

may seem most advisable. If said bonds are not so purchased any moneys held for six months in said sinking fund if and to the extent that such moneys exceed Two Hundred and Fifty Thousand Dollars (\$250,000) may be withdrawn by the Telephone Company and used for capital expenditures, i.e., not chargeable against income, to be thereafter made or to reimburse it for capital expenditures made subsequent to February 1, 1924, but not earlier than five years previous to such withdrawal, with respect to the mortgaged premises. Whenever there shall be such an excess in the sinking fund, the sinking fund trustee or trustees shall notify in writing the Telephone Company of the amount of such excess, which shall be held subject to withdrawal by the Telephone Company as hereinafter provided. Upon receipt of a certificate signed by the President or a Vice President and the Treasurer or Assistant Treasurer or chief accounting officer of the Telephone Company and stating (a) the actual amount of such expenditures and that such expenditures will be forthwith made or have been made subsequent to February 1, 1924, and (b) that no part of such expenditures has been included in any certificate previously furnished under the provisions of this Section 1 of Article Fourth, or has been made the basis of the withdrawal of any moneys or the release of property or securities or the authentication of bonds under any other provisions of this indenture, the sinking fund trustee or trustees shall forthwith make payment to the Telephone Company to the amount of such expenditures so certified to the extent of the funds available, and the Telephone Company will keep account of any and all such moneys and from time to time apply the same to such future expenditures or to reimburse it for such expenditures already made. The books, accounts and records of the sinking fund trustee or trustees shall at all time be open to inspection by the Telephone Company, and the Sinking fund trustee or trustees shall make such periodical reports, not oftener than monthly, to the Telephone Company as it may request, as to the status of the Sinking fund at the time. Bonds acquired for the sinking fund as provided in this Section 1 of Article Fourth shall forthwith be delivered to the Corporate Trustee, and shall be cancelled by it and delivered to the Telephone Company. Bonds acquired for the sinking fund shall not be deemed outstanding for any purpose of this indenture; provided, however, that all such bonds may, upon the payment and satisfaction of all of Series A bonds, be refunded or replaced under the provisions of Section 3 of Article Second hereof. When all bonds of Series A have been paid and satisfied, all moneys then held by the Sinking Fund Trustee or Trustees in the Sinking Fund for such Series A bonds, shall, upon demand of the Telephone Company, be repaid to it.

Accounts and  
Records.

Bonds in fund  
to be cancelled.

Disposition of  
fund upon default.

No sinking fund moneys shall be applied to the purchase of bonds or be paid over to the Telephone Company during the continuance of default known to the sinking fund trustee or trustees; but any moneys in such sinking fund at the time when any such event of default shall become known to the Sinking fund trustee or trustees shall be held as additional security for the payment of Series A bonds; and in case the principal sum of the Series A bonds shall have become due by declaration or upon a sale of