly and effectively pledged with the Trustee as security for the Bonds,

(*c*) in case the Trustee is requested to release any franchise, license or permit, such release will not impair the then existing right of the Company to operate any of its remaining property as a telephone company or as a telephone utility,

(*d*) whether or not the property so to be released is subject to a Prior Lien and, if it is and if any part of the consideration received for the property so to be released has been deposited with the trustee under such Prior Lien, such trustee (specifying the trustee and the Prior Lien) is entitled to receive the same,

(*e*) all conditions precedent provided for in this Indenture relating to the release of the property in question have been complied with;

and

(2) in case any part of the consideration received for the property so to be released consists of property which will constitute Capital Additions as set forth in the Certificate specified by paragraph 2 of this Section 7.03, conforming to the requirements

of clauses (*a*), (*b*), (*c*) and (*d*) of paragraph 4 of Section 3.05 stating

(*a*) either (i) that such instruments of conveyance, assignment and transfer as shall be delivered to the Trustee are sufficient to subject to the lien of this Indenture all the right, title and interest of the Company in and to such property, subject to no Lien prior to, or on a parity with, the lien hereof other than Funded Prior Liens, Permitted Encumbrances and other than the same Prior Liens, if any, as existed upon the property so to be released, or (ii) that no instruments of conveyance, assignment or transfer are necessary for such purpose, and

(*b*) that the Company has power and authority to acquire, own and operate all property included in the consideration for such release;

and

5. *Certificate and Opinion of Counsel as to Governmental Authorization.* Either (*a*) evidence, authenticated in a manner satisfactory to the Trustee, of the authorization or approval of or consent to the sale, exchange or other disposition of the property so to be released, the consideration to be received therefor and the acquisition of any property constituting any part of such consideration, by each governmental body at the time having jurisdiction in the premises, together with an Opinion of Counsel that the same constitutes sufficient evidence of such authorization, approval or consent, and that no such authorization, approval or consent by any other governmental body is required, or (*b*) an Opinion of Counsel that no such authorization, approval or consent by any governmental body is required.

**Section 7.04. Release of Property of Value Not Over $25,000.** The Company may sell, exchange or otherwise dispose of any of its property (in addition to the property referred to in Sections 7.02 and 7.03) at any time subject to the lien hereof, of an aggregate Fair Value not exceeding Two thousand dollars ($2,000) for any single transaction nor a total of Twenty-five thousand dollars ($25,000) in any one calendar year, without notice to or any release or consent by the

Trustee; *provided, however,* that the Company shall forthwith deposit with the Trustee a sum in cash equal to the Fair Value of the property so sold, exchanged or otherwise disposed of (but not less than the consideration received by the Company for such property) and shall forthwith file with the Trustee an Officers' Certificate stating in substance as follows:

(*a*) That the sum in cash so deposited with the Trustee represents the Fair Value of the property described in such Officers' Certificate and so sold, exchanged or otherwise disposed of (but not less than the consideration received by the Company for such property) and that such property is not necessary for the efficient operation by the Company of its remaining property which is used or useful as a telephone utility, and the security afforded by the Indenture will not be impaired by the release of such property;

(*b*) That the Fair Value of the property so sold, exchanged or otherwise disposed of does not exceed Two thousand dollars ($2,000), and that such Fair Value, together with the Fair Value of all other property theretofore sold, exchanged or otherwise disposed of by the Company pursuant to the provisions of this Section 7.04 during the then current calendar year does not exceed Twenty-five thousand dollars ($25,000); and

(*c*) That no default exists on the part of the Company under any of the provisions of this Indenture.

Upon the Request of the Company, the Trustee shall execute and deliver an appropriate confirmatory instrument or instruments of release or conveyance with respect to any property so sold, exchanged or otherwise disposed of, but the execution and delivery of any such instrument or instruments shall not be nor be deemed to be a condition precedent to the sale, exchange or other disposition of property by the Company free from the lien of this Indenture pursuant to the provisions of this Section 7.04.

**Section 7.05. New Property Subject to Lien of Indenture.** Any new property acquired by the Company (by exchange, purchase, construction or otherwise) to take the place of any property released hereunder, shall forthwith and without further conveyance become subject to the lien of this Indenture.

**Section 7.06. Eminent Domain, etc.** In the event that any one or more governments or municipal corporations or other governmental subdivisions or governmental bodies, authorities or agencies shall at any time acquire all or any part of the property of the Company which is subject to the lien of this Indenture, by the exercise of the power of eminent domain or by the exercise of a right reserved to purchase the same, the award or consideration payable therefor shall be paid to the Trustee, except to the extent that, as shall be stated in the Opinion of Counsel, hereinafter in this Section 7.06 referred to, the trustee under some Prior Lien shall be entitled to receive the same or some part thereof, and the Trustee shall accept the same and, upon the Request of the Company, shall execute and deliver a release of the property so acquired and shall be fully protected in so doing upon receipt by the Trustee of:

1. *Certified Resolution.* A Certified Resolution requesting the release of the property and stating that acceptance of such award or consideration is in the best interests of the Company and of the Bondholders;

2. *Consideration.* The award or consideration received for such property (or, to the extent that such award or consideration constitutes an award or consideration for property subject to a Prior Lien, a certificate of the trustee under such Prior Lien to the effect that it has received such award or consideration and has been irrevocably authorized by the Company to pay over to the Trustee any balance of such award or consideration remaining after the discharge of such Prior Lien, which trustee shall be the corporate trustee thereunder if there be a corporate trustee thereunder and if the terms of the instrument creating such lien permit the corporate trustee thereunder to receive such money or obligations); and

3. *Opinion of Counsel.* An Opinion of Counsel to the effect that

(*a*) such property has been duly and lawfully acquired by one or more governments or municipal corporations or other governmental subdivisions or governmental authorities, by the exercise of the power of eminent domain or by the exercise of a right reserved to purchase the same, (*b*) the instruments furnished to the Trustee in connection with such release constitute an adequate and proper basis under the terms of this Indenture for the execution and delivery of the release applied for, and

(*c*) whether or not the property so released is subject to a Prior Lien and, if it is and if any part of the award or consideration received for such property has been deposited with the trustee under such Prior Lien, such trustee (specifying the trustee and the Prior Lien) is entitled to receive the same.

In any such proceeding, the Trustee may be represented by counsel, who may be of counsel to the Company.

**Section 7.07. Application of Proceeds on Release of Substantially All Mortgaged Property.** 1. In the event that either (i) all or substantially all of the Mortgaged Property or (ii) all or substantially all of the Mortgaged Property which shall be used or useful in connection with the business of the Company as a telephone company or as a telephone utility shall be released from the lien of this Indenture under the provisions of Section 7.06, then the award or consideration for such property so released, together with any other moneys held by the Trustee under this Indenture, including the proceeds of any sales of Securities by the Trustee pursuant to Section 8.01 or Section 8.05 (such award or consideration and other moneys being hereinafter in this Section 7.07 referred to collectively as Available Moneys), shall be applied by the Trustee

*First,* to the payment of such taxes and assessments as constitute a lien upon such moneys, of the reasonable compensation and expenses of the Trustee and its agents, attorneys and counsel, and of all other sums payable to or by the Trustee under any provision of this Indenture,

*Second,* to the redemption in full of all Bonds then Outstanding, any moneys held for the account of any particular Bonds or coupons being applied to the redemption (or payment, if matured) of such Bonds or the payment of such coupons, as the case may be (subject to the provisions of Section 2.02, any such redemption under this Section 7.07, to the extent that the Fair

Value of the property released pursuant to the provisions of Section 7.06 shall be not more than $1,750,000, to be at the principal amount of such Bonds, together with interest accrued to the date of redemption, and, to the extent that the Fair Value of such property shall be more than $1,750,000, to be at the redemption price then applicable to the redemption of Bonds at the option of the Company), and to the payment of all expenses in connection with such redemption or payment, and

*Third,* any balance to the Company.

If the Available Moneys shall not be sufficient for such redemption in full, the Company shall deposit with the Trustee on or before the date fixed for redemption an amount of cash sufficient to enable the Trustee to pay in full such redemption price of the Bonds, together with interest accrued to such redemption date and all expenses in connection with such redemption.

2. In case any redemption of all Bonds Outstanding hereunder is to be made under the provisions of paragraph 1 of this Section 7.07, the same shall be done in accordance with the applicable provisions of this Indenture and any indenture supplemental hereto.

3. Within 15 days after the receipt of the award or consideration by it, the Trustee shall give notice, in the name and at the expense of the Company and on its behalf, of the call of the Bonds for redemption on a date not later than 45 days after such receipt, in the manner and with the effect specified in Article V and in any indenture supplemental hereto.

4. If the Available Moneys shall not be sufficient for the payments specified in paragraph 1 of this Section 7.07 and the Company shall default in its obligation to pay the balance to the Trustee, the Trustee shall, pursuant to Sections 8.01 and 8.05, proceed to sell the Securities held by it under this Indenture, and, pending such sale, shall apply such Available Moneys, to the extent thereof, to the partial payment of all Bonds then Outstanding, pro rata in proportion to the respective amounts then due and owing thereon for principal, premium (if any) and interest. All amounts so to be paid on the Bonds shall be paid over by the Trustee to the Holders or Registered Holders upon presentation at the principal office of the Trustee of the Bonds, with all un-

matured coupons, if any, attached, for stamping thereon of a notation as to the amount so paid thereon or for otherwise providing with respect to such payment in any manner satisfactory to the Company and the Trustee.

5. In the event of any such partial pro rata payment, notice thereof shall be given once (but need not be given more than once) by the Trustee, in the manner provided in Article V with respect to the redemption of Bonds, not later than 7 days after the date for which the Bonds were called for redemption, and from and after a date to be specified in such notice (to be fixed by the Trustee and to be not less than 15 days nor more than 20 days after the date of such notice) interest shall cease to accrue on the obligation of the Company on the Bonds so called for redemption, to the extent of the partial payment so provided.

**Section 7.08. Purchaser of Released Property Not Required to Investigate.** In no event shall any purchaser in good faith of any property which the Trustee has purported to release hereunder be bound to ascertain the authority of the Trustee to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority, or to see to the application of the purchase money; nor shall any purchaser of machinery or equipment or other similar property be under obligation to ascertain or inquire into the occurrence of the event on which any such sale is hereby authorized.

**Section 7.09. Exercise of Company Powers After Default.** Notwithstanding that a default hereunder shall have occurred and be continuing, in case the Mortgaged Property or any part thereof shall be in the possession of a Receiver, the powers conferred upon the Company by this Article VII may, with the consent of the Trustee, be exercised by such Receiver with respect to such part of the Mortgaged Property as may then be in his possession; and, if the Trustee shall be in possession of the Mortgaged Property or any part thereof under any provision of this Indenture, then the powers conferred upon the Company by this Article VII may be exercised by the Trustee in its discretion with respect to such part of the Mortgaged Property as may then be in the possession of the Trustee. A written request signed by such Receiver or the Trustee shall be deemed the equivalent of any Request of the

Company and of any Certified Resolution required by the provisions of this Article VII, and any certificate required by such provisions to be signed by any officer of the Company may be signed by such Receiver or the Trustee, as the case may be, instead of such officer.

Notwithstanding that a default hereunder shall have occurred and be continuing, the Company, so long as it shall be in possession of the Mortgaged Property, may, with the written consent of the Holders of not less than 66⅔% in principal amount of the Bonds then Outstanding, including 66⅔% in principal amount of the Bonds of Series A then Outstanding, filed with the Trustee, exercise the powers conferred upon it by this Article VII. In case of any exercise, pursuant to this Section 7.09, of the powers conferred upon the Company by this Article VII, it shall not be necessary to include in any certificate filed with the Trustee in connection therewith a statement that no default exists on the part of the Company under any of the provisions of this Indenture.

## ARTICLE VIII.

### Pledged Securities and Application of Moneys Received by the Trustee.

**Section 8.01. Securities Held by the Trustee.** Subject to the provisions of Section 8.05, all Securities received by the Trustee under any of the provisions of this Indenture, unless and until released pursuant to the provisions of Section 7.03, shall be held by the Trustee as part of the Mortgaged Property.

There shall be paid, delivered, assigned, transferred and conveyed to the Trustee to be held as part of the Mortgaged Property:

(*a*) all distributions (except distributions made out of net profits or earned surplus otherwise than in additional shares of stock) which may become payable or distributable in respect of shares of stock included in the Securities held by or pledged with the Trustee, including distributions in the course of dissolution, liquidation or winding up of the corporation issuing such stock, or in the event of the reduction of the capital stock of such corporation, or upon redemption of any shares of capital stock of such corporation; and (*b*) all payments of principal on obligations included in such Securities.

All moneys, shares of stock and obligations to be paid, delivered, transferred and assigned to the Trustee pursuant to the provisions of this Section 8.01 shall, if not received by the Trustee, be paid, delivered, transferred and assigned to the Trustee by the Company as and when received by the Company, and shall be held by the Trustee as a part of the Mortgaged Property. For the purposes of this Section 8.01, each distribution on shares of stock which shall be charged against the earned surplus of the issuer of such stock shall be deemed to have been paid out of net profits or earned surplus, unless and to the extent that a deficit in such earned surplus account results from such distribution. The Trustee may accept an Officers' Certificate stating any pertinent facts in connection with any such distribution as conclusive evidence of such facts.

Unless and until a default hereunder shall occur and be continuing:

(*i*) the Company shall be entitled from time to time to collect and receive for its own use all distributions paid out of net profits or earned surplus (except those payable in additional shares of stock) which may be made on all shares of stock included in the Securities held by or pledged with the Trustee, and all sums which may be paid in cash for interest upon all obligations included in such Securities, other than any such interest which shall have been collected or paid out of the proceeds of any sale or condemnation or expropriation of any property covered by a mortgage or other lien securing such Securities; and the Trustee from time to time upon Request shall deliver to the Company suitable assignments and orders for the payment to it or upon its order of all such distributions and interest which from time to time may be declared or become payable; and the Trustee upon Request shall from time to time pay over to or upon the order of the Treasurer or an Assistant Treasurer of the Company all sums which may be received by the Trustee representing any such distributions or interest to which the Company shall be entitled; *provided, however,* that until actually paid or canceled, all such rights to distributions, coupons and rights to interest shall remain subject to the lien hereof;

(*ii*) the Company shall have the right from time to time to vote and to give consents with respect to such Securities for all purposes not contrary to the provisions of this Indenture and to consent to and ratify or waive notice of any meeting with the same force and effect as though such shares of stock and obligations were not Securities held by or pledged with the Trustee; and, with respect to shares of stock registered in the name of the Trustee or its nominee, the Trustee shall from time to time upon Request give suitable waivers of notice and consents and deliver to the Company or its nominee suitable powers of attorney or proxies, with or without power of substitution, and either general or for such one or more purposes as such Request may specify; and

(*iii*) except with the consent of the Company, the Trustee shall not enforce the collection or payment of the principal of, or interest on, any obligation included in the Pledged Securities, whether before or after the maturity thereof.

If any distributions or interest covered by any assignment or order delivered pursuant to the foregoing subparagraph (*i*) shall not be paid when due, the Company shall return the same forthwith to the Trustee. Whenever and so long as a default hereunder shall, to the knowledge of the Trustee, have occurred and be continuing, the Trustee shall revoke any orders theretofore given by it for the payment of distributions or interest, and receive all distributions and interest in respect of all Securities held by or pledged with it; and all sums so received by the Trustee shall be held by it as additional security hereunder and shall be applied by the Trustee as provided in Section 8.02; but if any such default shall have been remedied any portion of such sums then held by the Trustee shall be paid over by it to the Company upon Request and the right of the Company to receive such distributions and interest, and the duty of the Trustee to execute such assignments and orders, shall revive and continue as if no such default had occurred. Except as otherwise in this Indenture provided, the Trustee shall have and may exercise all the rights of an owner in respect to any such Securities or may permit such rights to be exercised by the Company.

The Company covenants that it will not sell, assign or transfer, and will not mortgage, pledge or otherwise encumber (except hereunder) any of its rights to distributions, principal or interest in respect of any Securities held by or pledged with the Trustee.

In the event that the Bonds Outstanding hereunder shall become redeemable under the provisions of Section 7.07 and the moneys available in the hands of the Trustee for such redemption shall not be sufficient to effect such redemption in full as provided in said Section 7.07, the Trustee shall endeavor to sell, in such manner, upon such terms, at such times and at such prices as in its discretion it may determine, such amount of any Securities held by it under this Indenture as may be necessary to provide funds for or towards such redemption in full.

**Section 8.02. Withdrawal of Certain Trust Moneys by Company.** Unless and until a default shall occur and be continuing, any moneys received by the Trustee

(*a*) pursuant to Section 8.01,

(*b*) pursuant to subparagraph 3 of Section 7.02, as consideration for a lease, or a grant or conveyance of a right-of-way, easement or license,

(*c*) pursuant to Sections 7.03, 7.04 or 7.06, as proceeds of released property or of property taken by the power of eminent domain or otherwise acquired by any governments or municipal corporations or other governmental subdivisions or governmental bodies, authorities or agencies,

(*d*) pursuant to Section 4.11, as proceeds of any insurance,

(*e*) upon the satisfaction, discharge or other release of any Prior Lien, or

(*f*) for which other specific provision is not made elsewhere in this Indenture,

shall be held by the Trustee, subject to the provisions of Section 8.05, as a part of the security for the Bonds Outstanding hereunder and, subject to the provisions of Section 7.07, shall be paid over from time to time by the Trustee to or upon the Request of the Company (which Request shall state that the Company is not in default under any of the provisions of this Indenture):

1. To reimburse the Company for expenditures made for, or to pay for, the replacement, restoration, renewal, rebuilding or repair of property destroyed or damaged (to the extent that insurance moneys arising from such loss or damage are in the hands of the Trustee), upon receipt by the Trustee of

(*a*) an Officers' Certificate, (*i*) describing in reasonable detail the work done and materials purchased by way of the replacement, restoration, renewal, rebuilding or repair of the damaged or destroyed property, (*ii*) stating the specific amount requested to be paid over to or upon the order of the Company and that such amount is requested to reimburse the Company for, or to pay, the cost thereof and (*iii*) stating that the Company has not been reimbursed previously, under any provision of this Indenture, for the expenditures on account of which such Request is made; and

(*b*) an Opinion of Counsel substantially conforming to the requirements of clauses (*a*), (*b*), (*c*) and (*d*) of paragraph 4 of Section 3.05 with respect to such property as replaced, renewed, rebuilt, restored or repaired (with such additions, omissions and modifications as may be necessary to make such requirements applicable to such property);

or

2. In an amount not exceeding one hundred per cent. (100%) of the net amount of Capital Additions shown in Item (*f*) of Clause (12) of the Net Capital Additions Certificate filed with the Request under this Clause 2, which, but for the use thereof as the basis of the withdrawal of such moneys, might be made the basis of the authentication and delivery of Bonds under the provisions of Section 3.05, upon receipt by the Trustee of the instruments and opinions specified in paragraphs 1, 2, 3, 4, 5 and 6 of Section 3.05, with such additions, omissions and modifications as may be necessary to make the same applicable to the withdrawal of moneys hereunder.

**Section 8.03. Exercise of Company Powers After Event of Default.** Notwithstanding that a default hereunder shall have occurred and be continuing, in case the Mortgaged Property or any part thereof shall be in the possession of a Receiver, the powers conferred upon the Company by Section 8.02 may, with the consent of the Trustee, be exercised by such Receiver; and, if the Trustee shall be in possession of the Mortgaged Property or any part thereof under any provision of this Indenture, then the powers conferred upon the Company by Section 8.02 may be exercised by the Trustee in its discretion. Any document required by the provisions of Section 8.02 to be signed by any officer or officers of the Company may instead be signed by such Receiver or the Trustee, as the case may be.

Notwithstanding that a default hereunder shall have occurred and be continuing, the Company, so long as it shall be in possession of the Mortgaged Property, may, with the written consent of the Holders of not less than 66⅔% in principal amount of the Bonds then Outstanding, including 66⅔% in principal amount of the Bonds of Series A then Outstanding, filed with the Trustee, exercise the powers conferred upon it by Section 8.02. In the case of any exercise, pursuant to this Section 8.03, of the powers conferred upon the Company by Section 8.02, it shall not be necessary to include in any certificate filed with the Trustee in connection therewith a statement that no default exists on the part of the Company under any of the provisions of this Indenture.

**Section 8.04. Application of Trust Moneys to Purchase or Redemption of Bonds.** Unless and until a default shall occur and be continuing, all or any part of any moneys received by the Trustee as specified in Section 8.02 and not theretofore paid over or requested to be paid over to the Company pursuant to said Section 8.02 or applied or required to be applied pursuant to the provisions of Section 7.07, and not theretofore applied as therein authorized, shall, at the election and in accordance with a Request of the Company, be applied by the Trustee from time to time to the redemption, if redeemable, of Outstanding Bonds, of such series as may be specified in such Request upon receipt by the Trustee of

(*a*) a Certified Resolution evidencing such election,

(*b*) an Officers' Certificate stating that no default exists on the part of the Company under any of the provisions of this Indenture and (*c*) an Opinion of Counsel that all authorizations or approvals of or consents to such redemption by each governmental body at the time having jurisdiction in the premises have been obtained or that no such authorization, approval or consent by any governmental body is required.

Any such redemption shall be effected in accordance with Section 5.01 and the other applicable provisions of Article V and of any indenture supplemental hereto.

All interest accrued up to the date of redemption of all Bonds to be redeemed by the Trustee under the foregoing provisions of this Section 8.04, together with the premiums (if any) payable upon redemption, shall be paid by the Company as an additional payment to the Trustee prior to the date of redemption, and the cost of all advertising and publishing shall be paid by the Company, or, if paid by the Trustee, shall forthwith be repaid to it by the Company upon demand, with interest at the rate of six per cent. (6%) per annum from the date of demand.

Unless and until a default hereunder shall occur and be continuing, all or any part of such moneys received by the Trustee and not theretofore paid over or requested to be paid over to the Company pursuant to Section 8.02 or applied or required to be applied pursuant to the provisions of Section 7.07 or the foregoing provisions of this Section 8.04 shall, two years after the receipt of such moneys by the Trustee, but only if the moneys then available for the purpose shall be at least Twenty-five thousand dollars ($25,000), forthwith be applied by the Trustee, to the extent practicable, pro rata on the basis of the respective principal amounts of Bonds of all the series then Outstanding, to the redemption of Bonds of each series then Outstanding hereunder and subject to redemption, in accordance with Section 5.01 and the other applicable provisions of Article V and of any indenture supplemental hereto; and the Company hereby irrevocably authorizes the Trustee, in the name of and at the expense of the Company and on its behalf, to give notice of the call of such Bonds for redemption, in the manner and with the effect specified in Article V and in such supplemental indentures; *provided, however,* that neither the Company nor the Trustee shall be required to make any such redemption unless furnished with an Opinion of Counsel that all authorizations or approvals of or consents to such redemption by each governmental body at the time having jurisdiction in the premises have been obtained or that no such authorization, approval or consent by any governmental body is required; and *provided further* that the Trustee shall not be required to take any such action or give any such notice unless there shall be paid to the Trustee an amount equal to all interest accrued up to the date of redemption on all Bonds so to be redeemed under the provisions of this paragraph, together with the premiums (if any) payable upon redemption.

Upon receipt of notice from the Trustee of any such proposed redemption in accordance with the provisions of the next preceding paragraph, the Company will make timely application for the authorization, approval or consent of each governmental body at the time having jurisdiction in the premises which may be required, and will do all other things necessary on its part to be done to effect any such redemption, including the making of the indemnification and of the payments and the furnishing of the Opinion of Counsel hereinabove provided for.

**Section 8.05. Investment in Government Obligations.** Anything herein contained to the contrary notwithstanding, the Trustee shall, on Request, so long as the Company shall not be in default hereunder to the knowledge of the Trustee, apply any moneys at the time held by it hereunder (other than moneys held in trust for particular Bonds or coupons pursuant to any provision hereof) to the purchase of such Authorized Securities as may be specified in such Request, which shall be held as part of the Mortgaged Property; *provided, however,* that the Trustee shall not be under any obligation to so apply such moneys when such moneys shall be less than Twenty-five thousand dollars ($25,000). Any interest received on any such Authorized Securities which shall exceed the amount of accrued interest paid on purchase thereof shall be paid to the Company so long as the Company shall not be in default hereunder. Any Authorized Securities so purchased may be sold at any time in the discretion of the Trustee and shall be sold on Request, and the proceeds thereof (exclusive of accrued interest) and any amounts collected for principal thereon and any interest thereon not payable to the Company pursuant to the last preceding sentence shall be held and applied in the same manner as is herein provided in respect of the moneys used to purchase such Authorized Securities. If the proceeds of any Authorized Securities shall be less than the cost thereof (exclusive, in both cases, of accrued interest) or if at any time the market value of any Authorized Securities held by the Trustee shall be less than the cost thereof (exclusive of accrued interest) the Company will pay the amount of such deficiency to the Trustee on its written request.

Whenever application is made by the Company under any provision of this Indenture to withdraw all or any part of moneys deposited or held by the Trustee, the Company shall accept Authorized Securities held by the Trustee as a part of the Mortgaged Property pursuant to this Section 8.05 to the extent that such Authorized Securities shall be tendered to it by the Trustee in lieu of cash; and such Authorized Securities shall be acceptable in lieu of such cash at the net cost thereof (exclusive of accrued interest) to the Mortgaged Property.

In the event that the Bonds Outstanding hereunder shall become redeemable under the provisions of Section 7.07 and the moneys available in the hands of the Trustee for such redemption shall not be sufficient to effect such redemption in full as provided in said Section 7.07, the Trustee shall endeavor to sell, in such manner, upon such terms, at such times and at such prices as in its discretion it may determine, such amounts of any Authorized Securities held by it under this Section 8.05 as may be necessary to provide funds for or toward such redemption in full.

The Trustee shall not be liable or responsible for any loss resulting from any investment or reinvestment pursuant to this Section 8.05.

## ARTICLE IX.

### Remedies of Trustee and Bondholders in Event of Default.

**Section 9.01. Events of Default.** In case one or more of the following Events of Default shall have occurred and be continuing, that is to say:

(*a*) default shall be made in the payment of any instalment of interest upon any of the Bonds as and when the same shall become due and payable, and such default shall continue for a period of 30 days; or

(*b*) default shall be made in the payment of the principal of, or premium (if any) on, any of the Bonds as and when the same shall become due and payable whether at maturity or by redemption, declaration or otherwise; or

(*c*) default shall be made in the due and punctual payment or satisfaction of any sinking fund obligation hereunder, when and as the same shall become due and payable; or

(*d*) default shall be made in the due observance or performance of any covenant, condition or agreement on the part of the Company contained in subparagraph (3) of Section 4.06 or in any of Sections 4.08, 4.09 or 4.10; or

(*e*) default shall be made in the due observance or performance of any other covenant, condition or agreement on the part of the Company in the Bonds or in this Indenture contained and shall continue for a period of 45 days after the date on which written notice thereof shall have been given to the Company by the Trustee, which notice may be given by the Trustee in its discretion and shall be given by the Trustee upon the written request of the Holders of not less than 25% in principal amount of all Bonds then Outstanding; or

(*f*) a decree or order shall have been entered by a court of competent jurisdiction adjudging the Company a bankrupt or insolvent or approving as properly filed a petition seeking reorganization of the Company under the Bankruptcy Act or any other Federal or state law relating to bankruptcy or insolvency or appointing a Receiver or decreeing or ordering the winding up or liquidation of the affairs of the Company or the sequestration of a substantial part of the Mortgaged Property, and any such decree or order shall remain in force undischarged and unstayed for a period of 60 days; or

(*g*) the Company shall institute proceedings to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Act or any other Federal or state law relating to bankruptcy or insolvency or shall consent to the filing of any such petition or shall consent to the appointment of a Receiver or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by the Company or in furtherance of any of the aforesaid purposes; or

(*h*) default shall be made in any of the respects mentioned in paragraphs (*a*), (*e*) or (*f*) of this Section 9.01 and prior to the expiration of the grace period mentioned therein, there shall be a judgment against the Company unsatisfied and unsecured by bond on appeal or the Company shall admit to the Trustee its inability to make good such default within the applicable grace period; or

(*i*) there shall be rendered against the Company a final judgment, decree or order for the payment of money in excess of $50,000 and the Company shall not cause the same to be discharged within 60 days from the date of entry thereof, or there shall not be taken within said period an appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment, decree or order was granted, based or entered, or other appropriate proceeding for the appellate review thereof with stay of execution pending such appeal; or such appeal shall be taken and on such appeal such judgment, order or decree shall be affirmed, and the Company shall not discharge such judgment, decree or order or provide for its discharge in accordance with its terms within 60 days after the entry of the final order or decree of affirmance;

then and in each and every such case, unless the principal of all the Bonds shall have already become due and payable, the Trustee may, and upon written request of the Holders of not less than 25% in principal amount of the Bonds then Outstanding shall, by notice in writing to the Company, declare the principal (if not previously due) of all the Bonds then Outstanding (including in such term for this purpose Bonds held in the treasury of the Company) and the interest accrued and unpaid thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any sale of the Mortgaged Property shall have been made or any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured instalments of interest upon all the Bonds and the principal of, and premium (if any) on, any and all Bonds which shall have become due otherwise than by such declaration (with interest upon such overdue principal and premium, if any, and, if and to the extent permitted by law, upon overdue instalments of interest, at the rate of 6% per annum to the date of such payment or deposit) and the reasonable compensation, expenses and disbursements of the Trustee, its agents and attorneys, and any and all defaults under the Indenture, other than the nonpayment of the principal of Bonds which shall not have become due otherwise than by such declaration, shall have been remedied—then and in every such case the Holders of not less than a majority in principal amount of the Bonds then Oustanding, by written notice to the Company and to the Trustee, may waive all defaults and rescind and annul such declaration and its consequences; but no such action shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

**Section 9.02. Trustee's Right to Enter and Take Possession, Operate and Apply Income.** The Company agrees that upon the occurrence of one or more Events of Default the Company, upon demand of the Trustee during the continuance thereof, shall forthwith surrender to the Trustee the actual possession of, and it shall be lawful for the Trustee, by such officers or agents as it may appoint, to take possession of, the Mortgaged Property (and the books, papers and accounts of the Company), and to hold, operate and manage the Mortgaged Property (including the making of all needful repairs, and such alterations, additions and improvements as to the Trustee shall seem wise) and to receive the rents, issues, tolls, profits, revenues and other income thereof, and to apply the same as provided in Section 9.07. Whenever all that is then due upon the Bonds and under any of the terms of this Indenture shall have been paid and all defaults hereunder shall have been made good, the Trustee shall surrender possession to the Company.

**Section 9.03. Trustee's Power of Sale.** In case one or more of the Events of Default shall occur and be continuing, the Trustee, with or without entry, in its discretion, subject to the provisions of Section 9.08 hereof, may:

(1) sell, subject to any mandatory requirements of applicable law, the Mortgaged Property as an entirety, or in any such parcels as the Holders of a majority in principal amount of the Bonds then Outstanding shall in writing request, or in the absence of such request, as the Trustee may determine, at public auction at such place and at such time (which sale may be adjourned by the Trustee from time to time in its discretion by announcement at the time and place fixed for such sale without further notice) and upon such terms as the Trustee may fix and specify in a notice of sale to be published once in each week for four successive weeks prior to such sale in an Authorized Newspaper in the Borough of Manhattan, City and State of New York; or

(2) proceed to protect and enforce its rights and the rights of the Bondholders under this Indenture, by sale under judgment or decree in any judicial proceedings or by a suit or suits in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture, or in aid of the execution of any power granted in this Indenture, or for the foreclosure of this Indenture, or for the enforcement of any other proper legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights or duties of the Trustee or the Bondholders.

**Section 9.04. Effect of Sale of Mortgaged Property.** Upon any sale of any of the Mortgaged Property, whether made under the power of sale hereby given or under judgment or decree in any judicial proceedings:

(1) The principal of and accrued interest on all Bonds then Outstanding, if not previously due, shall at once become and be immediately due and payable.

(2) Any Bondholder may bid for and purchase the property sold, and upon compliance with the terms of sale may hold, retain and possess and dispose of such property in his own absolute right without further accountability, and may, in paying the purchase money therefor, deliver any of the Bonds then Outstanding or claims for interest thereon in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon, and such Bonds, in case the amounts so payable thereon shall be less than the amount due thereon, shall be returned to the Holders thereof after being appropriately stamped to show partial payment.

(3) The Trustee may make and deliver to the purchaser or purchasers a good and sufficient deed, bill of sale and instrument of assignment and transfer of the property sold. The Trustee is hereby irrevocably appointed the true and lawful attorney of the Company, in its name and stead, to make all necessary deeds, bills of sale and instruments of assignment and transfer of the property thus sold; and for that purpose it may execute all necessary deeds, bills of sale and instruments of assignment and transfer, and may substitute one or more persons, firms or corporations with a like power, the Company hereby ratifying and confirming all that its said attorney, or such substitute or substitutes, shall lawfully do by virtue hereof. Nevertheless, if so requested by the Trustee or by any purchaser, the Company shall ratify and confirm any such sale or transfer by executing and delivering to the Trustee or to such purchaser or purchasers all proper deeds, bills of sale, instruments of assignment and transfer and releases as may be designated in any such request.

(4) All right, title, interest, claim and demand whatsoever, either at law or in equity or otherwise, of the Company of, in and to the property so sold shall be divested. Such sale shall be a perpetual bar both at law and in equity against the Company, its successors and assigns, and against any and all persons claiming or who may claim the property sold or any part thereof, from, through or under the Company, its successors and assigns.

(5) The receipt of the Trustee or of the officer making such sale shall be a sufficient discharge to the purchaser or purchasers

at such sale for his or their purchase money, and such purchaser or purchasers, and his or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt, be obligated to see to the application of such purchase money, or be in anywise answerable for any loss, misapplication or non-application thereof.

Upon a sale of substantially all the Mortgaged Property, whether made under the power of sale hereby granted or under judgment or decree in any judicial proceedings, the Company shall permit the purchaser thereof and its successors and its and their assigns, to take and use the name of the Company and to carry on business under such name or any variant or variants thereof and to use and employ any and all other trade names, brands and trade marks of the Company; and in such event, upon written request of such purchaser or its successors, or its or their assigns, the Company shall, at the expense of the purchaser, change its name in such manner as to eliminate any similarity.

**Section 9.05. Company to Pay Bonds on Any Default; Trustee Empowered to File Claims.** The Company covenants that (*i*) in case default shall be made in the payment of any instalment of interest on any of the Bonds as and when the same shall become due and payable, and such default shall have continued for a period of 30 days or (*ii*) in case default shall be made in the payment of the principal of, or premium (if any) on, any of the Bonds when the same shall have become due and payable, whether at maturity or by redemption, declaration or otherwise—then, upon demand of the Trustee, the Company shall pay to the Trustee, for the benefit of the Holders of the Bonds, the whole amount that then shall have become due and payable on all such Bonds for principal and premium (if any) or interest, or both, as the case may be, with interest upon the overdue principal and premium (if any) and (if and to the extent permitted by law) upon overdue instalments of interest at the rate of 6% per annum; and in case the Company shall fail to pay the same forthwith upon such demand, the Trustee in its own name and as trustee of an express trust shall be entitled to sue for and to recover judgment for the whole amount so due and unpaid.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization or other similar judicial proceedings, relative to the Company or its property, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 9.05) shall be entitled and empowered to file and prove a claim or claims for the whole amount of principal and premium (if any) and interest owing and unpaid in respect of the Bonds, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Bondholders allowed in such judicial proceedings, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of any amount payable to the Trustee for compensation and expenses, including counsel fees; and any Receiver is hereby authorized by each of the Bondholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due to it for compensation and expenses, including counsel fees, incurred by it down to the date of such payment. Nothing herein contained shall be deemed to authorize or empower the Trustee to consent to or accept or adopt, on behalf of any Holder of Bonds, any plan of reorganization or readjustment of the Company affecting the Bonds or the rights of any Holder thereof, or to authorize or empower the Trustee to vote in respect of the claim of any Holder of any Bonds in any such proceedings.

The Trustee shall be entitled to sue for and recover judgment and to file and prove such claims, as aforesaid, either before or after or during the pendency of any proceedings involving the enforcement of the lien of this Indenture or of any of its rights or the rights of the Bondholders under this Indenture, and the right of the Trustee to recover such judgment or to file and prove claims, as aforesaid, shall not be affected by any entry or sale hereunder or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture or for the foreclosure of the lien hereof. In case of a sale of any of the Mortgaged Property and of the application of the proceeds of sale to the payment of the debt hereby secured, the Trustee, in its own name and as trustee of an express trust, shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon any and all the Bonds then Outstanding, for the benefit of the Holders thereof, and the Trustee shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest as aforesaid. No recovery of any such judgment by the Trustee and no levy of any execution pursuant thereto upon the Mortgaged Property or any other property, shall in any manner or to any extent, except as otherwise provided by law, affect the lien of this Indenture upon the Mortgaged Property or any thereof, or any rights, powers, or remedies of the Trustee under this Indenture, or any lien, rights, powers or remedies of the Bondholders, but such lien, rights, powers and remedies of the Trustee and of the Bondholders shall continue unimpaired as before.

**Section 9.06. Company Consents to Appointment of Receiver.** In case one or more of the Events of Default shall occur and be continuing and upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee or of the Bondholders under this Indenture, the Trustee shall, to the extent permitted by law, be entitled as a matter of right to the appointment of a Receiver of the Mortgaged Property and of the rents, issues, tolls, profits, revenues and income thereof, pending such proceedings, with such powers as the court making such appointment shall confer, and to the entry of an order directing that the rents, issues, tolls, profits, revenues and other income of the property constituting part of the Mortgaged Property be segregated, sequestered and impounded for the benefit of the Trustee and the Bondholders and the Company hereby irrevocably consents to the appointment of such Receiver and to the entry of such order; *provided, however,* that, notwithstanding the appointment of any Receiver, the Trustee shall be entitled to retain possession and control of, and to collect all interest or dividends or earnings on, all cash and Securities held by or deposited or pledged with the Trustee, pursuant to any provision of this Indenture.

**Section 9.07. Application of Moneys by Trustee.** Any moneys collected by the Trustee pursuant to this Article IX, including any rents, issues, tolls, profits, revenues and other income collected pursuant to Section 9.02 and any proceeds of any sale, whether made under any power of sale herein granted or pursuant to judicial proceedings, together with any other moneys which may then be held by the Trustee under any of the provisions of this Indenture as security for the Bonds, other than any such moneys held for the payment of principal, premium, or claims for interest on particular Bonds, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such moneys on account of principal or premium (if any) or interest, upon presentation of the several Bonds, and stamping thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

*First:* To the payment of all taxes, assessments or liens prior to the lien of this Indenture, except those subject to which any sale shall have been made, all costs and expenses of collection, including the costs and expenses of operating and managing the Mortgaged Property pursuant to Section 9.02 and reasonable compensation to the Trustee, its agents and attorneys, and all expenses, liabilities and advances incurred or made without negligence or bad faith by the Trustee hereunder;

*Second:* To the payment of the whole amount then owing and unpaid upon the Outstanding Bonds for principal and premium (if any) and interest, or either, with interest (if such interest has been collected by the Trustee) on the overdue principal and premium (if any) and upon overdue instalments of interest at the rate of 6% per annum, such payments to be made ratably, without discrimination or preference;

*Third:* To the payment of the remainder, if any, to the Company or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

**Section 9.08. Trustee Shall Protect and Enforce Rights; Holders of Majority of Bonds May Direct Proceedings.** Upon the written request of the Holders of not less than a majority in principal amount of the Bonds then Outstanding, in case one or more of the Events of Default shall occur and be continuing, the Trustee, with or without entry, shall proceed to protect and enforce its rights and the rights of the Bondholders under this Indenture by sale under the power of sale herein given or under judgment or decree in any judicial proceedings or by a suit or suits in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture, or in aid of the execution of any power granted herein, or for foreclosure of this Indenture, or for the enforcement of any other proper legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights or powers of the Trustee or the Bondholders, or, in case such Bondholders shall have requested a specific method of enforcement permitted hereunder and the Trustee shall have received indemnity as hereinafter in Section 13.02 provided, in the manner so requested.

The Holders of not less than a majority in principal amount of the Bonds at the time Outstanding shall have the right to direct the method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that such direction shall not be in conflict with the provisions of law or of this Indenture, and that the Trustee shall not determine that the action so directed would be unjustly prejudicial to the rights of non-assenting Bondholders.

**Section 9.09. Limitations on Proceedings by Bondholders.** No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law or otherwise upon or under or with respect to this Indenture or for the appointment of a Receiver or for any other remedy hereunder, unless such Holder previously shall have given to the Trustee written notice of a continuing Event of Default and unless also the Holders of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee, for 30 days after its receipt of such notice, request and offer of indemnity, shall have failed to institute any such action, suit or proceeding; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of the Holders of any other Bonds or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Bonds.

Notwithstanding any other provisions in this Indenture, however, the right of any Holder of any Bond to receive payment of the principal of, and premium (if any) and interest on, such Bond, on or after the respective due dates expressed in such Bonds (or, in the case of redemption, as provided herein and in such Bonds), or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such Holder.

**Section 9.10. Remedies Cumulative; Trustee May Enforce Rights Without Bonds.** No remedy herein conferred upon or reserved to the Trustee or to the Holders of Bonds is intended to be exclusive of any other remedy or remedies, and each and every remedy shall, to the extent permitted by law, be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of the Trustee or of any Holder of Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every right, power and remedy given by this Article IX to the Trustee and to the Holders of Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Holders of Bonds, as the case may be. In case the Trustee or any Bondholder shall have proceeded to enforce any right under this Indenture and the proceedings for the enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or to such Bondholder, then and in every such case the Company, the Trustee and the Bondholders shall, subject to any determination in such proceedings, severally and respectively be restored to their former positions and rights hereunder and thereafter all rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken.

All rights of action and of asserting claims upon or under this Indenture or any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the Holders of the Outstanding Bonds.

**Section 9.11. Waiver of Appraisement, Valuation, Stay, Extension and Redemption Laws; Waiver of Marshalling Mortgaged Property.** To the extent that it may lawfully do so, the Company agrees that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any appraisement, valuation, stay, extension or redemption laws, now or at any time hereafter in force, which may delay, prevent or otherwise affect the performance or enforcement of this Indenture and hereby expressly waives all benefit or advantage of any such laws and covenants that it will not hinder, delay or impede the execution of any power granted and delegated to the Trustee in this Indenture, but will suffer and permit the execution of every such power as though no such laws were in force.

The Company, to the extent it may lawfully do so, on behalf of itself and all who may claim through or under it, including without limitation any and all subsequent creditors, vendees, assignees and lienors, expressly waives and releases all right to have any marshalling of the Mortgaged Property upon any sale, whether made under any power of sale herein granted or pursuant to judicial proceedings or upon any foreclosure or any enforcement of this Indenture and consents and agrees that all the Mortgaged Property may at any such sale be offered and sold as an entirety.

**Section 9.12. Bondholders May Waive Default.** Prior to the declaration of the maturity of the Bonds as provided in Section 9.01, the Holders of not less than 66⅔% in principal amount of the Bonds at the time Outstanding, including 66⅔% in principal amount of the Bonds of Series A then Outstanding, may on behalf of the Holders of all of the Bonds waive any past default hereunder and its consequences, except a default in the payment of the principal of, or premium (if any) or interest on, any of the Bonds. In the case of any such waiver, the Company, the Trustee and the Holders of the Bonds shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

**Section 9.13. Default Affecting Only Bonds of One Series.** In case an Event of Default affecting the rights of the Holders of Bonds of any one or more series which does not similarly affect the rights of holders of all other series of Bonds at the time Outstanding shall have occurred and be continuing, then whatever action may or shall be taken under this Article IX upon the occurrence of such Event of Default by or upon the request of the Holders of a specified percentage in principal amount of the Bonds then Outstanding, may or shall be taken in respect of the Bonds then Outstanding of the series as to which such default shall have been made, by or upon the request of the Holders of the same percentage in principal amount of the Bonds of such series then Outstanding.

**Section 9.14. Rights, Remedies and Powers Subject to Mandatory Provision of Law.** All rights, remedies and powers provided by this Article IX may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article IX are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

## ARTICLE X.

### Concerning the Bondholders.

**Section 10.01. Evidence of Bondholders' Rights.** Any request or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in any number of concurrent instruments of similar tenor and may be signed and executed by such Bondholders in person or by attorney appointed in writing. Proof of the execution of any such request or other instrument, or of a writing appointing any such attorney, or of the holding or owning by any person of Bonds, shall be sufficient for any purpose of this Indenture if made in the following manner:

(*a*) The fact and date of the execution by any Person of such request or other instrument or writing may be proved by the certificate of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in any State of the United States, that the Person executing such request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit (sworn to before such a notary public or other officer) of a witness to such execution;

(*b*) The amount and description of Bonds transferable by delivery held by any Person executing such request or other instrument or writing as a Bondholder and the date of his holding the same may be proved, unless herein otherwise provided, by exhibiting such Bonds to the Trustee or by a certificate executed by any trust company, bank, banker or other depositary acceptable to the Trustee, wheresoever situated, showing that at the date therein mentioned such Person had on deposit with such depositary the Bonds described in such certificate. The holding by the Person named in any such certificate of any Bond specified therein shall be presumed to continue for a period of one year unless at the time of any determination of such holding (i) another certificate bearing a later date issued in respect of the same Bond shall be produced, or (ii) the Bond specified in such certificate shall be produced by some other person, or (iii) the Bonds specified in such certificate shall be registered as to principal or shall have been surrendered in exchange for another Bond or other Bonds. The Trustee may consider such ownership as continuing for one year unless written notice to the contrary is received by it; and

(*c*) The ownership of registered Bonds without coupons and of coupon Bonds registered as to principal shall be proved by the registration and transfer books of the Company herein provided for or by a certificate of the custodian thereof.

The Trustee or the Company may nevertheless in its discretion require further proof in cases where it deems further proof desirable, and may require the production of any Bond or Bonds, and shall not be bound to recognize any Person as a Bondholder unless and until his title to the Bonds held by him is proved in a manner satisfactory to the Trustee or to the Company.

**Section 10.02. Determination of Bonds Outstanding.** In determining whether Bonds shall be deemed to be Outstanding hereunder or the Holders of the requisite principal amount of Bonds have concurred in any demand, request, notice, consent or waiver under this Indenture, Bonds which are owned by any Person owning or controlling, directly or indirectly, more than 50% of the shares of stock of the Company having general voting power under ordinary circumstances to elect a majority of the Board of Directors (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency) or by any Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with any such Person or the Company shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that for the purpose of any such determination by the Trustee or for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, notice, consent or waiver only Bonds which the Trustee knows are so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 10.02, if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to make or give a demand, request, notice, consent or waiver in respect of such Bonds and that the pledgee is not a Person owning or controlling, directly or indirectly, more than 50% of said shares of stock of the Company nor a Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with the Company or any such Person. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

**Section 10.03. Future Holders Bound.** Any request, consent or assent of the Holder or Registered Holder of or other person entitled by any other provision of this Indenture to give any such request, consent or assent with respect to any Bond shall bind all future Holders and Registered Holders of the same Bond, or any Bond or Bonds issued in lieu thereof or in exchange therefor (whether or not such future Holder or Registered Holder has notice thereof).

## ARTICLE XI.

### Immunity of Incorporators, Stockholder, Officers and Directors.

**Section 11.01. Immunity of Incorporators, Stockholders, Officers and Directors.** No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in any indenture supplemental hereto, or in any Bond or coupon hereby secured, or because of any indebtedness hereby secured, shall be had against any incorporator, or against any past, present or future stockholder, officer or director, as such, of the Company or of any successor corporation, either directly or through the Company or any successor corporation under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise; it being expressly agreed and understood that this Indenture, any indenture supplemental hereto and the obligations hereby secured, are solely corporate obligations, and that no personal liability whatever shall attach to, or be incurred by, such incorporators, stockholders, officers or directors, as such, of the Company or of any successor corporation, or any of them, because of the incurring of the Indebtedness thereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in this Indenture or in any indenture supplemental hereto or in any of the Bonds or coupons thereby secured, or implied therefrom.

## ARTICLE XII.

### Consolidation, Merger and Sale.

**Section 12.01. Conditions Under Which Consolidation, Merger or Sale Permitted.** So long as the Company shall not be in default hereunder, nothing contained in this Indenture or the Bonds shall be deemed to prevent the consolidation or merger of the Company with or into any other corporation, or the merger into the Company of any other corporation, or the sale by the Company of its property and assets as, or substantially as, an entirety; *provided, however,* that

(1) every such consolidation, merger or sale shall be on such terms as shall fully preserve the lien and security hereof and the

rights and powers of the Trustee and of the Holders of the Bonds hereunder;

(2) the corporation (if other than the Company) resulting from any such consolidation or merger or to which such sale shall have been made (such corporation being herein called the Successor Corporation) shall be a corporation organized under the laws of the United States of America or any state thereof and lawfully entitled to acquire, hold and operate the Mortgaged Property; and

(3) immediately upon such consolidation, merger or sale the Successor Corporation shall, by indenture supplemental hereto and in form satisfactory to the Trustee, expressly assume the due and punctual payment of the principal of, and premium (if any) and interest on, all the Bonds according to their tenor and the due and punctual performance and observance of each and every covenant and condition of this Indenture and of any indenture or other instrument supplemental hereto.

**Section 12.02. Successor Corporation to Be Substituted for the Company.** The Company shall not consolidate with any other corporation or merge into any other corporation or sell its property and assets as, or substantially as, an entirety except upon the terms and conditions set forth in this Article XII. Upon any consolidation or merger or any sale of the property and assets of the Company in accordance with the provisions of this Article XII, the Successor Corporation shall succeed to and be substituted for the Company with the same effect as if it had been named herein as a party hereto, and thereafter from time to time the Successor Corporation may exercise each and every right and power of the Company under this Indenture, in the name of the Company or in its own name; and any act or proceeding by any provision of this Indenture required or permitted to be done by any board or officer of the Company may be done with like force and effect by the like board or officer of the Successor Corporation; *provided, however,* that no such sale shall release the Company from any of its obligations and liabilities as obligor and maker on any of the Bonds and coupons.

**Section 12.03. Opinion of Counsel As to Consolidation, Merger, Sale or Conveyance.** The Trustee, subject to the provisions of Section 13.05, may receive an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Article XII.

## ARTICLE XIII.

### Concerning the Trustee.

The Trustee accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions hereof, including the following, to all of which the Company and the respective Holders of the Bonds and coupons at any time outstanding by their acceptance thereof agree:

**Section 13.01. Duties of Trustee.** The Trustee undertakes, except while an Event of Default known to the Trustee shall have occurred and be continuing, to exercise such duties and only such duties as are specifically set forth in this Indenture, and while such an Event of Default (which shall not have been cured or waived) shall have occurred and be continuing, to exercise such of the rights and powers as are vested in it by this Indenture, and to use the same degree of care and skill in their exercise, as an ordinarily prudent man would do or use under the circumstances in the conduct of his own affairs. The Trustee, upon receipt of the evidence furnished to it by or on behalf of the Company, pursuant to any provision of this Indenture, will examine the same to determine whether or not such evidence conforms to the requirements of this Indenture.

**Section 13.02. Obligation of Trustee to Investigate or Take Action; Indemnification.** Except as elsewhere in this Indenture or any indenture supplemental hereto otherwise expressly provided:

(1) unless an Event of Default known to the Trustee shall have occurred and be continuing, the Trustee shall not be under any obligation to take any action or make any investigation in respect of the subject matter of this Indenture or any indenture supplemental hereto unless requested in writing so to do by the Holders or Registered Holders of not less than twenty-five per

cent. (25%) in principal amount of the Bonds then Outstanding, and

(2) except as otherwise provided herein, whether or not an Event of Default shall have occurred, the Trustee shall not be under any obligation to take any action under this Indenture or any indenture supplemental hereto which shall be discretionary and which in its opinion may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its opinion, assured to it by the security afforded to it by the terms of this Indenture, unless and until requested in writing so to do by one or more Holders or Registered Holders of Bonds Outstanding hereunder and furnished, from time to time as it may require, with reasonable security and indemnity; *provided, however,* that no security or indemnity furnished by the Holders or Registered Holders of Bonds to the Trustee shall be applicable to any liability

(*a*) which shall be incurred by the Trustee as a result of any action taken by the Trustee not reasonably in accordance with the request or requests delivered to the Trustee by such Holders or Registered Holders of the Bonds, or

(*b*) which shall be finally determined by a court of competent jurisdiction to be a liability imposed upon the Trustee as a result of its default or negligence in the performance of the duties imposed upon or undertaken by the Trustee by the terms of this Indenture or any indenture supplemental hereto.

**Section 13.03. Trustee's Liability.** The Trustee shall not be personally liable save for negligence or willful misconduct. No provision of this Indenture shall be construed to relieve the Trustee from liability for negligent or willful misconduct, except that

(1) unless an Event of Default shall have occurred and be continuing, the Trustee shall not be liable except for the performance of such duties as are specifically set forth in this Indenture; and

(2) unless an Event of Default shall have occurred and be continuing, in the absence of bad faith on the part of the Trustee, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions conforming to the requirements of this Indenture; and

(3) the Trustee shall not be personally liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, and prior to the occurence of an Event of Default no implied covenants or obligations shall be read into this Indenture against the Trustee, but the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture; and

(4) the Trustee shall not be personally liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction or request of the Holders of the Bonds with which it is required by the provisions hereof to comply.

For the purpose of this Section 13.03 the term "Responsible Officer" of the Trustee shall mean any of the following: the President, every Vice-President, every Assistant Vice-President, the Treasurer, the Secretary, every Trust Officer and every other officer and assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers respectively or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

**Section 13.04. Trustee Not Personally Liable for Debts.** Subject to the provisions of Section 13.01 and Section 13.03, the Trustee shall not be personally liable in case of entry by it upon the Mortgaged Property for debts contracted or liability or damages incurred in the management or operation thereof.

**Section 13.05. Trustee's Reliance Upon Documents and Opinions of Counsel.** To the extent permitted by Sections 13.01 and 13.03:

(1) The Trustee may rely and shall be protected in acting upon any notice, request, consent, certificate, Bond, coupon, resolution, appraisal, report or other paper or document believed by the Trustee to be genuine and to have been signed or presented by the proper party or parties; and

(2) The Trustee may consult with counsel (who may be of counsel to the Company) and the opinion of such counsel shall be full and complete authorization and protection in respect of any

action taken or suffered by the Trustee hereunder in good faith and in accordance with the opinion of such counsel.

**Section 13.06. No Representations by Trustee.** The recitals and statements contained herein and in the Bonds (except the Trustee's certificate of authentication thereon) and coupons issued hereunder shall not be considered as made by or as imposing any obligation or liability upon the Trustee. The Trustee makes no representation as to the validity of this Indenture or of any indenture supplemental hereto or of any Bonds or coupons issued hereunder, or as to the security hereby or thereby afforded, or as to the title of the Company to the Mortgaged Property or as to the description thereof.

**Section 13.07. Compensation and Expenses of Trustee; Lien Therefor.** The Company covenants and agrees to pay from time to time to the Trustee, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Company will reimburse the Trustee with interest at the rate of six per cent. (6%) per annum for all advances made by it in accordance with any of the provisions of this Indenture and will pay to the Trustee from time to time its expenses and disbursements (including the reasonable compensation and expenses and disbursements of its counsel and of all persons not regularly in its employ) incurred without negligence or bad faith. The Company also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending against any claim of liability in the premises. The obligations of the Company to the Trustee under this Section 13.07 shall constitute additional Indebtedness secured hereby. Such additional Indebtedness shall be secured by a lien prior to that of the Bonds upon the Mortgaged Property, including all property or funds held or collected by the Trustee as such, except funds held in trust for the Holders of particular Bonds or coupons.

**Section 13.08. Certificate of Company as Proof.** Whenever, in the administration of the trusts created by this Indenture, the Trustee shall deem it necessary or desirable that any matter be proved or established prior to its taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed), subject to Sections 13.01 and 13.03, may be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and, subject as aforesaid, such Certificate shall be full warrant and authority to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture in reliance thereon; but the Trustee in its discretion may, and if requested in writing to do so by the Holders or Registered Holders of not less than twenty-five per cent. (25%) in principal amount of the Bonds then Outstanding and furnished with security and indemnity against the costs and expenses of such examinations as required by Section 13.02 shall, require such further and additional evidence and make such further investigation as to it may seem reasonable. The agents and representatives of the Trustee and any experts or counsel whose opinions are required by the Trustee for any purpose hereunder or are deliverable to the Trustee under any provisions hereof shall likewise be fully warranted in relying and acting upon the existence of any matters proved or established by any such certificate, unless other evidence establishing such fact or facts be specifically required by this Indenture.

**Section 13.09. Moneys Received by Trustee, Trust Funds—Segregation, Interest.** Subject to the provisions of Section 8.05, all moneys received by the Trustee under or pursuant to any provision of this Indenture or any supplemental indenture (including any moneys received by the Trustee as paying agent) shall constitute trust funds for the purpose for which they shall have been paid or shall be held, but need not be segregated in any manner from any other moneys and may be deposited by the Trustee under such conditions as may be prescribed by law for trust funds. The Trustee shall allow and (unless, to the knowledge of the Trustee, an Event of Default shall have occurred and be continuing) shall pay over to the Company interest upon such moneys received by it at such rates as shall at the time be customarily allowed by it upon other deposits of similar character or as shall be agreed upon from time to time between the Company and the Trustee.

**Section 13.10. Trustee May Hold Bonds.** The Trustee acting for itself or as a banker may become a purchaser, seller or pledgee of bonds and coupons hereby secured with the same rights that it would have if it were not Trustee and without liability or accountability to the Company or the Bondholders or otherwise in respect of any such purchase, sale or pledge by or to it of any such bonds and coupons. It may act as depositary for, and may permit any of its officers or directors to act as a member of any committee formed to protect the rights of, Bondholders, or effect or aid in the reorganization growing out of the enforcement of the Bonds or of this Indenture, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds Outstanding hereunder.

**Section 13.11. Notices.** Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee on the Company shall be deemed to have been sufficiently given and served for all purposes by being deposited, postage prepaid, in a post office letter box, addressed to the Company at Telephone Building, Newton, Iowa, or at such other address as the Company may have furnished to the Trustee in writing. Any notice, election, request or demand by any Bondholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made at the principal office of the Trustee in Kansas City, State of Missouri.

**Section 13.12. Execution and Certification by Company of Documents Furnished to Trustee.** Except when otherwise in this Indenture expressly provided, any request, order, notice, consent or other instrument in writing to be delivered or furnished by the Company to the Trustee shall be sufficiently executed if signed, whether in the name of the Company or not, by its President or a Vice-President and by its Secretary or an Assistant Secretary or its Treasurer or an Assistant Treasurer, or by such officer or officers as the Board of Directors may by a Certified Resolution direct.

**Section 13.13. Resignation of Trustee; Removal.** The Trustee may resign and be discharged from the trusts created by this Indenture by giving to the Company and to the Bondholders notice of such resignation, specifying a date when such resignation shall take effect, which notice shall be published at least once a week for two successive calendar weeks, on any day of each such week, the first publication to be at least ten days prior to the date so specified, in an Authorized Newspaper in the Borough of Manhattan, City and State of New York, and shall be mailed, by registered mail with return receipt requested, at least ten days prior to the date so specified, to the Registered Holders of the Bonds at their addresses as the same shall appear upon the registration and transfer books of the Company. Such resignation shall take effect on the day specified in such notice, unless previously a successor Trustee shall have been appointed as provided in Section 13.14, in which event such resignation shall take effect immediately upon the appointment of such successor Trustee.

The Trustee may be removed at any time by an instrument or instruments in writing, executed by the Holders or Registered Holders of a majority in principal amount of the Bonds then Outstanding and filed with the Trustee specifying the removal and the date when it shall take effect. Prompt written notice of such removal shall be given by the Trustee to the Company.

**Section 13.14. Appointment of Successor Trustees.** In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, a successor may be appointed by the Holders or Registered Holders of a majority in principal amount of the Bonds then Outstanding, by an instrument or instruments in writing executed by such Bondholders and filed with the successor Trustee; but, until a new trustee shall be appointed by the Bondholders as herein authorized, the Company, by an instrument in writing executed by order of its Board of Directors and filed with the successor Trustee, shall appoint a Trustee to fill such vacancy. After any such appointment by the Company, it shall cause notice of such appointment to be published once a week, for two successive calendar weeks, in an Authorized Newspaper in the Borough of Manhattan, City and State of New York, and to be mailed, by registered mail with return receipt requested, promptly to the Registered Holders of the Bonds at their addresses as the same shall appear upon the registration and transfer books of the Company. Such notice shall include the name and the address of the principal office of such Successor Trustee. Anything in this paragraph to the contrary contained notwithstanding, any new Trustee so appointed by the Company shall immediately and without further act be superseded by a Trustee appointed by the Holders or Registered Holders of a majority in principal amount of said Bonds in the manner hereinabove provided.

If in a proper case no appointment of a successor trustee shall be made pursuant to the foregoing provisions of this Article XIII within six months after a vacancy shall have occurred in the office of Trustee, the Holder or Registered Holder of any Bond hereby secured or the retiring Trustee (but not if such Trustee shall have been removed) may apply to any court of competent jurisdiction to appoint a successor trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor trustee.

**Section 13.15. Succession of Successor Trustee.** Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed, conveyance or transfer, shall become vested with the title to the Mortgaged Property, with all the rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named as Trustee herein. Upon the request of such successor Trustee, however, the Company and the Trustee ceasing to act shall execute and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the Trustee ceasing to act in and to the Mortgaged Property and all such rights, powers, trusts, duties and obligations, and the Trustee ceasing to act shall also assign and deliver to the successor Trustee any property subject to the lien of this Indenture which may then be in its possession.

The resignation of any Trustee, and the instrument or instruments removing any Trustee and appointing a successor Trustee hereunder, together with all deeds, conveyances and other instruments provided for in this Article XIII, shall, if permitted by law, be forthwith recorded, registered and filed by and at the expense of the Company, wherever this Indenture shall be recorded, registered and filed.

**Section 13.16. Qualification of Successor Trustees.** Every trustee appointed hereunder in succession to the Trustee shall always be a bank or trust company in good standing and having power so to act, incorporated under the laws of the United States of America, the State of Missouri or the State of New York, having an office in the Borough of Manhattan, City and State of New York or Kansas City, Missouri, and having a capital, undivided profits and surplus aggregating at least Five million dollars ($5,000,000), if there be such a bank or trust company willing and able to accept such trust upon reasonable and customary terms.

**Section 13.17. Successor Trustee by Merger.** Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any state or national bank or trust company in any manner succeeding to the corporate trust business of the Trustee or of any successor corporate trustee as a whole or substantially as a whole, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary contained herein notwithstanding. In case any of the Bonds shall have been authenticated but not delivered, any such successor trustee may adopt the certificate of the Trustee and deliver the same so authenticated; and in case any of such Bonds shall not have been authenticated, any such successor trustee may authenticate such Bonds in the name of such successor corporate trustee.

**Section 13.18. Separate or Co-trustee.** At any time or times, for the purpose of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any part of the Mortgaged Property then subject or to become subject to the lien of this Indenture may be located, the Company and the Trustee shall have power to appoint, and upon the request of the Trustee the Company shall for such purpose join with the Trustee in the execution and delivery of all instruments necessary or proper to appoint another corporation or one or more persons approved by the Trustee either to act as separate trustee or trustees, or as co-trustee or co-trustees jointly with the Trustee, of all or any part of the Mortgaged Property. In the event that the Company shall not have joined in such appointment within twenty days after the receipt by it of a request so to do, the Trustee alone shall have power to make such appointment. Any such separate trustee or co-trustee shall have such rights, powers, duties and obligations, and be subject to such restrictions including provision for its or his removal, as shall be specified in the instrument of appointment.

No Trustee hereunder shall be personally liable by reason of any act or omission of any other Trustee hereunder.

## ARTICLE XIV.

### Supplemental Indentures.

**Section 14.01. Supplemental Indentures, Execution Thereof; When Consent of Bondholders Required.** The Company and the Trustee from time to time and at any time, may, without the consent of the Holders of any Outstanding Bonds, except as hereinafter in this Section 14.01 provided, enter into an indenture or indentures or other instrument or instruments supplemental hereto and which thereafter shall form a part hereof, for any one or more of the following purposes:

(1) to correct the description of any property hereby transferred and assigned, or intended so to be, or to transfer and assign to the Trustee and to subject to the lien of this Indenture, with the same force and effect as though included in the Granting Clauses hereof, other property then owned by the Company;

(2) to evidence the succession of a Successor Corporation to the Company, or successive successions, and the assumption by such Successor Corporation of the covenants and obligations of the Company under this Indenture;

(3) to provide additional covenants and undertakings of the Company for the protection or benefit of the Holders of Bonds and to make the occurrence and continuance of a default under any of such additional covenants an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture;

(4) to provide for the creation of any series of Bonds, other than Series A, and to fix the terms of such series;

(5) to cure any ambiguity or to correct or supplement any provision contained herein or in any indenture or other instrument supplemental hereto which may be defective or inconsistent with any other provision contained herein or to make such other provisions in regard to matters or questions arising under this Indenture as shall not be inconsistent with the provisions of this Indenture and shall not adversely affect the interests of the Holders of the Bonds;

(6) to modify, amend or supplement this Indenture or any indenture or other instrument supplemental hereto in such a manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect, and, if so determined, to add to this Indenture or any such indenture or instrument such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939; *provided, however,* that nothing herein contained shall permit or authorize the inclusion in any indenture or other instrument supplemental hereto of the provision referred to in Section 316 (*a*) (2) of said Trust Indenture Act of 1939 or any corresponding provision provided for in any similar Federal statute hereafter in effect; and

(7) if and to the extent authorized by the written consent of the Holders of at least 66⅔% in principal amount of the Bonds then Outstanding, to amend, change or add to any of the provisions of this Indenture and modify or alter the rights and obligations of the Company or the rights of the Holders of the Bonds of all or any series and the Holders of appurtenant coupons under this Indenture and under the Bonds (or, in case one or more but less than all of the series of Bonds then Outstanding are affected by such amendment, change, addition, modification or alteration, of at least 66⅔% in principal amount of the Bonds of each series then Outstanding and affected thereby); *provided, however,* that, without the written consent of the Holders of all Bonds affected thereby, no such amendment, change, addition, modification or alteration shall be made which shall (*i*) reduce the principal of, or the premium (if any) or rate of interest on, the Bonds or otherwise modify the terms of payment of the principal thereof or premium (if any)

or interest thereon, or (*ii*) modify or alter the provisions of Article VI, or (*iii*) permit the creation of any Lien ranking prior to or on a parity with the lien of this Indenture with respect to any of the Mortgaged Property or terminate the lien of this Indenture or an indenture or other instrument supplemental hereto as to any property at any time subject hereto, or (*iv*) reduce the percentage of Bonds required to give consent for the authorization of the execution of an indenture supplemental hereto pursuant to the provisions of this subparagraph (7) or for any waiver or other consent provided for in this Indenture, and *provided further* that no such amendment, change, addition, modification or alteration shall be made which shall modify, without the written consent of the Trustee, the rights, duties or immunities of the Trustee.

For the purposes of this Indenture, any such indenture or other instrument supplemental hereto shall be construed in connection with and as a part of this Indenture, and the covenants thereof shall be deemed as to the subject matter thereof covenants of this Indenture.

**Section 14.02. Supplemental Indenture in Order to Qualify Under Trust Indenture Act.** The Holders of not less than 66⅔% in principal amount of either all Bonds at the time Outstanding or the Bonds of Series A then Outstanding shall have the right at any time to direct and require the Company and the Trustee to enter into one or more indentures supplemental hereto in order to effectuate the purpose specified in subparagraph (6) of Section 14.01. Upon the written request of the Holders of the requisite percentage of Bonds as aforesaid, the Company and the Trustee shall with all reasonable expedition execute such a supplemental indenture or indentures. If the Trustee shall not be willing to execute a supplemental indenture as requested, it shall, within 20 days after receipt of such request, resign as Trustee hereunder.

**Section 14.03. Trustee to Join in Supplemental Indentures; May Rely on Opinion of Counsel.** The Trustee is hereby authorized to join with the Company in the execution of any such indenture or other instrument supplemental hereto, to make the further agreements and stipulations which may be therein contained and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to enter into any such indenture or instrument which affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise, except to the extent required in case of an indenture or other instrument supplemental hereto executed pursuant to subparagraph (6) of Section 14.01.

With every such indenture or other instrument supplemental hereto the Trustee shall be furnished by the Company with an Opinion of Counsel that such indenture or instrument is duly authorized by the Company and by the provisions of this Indenture and does not impair or otherwise adversely affect the lien hereof on any property subject thereto immediately prior to the execution and delivery of such indenture or other instrument and the Trustee shall be fully protected in relying thereon.

## ARTICLE XV.

### Defeasance.

**Section 15.01. Defeasance.** If the Company shall pay or cause to be paid unto the Holders or Registered Holders of all Bonds and the Holders of all coupons then Outstanding the principal and interest to become due thereon and any premium which may be due and payable thereon at the time and in the manner stipulated therein, and if the Company shall pay all other sums payable hereunder or under any indenture supplemental hereto, then (at the option of the Company, evidenced by a Certified Resolution and accompanied by an Opinion of Counsel to the effect that the provisions of this Article XV have been complied with) this Indenture and the estate and the rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall, upon the Request of the Company and at its expense, cancel and discharge the lien of this Indenture, and execute and deliver to the Company such deeds or other instruments as shall be requisite to satisfy the lien hereof, and shall re-convey to the Company the estate and title hereby conveyed, and shall assign and deliver to the Company any property hereby conveyed and subject to the lien of this Indenture which may then be in its possession, other than moneys deposited with the Trustee as provided below for the payment of the principal of, and premium (if any) or interest on, any Bonds or for the payment of any coupons. Bonds and coupons for the payment or redemption of which sufficient moneys shall have been irrevocably deposited with or paid to, and set apart in trust by, the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds) and made immediately available for payment to the Holders thereof shall be deemed to be no longer Outstanding hereunder; *provided, however,* that

(*a*) in case of the deposit or payment of moneys prior to the maturity of the Bonds for the payment thereof at the maturity thereof, notice of such deposit or payment (such notice to state that such moneys are so immediately available) shall have been duly given by publication, in an Authorized Newspaper in the Borough of Manhattan, City and State of New York, and, if the Bonds so to be paid shall so specify, in an Authorized Newspaper in each of the other cities, if any, in which the interest on such Bonds shall be payable, at least once in each of four successive calendar weeks, on any day of each such weeks, and, if all or part of the Bonds so to be paid shall be registered Bonds without coupons or coupon Bonds registered as to principal, by mailing, by registered mail with return receipt requested, such notice to the Registered Holders of the Bonds so to be paid at their addresses as the same shall appear on the registration and transfer books of the Company, or provision satisfactory to the Trustee for the giving of such notice shall have been made, and

(*b*) if said Bonds are to be redeemed prior to the maturity thereof, the provisions of Article V and any additional provisions applicable to the redemption of such Bonds contained in any indenture supplemental hereto shall have been complied with, and notice of the redemption of such Bonds (such notice to state that such moneys are so immediately available) shall have been duly given in accordance with such provisions, or provision satisfactory to the Trustee for the giving of such notice shall have been made.

## ARTICLE XVI.

### Miscellaneous Provisions.

**Section 16.01. Indenture for Benefit of Parties Thereto.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon or to give to any Person, other than the parties hereto and the Holders or Registered Holders of the Bonds and the Holders of coupons issued hereunder, any right, remedy or claim under or by reason of this Indenture or any indenture supplemental hereto, or any covenant, condition or stipulation hereof or thereof; and the covenants, stipulations and agreements in this Indenture and in any and all indentures supplemental hereto contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and of the Holders or Registered Holders of the Bonds and of the Holders of the coupons issued hereunder.

**Section 16.02. Successors and Assigns Included in Parties.** Whenever in this Indenture one of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included, and all the covenants, promises and agreements in this Indenture contained by or on behalf of the Company or by or on behalf of the Trustee shall bind and enure to the benefit of its respective successors and assigns, whether so expressed or not.

**Section 16.03. Trustee's Application of Moneys Held for Payment or Redemption of Bonds.** All moneys deposited with or paid to or set apart in trust by the Trustee for the redemption of Bonds or for the payment of Bonds or coupons hereunder upon the maturity thereof or otherwise shall be held by the Trustee in trust for the account of the respective Holders or Registered Holders of such Bonds and coupons and shall be paid to the respective Holders or Registered Holders of such Bonds and to the Holders of such coupons, upon presentation and surrender of said Bonds and such coupons, accompanied by such duly executed instruments of transfer as may be required by the Company or the Trustee in the case of registered Bonds without coupons or coupon Bonds registered as to principal. Any such moneys remaining unclaimed by the Holders or Registered Holders of such Bonds or the Holders of such coupons for six years after the date of maturity or the date fixed for redemption, as the case may be, shall, upon the Request of the Company therefor and if no Event of Default shall to the knowledge of the Trustee have occurred and be continuing, be paid to the Company against its written receipt therefor, and the Holders or Registered Holders of such Bonds and the Holders of such coupons shall thereafter be entitled to look only to the Company for payment thereof; *provided, however,* that the Trustee, before being required to make any such payment to the Company, may, at the expense of the Company, cause a notice, stating that such moneys remain unclaimed and that after a date stated therein any balance thereof then remaining will be returned to the Company, to be published once in an Authorized Newspaper in the Borough of Manhattan, City and State of New York.

**Section 16.04. Action by Trustee upon Application of Company.** Upon any application by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate (or, if elsewhere herein so provided, a Request) stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or demand, no additional certificate or opinion need be furnished.

Whenever it is provided in this Indenture that the Company shall deliver Certified Resolutions, certificates or opinions of appraisers or engineers, Officers' Certificates, Opinions of Counsel, Requests or other papers under any of the provisions of this Indenture, it is intended that the truth, accuracy and good faith, at the effective date of such Certified Resolution, certificate or opinion of appraisers or engineers, Officers' Certificate, Opinion of Counsel, Request or other paper, as the case may be, of the facts and opinions stated therein shall in each and every such case be conditions precedent to the effectiveness thereof.

Any Opinion of Counsel may be based, in so far as it relates to factual matters, upon an Officers' Certificate or representations made by an officer or officers of the Company, unless the signer of such Opinion of Counsel knows, or in the exercise of reasonable care should have known, that the statements in such Officers' Certificate or such representation were erroneous.

The Trustee may make such independent investigation as it may see fit of the facts and conclusions stated in the resolutions, certificates, opinions and other instruments provided for in Articles III, VII and VIII, and in that event may decline to take any action provided in any of said Articles unless satisfied by such investigation of the truth and accuracy of the matters thus investigated. The expense of any such investigation shall be paid by the Company or if paid by the Trustee, shall be repaid by the Company upon demand with interest at the rate of six per cent. (6%) per annum from the date of demand.

**Section 16.05. Titles, Headings, etc.** The titles and headings of the articles, sections and subdivisions of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

**Section 16.06. Cremation of Bonds and Coupons.** Whenever in this Indenture provision is made for the cancelation by the Trustee and the delivery to the Company of any Bonds or coupons, the Trustee may, upon the Request of the Company, in lieu of such delivery, destroy or cremate such Bonds or coupons and deliver a certificate of such destruction or cremation to the Company. No Bonds or coupons shall be issued under this Indenture in lieu of any canceled or cremated Bonds or coupons, except as expressly permitted by the provisions hereof.

**Section 16.07. Invalid Provisions to Affect No Others.** In case any one or more of the covenants or agreements contained in this Indenture or in Bonds shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants or agreements contained herein and in the Bonds shall be in nowise affected, prejudiced or disturbed thereby.

**Section 16.08. Counterparts of Indenture.** This Indenture may be simultaneously executed in any number of counterparts, and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

**Section 16.09. Impossibility of Strict Compliance with Publication Provisions.** In case it shall be impossible to make the required publication of any notice required herein, then such publication or other notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice. Such publication or other notice shall, so far as possible, approximate the terms and conditions of the publication in lieu of which it is given.

In Witness Whereof, United Telephone Company of Iowa has caused these presents to be signed in its corporate name by its President or one of its Vice-Presidents and sealed with its corporate seal, attested by its Secretary or one of its Assistant Secretaries; and The City National Bank and Trust Company of Kansas City has caused these presents to be signed in its corporate name by its President or one of its Vice-Presidents and sealed with its corporate seal, attested by its Secretary or one of its Assistant Secretaries as of the day and year first above written.

United Telephone Company of Iowa,

By

President.

Attest:

Secretary.

Signed, sealed and delivered by
United Telephone Company
of Iowa in the presence of:

James E. Ahearn

Richard C. McFadden

The City National Bank and Trust
Company of Kansas City,

By Charles G. Young

Vice-President.

Attest:

Assistant Secretary.

Signed, sealed and delivered by
The City National Bank and
Trust Company of Kansas
City in the presence of:

James E. Ahearn

Richard C. McFadden

STATE OF MISSOURI, }
COUNTY OF JACKSON, } ss.:

On this 22nd day of July, A. D., 1953, before me, a Notary Public in and for said County, personally appeared ALDEN L. HART, to me personally known, who, being by me duly sworn, did say that he is the President of UNITED TELEPHONE COMPANY OF IOWA; that the seal affixed to the foregoing instrument is the seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and said ALDEN L. HART acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in said County and State the day and year above written.

My term expires April 8, 1955

STANLEY G. PATTERSON
NOTARY PUBLIC
JACKSON COUNTY, MO.

Stanley G. Patterson
Notary Public
in and for the County
of Jackson, State of
Missouri

State of Missouri, }
County of Jackson, } ss.:

On this 22nd day of July, A.D., 1953, before me, a Notary Public in and for said County, personally appeared Charles G. Young, Jr., to me personally known, who, being by me duly sworn, did say that he is a Vice-President of The City National Bank and Trust Company of Kansas City; and the seal affixed to the foregoing instrument is the seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and said Charles G. Young, Jr. acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal in said County and State the day and year above written.

My term expires August 29, 1955

Alice M. Hibbits
Notary Public
in and for the County
of Jackson, State of
Missouri

$2200 of U. S. Int. Rev. Stamps in respect to Series 'A' Bonds of $2,000,000 principal amount affixed to counterpart of this Indenture in custody of Trustee herein named and duly cancelled.