

MORTGAGE RECORD 75

on a business and operating property similar to that of the Company; provided however, that, before taking any action in respect of any property as Additional Property hereunder, the Trustee may at any time and from time to time in its discretion require such (if any) evidence, assurance, indemnity or guaranty as it shall deem satisfactory that any such partially completed construction or other work will be completed to the satisfaction of the Trustee.

Subsection B. The word "cost" means actual cost in cash or its equivalent including interest during construction only to the extent directly attributable to such construction; and the words "Fair Value" mean the price which, as of the time such value is to be determined, the Additional Property in question would bring within a reasonable time if offered at private sale, taking into consideration its location condition and adaptability for the purposes for which it was designed; provided however, that the Fair Value of any Additional Property shall not exceed the Cost of equivalent new property less depreciation, that each item of machinery fixtures or equipment (to the extent included in Additional Property as herein defined) shall be deemed to have been acquired by the Company at the date of its installation, and that, if any Additional Property is incapable of being separated or considered or sold separately from other property, its value shall be deemed to be a proportionate part of the value of the whole, including such other property.

Subsection C. As referring to the Company, the words "Board of Directors" mean any board or body from time to time authorized to manage and manage the affairs of the Company; and the words "Directors' Resolution" mean a resolution or vote of the Board of Directors of the Company, filed with the Trustee, certified under its seal by the secretary of the Company to have been duly adopted or passed (and to remain in full force and effect without alteration) at a designated meeting of said board, at which a quorum shall be stated in such secretary's certificate to have been present and acting.

Subsection D. The words "Underlying Obligations" mean all obligations, whether or not created or assumed by the Company, secured by an Underlying Indenture. The words "Underlying Indenture" mean a mortgage or loan (under which no further obligations can be created or issued) exclusively on all or a part of the property of the Company superior to the lien of this Indenture. Any Underlying Obligations owned by the Company and pledged with the Trustee or a depository approved by the Trustee, and any Underlying Obligations for the payment of which cash to the full principal amount and interest overdue and unpaid, or any other cash or property, shall have been deposited with the Trustee or a depository as provided by subsection 1 of section 1 of Article VII hereof, shall not be deemed outstanding for the purposes hereof.

The words "Officers' Certificate" mean a certificate, filed with the Trustee, signed and verified by the president and the treasurer or other chief financial officer of the Company; the words "Accountant's Certificate" mean a certificate, filed with the Trustee, signed and verified by an accountant (who may be regularly employed by the Company) appointed and paid by the Company and approved by the Trustee;

The words "Engineer's Certificate" mean a certificate, filed with the Trustee, signed and verified by an engineer, appraiser or other person (who may be regularly employed by the Company), appointed and paid by the Company and approved by the Trustee;

The words "Independent Engineer's Certificate" mean a certificate, filed with the Trustee, signed and verified by an engineer, appraiser or other person appointed and paid by the company and approved by the Trustee but not (as evidenced by an Officers' Certificate) in the regular employment of, or under regular retainer by, the Company;

The words "Opinion of Counsel" mean a written opinion, filed with the Trustee, signed by counsel (who may be of counsel to the Company), appointed by the Company or the Trustee, approved by the Trustee and paid by the Company;

The words "paid by the Company" mean payable by the Company under the provisions hereof, even though actually paid in the first instance by the Trustee or other person; and

The words "approved by the Trustee" mean approved in a writing signed by an executive officer of the Trustee, or accepted and acted upon by the Trustee, but no such approval or acceptance by the Trustee in respect of a particular transaction shall, unless approved by the Trustee constitute such approval or acceptance by the Trustee in respect of any other transaction.

Subsection E. The words "Net Earnings" include and mean the total receipts of the Company from the business of operating the telephone and telegraph properties included in the Mortgage Property, and the total net non-operating revenues, less all operating, producing, manufacturing, selling, distributing, administrative, general and miscellaneous expenses of the Company chargeable against, or incidental to, the said business, including reasonable charges and reserves for current repairs, replacements, renewals and depreciation of the property of the Company (said charges and reserves in any event not to be less than twenty five per cent (25%) or, in case of issue, except that, if any such fully registered Bond shall be issued on any interest payment date, it shall be dated as of the day following, and except that such fully registered Bonds issued upon transfers and exchanges of fully registered Bonds, and upon exchanges of coupon Bonds for such fully registered Bonds, shall be dated so that no gain or loss of interest shall result from such transfer or exchange; and each such fully registered Bond shall bear interest from the interest payment day next preceding its date.

Bonds of series subsequent to Series A may contain such insertions, omissions and variations in said forms of Series A Bonds and of the interest coupons, certificates, forms and other instruments or matters thereto appertaining, as shall be determined by the Board of Directors of the Company at the time of the first issue of any new series, and embodied in an indenture with the Trustee supplemental to this Indenture, and approved by the Trustee as not being inconsistent with the provisions hereof, in respect (as regards each such subsequent series respectively) of the designation and amount of the series, the place or places of payment, the date or dates, maturity or serial or other maturities, interest rate, interest payment dates, issue numbers, form (whether coupon or fully registered or both), denominations, and provisions, if any, for registration and transfer for payment with or without deduction or reimbursement for taxes, for the call and redemption thereof before maturity, for a premium or premiums, if any, upon such call and redemption, for the conversion thereof into stock or other securities of the Company, for subscription to stock or other securities of the Company, for the exchange of Bonds of different denominations, forms and series, for a sinking, improvement or analogous fund, and for any other matters which are required by any provision hereof to be determined by the Board of Directors of the Company and for any other matters determined by said Board in a manner not inconsistent with any of the provisions hereof; provided, however, that if a sinking fund be established in connection with Bonds of any subsequent series, the Bonds of Series A shall pro rata be subject to purchase or call for, and be entitled to the benefits of such sinking fund equally with the Bonds of the series in connection with which such sinking fund is established, and provided further, that so long as any Bonds of Series A remain outstanding, no Bonds of any other series shall be issued having a maturity date earlier than the maturity of the Series A Bonds, nor shall be called for redemption in whole or in part (except in instalments pursuant to the requirements of any sinking fund provisions established upon the original issue of such Bonds, and except in connection with the purchase and redemption of Bonds of all series from moneys deposited with the Trustee and ~~with~~ withdrawable by the Company pursuant to the provisions of Article XI hereof) unless the Company shall have previously called or shall simultaneously call for redemption all Bonds of Series A then outstanding and shall have previously deposited or shall simultaneously deposit with the Trustee adequate funds for the redemption as herein provided of all Bonds of Series A then outstanding.

Bonds of any series issued subsequent to the initial issue of Bonds hereunder, may contain an appropriate statement satisfactory to the Trustee specifying the amount of Bonds of such and/or other series issued and/or outstanding hereunder at the time of such subsequent issue.

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