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Telephone Company setting forth in reasonable detail (1) the aggregate amount of bonds secured hereby at the time outstanding, (2) the then amount of prior bonded debt (as defined in this Section 1 of Article Second) of the Telephone Company, and (3) the amount of full paid capital stock of the Telephone Company then outstanding, and (c) evidence that the Telephone Company has complied with the laws in respect of increase of outstanding mortgage indebtedness at the time in force in any of the states in which is situated any part of the mortgaged property.

The foregoing provisions of this Section 1 of Article Second shall not apply to exchanges and replacements of bonds under the provisions of Article First hereof.

Immediate  
issue of  
Series A.

Section 2. The initial issue of bonds hereunder, designated as "First and Refunding Mortgage Five Per Cent, Gold Bonds, Series A", shall be limited to the aggregate principal amount of Fifty Million Dollars (\$50,000,000). The bonds of said Series A shall be forthwith executed by the Telephone Company and delivered to the Corporate Trustee, and the Corporate Trustee shall thereupon authenticate and deliver said bonds to the Telephone Company, or as directed by its written order, signed by its President or a Vice President, and upon receipt by the Corporate Trustee of the other writings required by Section 1 of this Article Second; and said bonds, or their proceeds, may be used by the Telephone Company for any of its lawful corporate purposes, without restriction imposed by this indenture.

Issue of bonds  
to refund bonds  
issued here-  
under.

Section 3. Additional bonds secured by this indenture may from time to time be issued hereunder, to refund, or retire, or replace, either before, at or after maturity, any bonds of Series A or any other bonds issued hereunder, upon compliance with the conditions prescribed in either subdivision (1) or (2) of this Section 3 of Article Second; provided, however, that bonds of Series A acquired for the Sinking Fund shall not be refunded or replaced hereunder until all bonds of said Series shall have been paid and satisfied.

Conditions of  
issue without  
deposit of  
cash.

(1) Upon (a) delivery to the Corporate Trustee of any bonds issued hereunder, whether of the same or different series, cancelled or uncanceled, with all unmatured coupons, if any, thereto appertaining, either in bearer form or accompanied by proper instruments of assignment and transfer, and/or (b) upon proof furnished to the Corporate Trustee, satisfactory to it, that any such bonds have been paid and satisfied in full, and/or (c) upon acquisition by the Corporate Trustee, or by any Sinking Fund Trustee or trustees acting under the provisions of this indenture of any such bonds as a part of any Sinking Fund established therefor, except bonds of any series in respect of which the Sinking Fund provisions prohibit it, the Corporate Trustee shall, upon the order of the Telephone Company, signed by its President or a Vice President, at any time or times thereafter, authenticate and deliver to the Telephone Company, or as directed by such written order, bonds of such other series as may be requested by the Telephone Company equal in principal amount to the principal amount of the bonds so delivered to the corporate Trustee, and/or of the