

If on such payment date the amount necessary to redeem such bonds so called for payment shall have been deposited with the Trustee for the account of the holder or holders of such bonds, or if any of such bonds for which money has not been deposited shall by or on behalf of the Company have been deposited with the Trustee for cancellation, and such notice shall have been duly given the Telephone Company and the Trustee shall be privileged to consider such bonds as paid and redeemed, and interest on such bonds shall cease at the date specified for such redemption, and thereafter such bonds shall not be entitled to any benefit under this Indenture, but the owner or owners of such bonds not so presented for cancellation by or on behalf of the Telephone Company shall look for payment solely to said deposit in the possession of the Trustee.

Same; Bonds May be Presented to Trustee and Canceled.

The Telephone Company shall have the right at any time to present to the Trustee for cancellation any of the outstanding bonds issued hereunder, which shall thereupon be canceled by the Trustee, and such bonds shall be retired hereunder by such cancellation, and thereafter shall not be entitled to any benefit under this Indenture and shall not be missed: Provided, further, that at maturity of the bonds hereby secured the Telephone Company shall have the right to deposit with the Trustee, to the credit of the holder or holders of all bonds which shall not then be presented for payment, the amount due thereon for principal and interest; and thereupon, on payment of all said costs, charges and expenses incurred by the Trustee, the Trustee shall so deliver to the Telephone Company all property in its hands subject to this Indenture, and shall cancel and satisfy this Indenture of record; and in case the owner of any such outstanding unpaid bond, within five years after such deposit, shall not claim the amount so deposited for payment thereof, the Trustee shall, upon demand, pay over such amount so deposited to the Telephone Company, and the latter shall thereafter stand liable therefor, until paid to such owner or until barred under the law.

Same; Tel. Co. May at Maturity Deposit Amount Due on Bonds; Trustee then to release Mortgage

Recital as to Conveyance Being Upon Trusts Following.

This Indenture Further Witnesseth: That the trusts, uses, purposes, terms and conditions for and upon which said real and personal property and franchises are conveyed to the Trustee are as follows, to-wit:

Bonds: How to be Signed; Not Valid until Authenticated by Trustee.

ARTICLE FIRST.—None of said bonds shall be valid or secured by this indenture until signed in the name of the Telephone Company by its president or vice-president, have its corporate seal affixed, be attested by its secretary, or assistant secretary, or acting secretary, and be authenticated by the Trustee, the Commerce Trust Company, as hereinafter provided; all coupons attached to be executed with the engraved facsimile signature of the present Treasurer of the Telephone Company. As permanent bonds hereby secured are authenticated and delivered, from time to time, as herein provided, the Trustee shall clip and cancel all matured coupons. And as temporary bonds are authenticated and delivered from time to time as herein provided said Trustee shall credit interest thereon as up to the last semi-annual interest period.

Authority to Authenticate \$140,000 Worth with.

The aggregate par value of the bonds secured hereby shall at no time exceed the sum of Seven Hundred and Fifty Thousand Dollars (\$750,000.00) face value, of which amount One Hundred and Forty Thousand Dollars (\$140,000.00), face value, shall be forthwith issued and upon the execution and recording hereof, the Telephone Company shall cause said One Hundred and Forty Thousand Dollars (\$140,000.00) of bonds to be authenticated and delivered by it upon the order or orders of the President or Vice-President or Treasurer of said Telephone Company, and after the aforesaid bonds to the amount of One Hundred and Forty Thousand Dollars (\$140,000.00) have been authenticated and delivered as aforesaid, the remainder of said bonds, to-wit, bonds not exceeding the sum of Six Hundred and Ten thousand Dollars (\$610,000.00) par value shall, from time to time, be executed for the Telephone Company and delivered to said Trustee to be authenticated and by the Trustee authenticated and delivered, only from time to time on the order of the then President or Vice President or Treasurer of the Telephone Company when required by said Telephone Company in manner in the respective cases herein after in this article set out.

Same: For 90 Per Cent Purchase Price Stocks, Bonds or Securities, etc.,

Clause One: Said Telephone Company may issue and have authenticated its bonds from time to time in amounts not exceeding ninety per cent (90%) of the actual purchase price of bonds or securities representing interest in telephone property, such bonds and securities to be deposited with the Trustee and to be subject to the lien of this mortgage; not exceeding ninety per cent (90%) of the actual cost of unnumbered permanent additions and improvements made to its system and plant by its own construction; not exceeding ninety per cent (90%) of the actual purchase price of unnumbered permanent additions made by purchase or purchases of going telephone plants and businesses. If it shall appear by the certificate required in clause two of this article that there exist prior liens or charges of inconsiderable amount, and not in excess of ten per cent of the amount of the actual cost of the permanent additions and improvements in respect of which bonds are requested to be certified, which prior liens may be in dispute or litigation, or cannot for any reason be then immediately paid, and discharged, the Trustee shall nevertheless certify and deliver bonds as aforesaid and the Trustee be sufficient to cover all such prior liens with interest and charges, and hold such bonds or proceeds until satisfied that said prior liens are paid and discharged, and then deliver or pay any bonds or proceeds so retained to the Telephone Company.

Same: Inconsiderable prior liens Not to Prevent Authentication.

Formalities Required on Authentication of Bonds.

CLAUSE TWO: The Trustee shall not be required itself to inquire into the facts necessary for the authentication and issue of bonds, as above set out in the respective cases in which the Telephone Company is entitled to issue its bonds hereby secured, but such facts shall be established upon each application of the Telephone Company for the issue of bonds by the presentation to the Trustee of a certified copy of a resolution of the Board of Directors of the Telephone Company requesting the authentication and delivery of such bonds in the respective cases as above set out, said resolution stating that such bonds are desired, and such bonds or the proceeds thereof will be used only for the purpose of providing funds toward reimbursing the Telephone Company for ninety per cent (90%) of the actual cost of bonds or securities representing interests in telephone property, and ninety per cent (90%) of the actual cost permanent additions and improvements to its system and plant by purchase and ninety per cent (90%) for permanent additions and improvements constructed by the Telephone Company, all as

Formalities Required on Authentication of Bonds.