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UNITED TELEPHONE COMPANY OF THE NORTHWEST

TO

*601 State St.
Harold River Chie
97031*

PEOPLES NATIONAL BANK OF WASHINGTON

AND

ROBERT G. PERRY

TRUSTEES

**Sixteenth Supplemental
Indenture**

Dated as of February 1, 1977

This Sixteenth Supplemental Indenture

dated as of February 1, 1977, by and between UNITED TELEPHONE COMPANY OF THE NORTHWEST, a corporation duly organized and existing under and by virtue of the laws of the State of Oregon, having its principal office and place of business in the City and County of Hood River in said state (hereinafter sometimes referred to as the "Company"), and PEOPLES NATIONAL BANK OF WASHINGTON, a national banking association duly organized and existing under and by virtue of the National Banking Laws of the United States of America, having its principal office and place of business in the City of Seattle, County of King and State of Washington (hereinafter sometimes referred to as the "Trustee") and ROBERT G. PERRY of said City of Seattle (hereinafter sometimes referred to as the "Individual Trustee"), as Trustees, the Trustee and the Individual Trustee being sometimes hereinafter referred to collectively as the "Trustees."

RECITALS:

The background of this Sixteenth Supplemental Indenture is:

A. Until November 1, 1965, the corporate name of the Company was Oregon-Washington Telephone Company and such corporate name was changed on said date to United Telephone Company of the Northwest.

B. The Company heretofore executed and delivered to the Trustee and to E. L. Blaine, Jr., who has been succeeded by Robert G. Perry as Individual Trustee, its Indenture of Mortgage and Deed of Trust (hereinafter called the "Original Indenture," and the Original Indenture and all supplemental indentures thereto hereinafter collectively called the "Indenture"), dated as of January 1, 1946, whereby the Company granted, bargained, mortgaged and conveyed unto the Trustees and to their successors in said trust, all real and personal property then owned or to be thereafter acquired by the Company (other than property excepted from the lien thereof), to be held by the Trustees in trust in accordance with the provisions of the Original Indenture for the equal pro rata benefit and security of all Bonds issued under the Original Indenture and indentures supplemental thereto.

C. The Company has heretofore executed and delivered to the Trustee and to E. L. Blaine, Jr. or his successor, Robert G. Perry, a First Supplemental Indenture dated as of April 1, 1948, a Second Supplemental Indenture dated as of January 1, 1951, a Third Supplemental Indenture dated as of September 1, 1954, a Fourth Supplemental Indenture dated as of June 1, 1959, a Fifth Supplemental Indenture dated as of July 1, 1960, a Sixth Supplemental Indenture dated as of December 1, 1960, a Seventh Supplemental Indenture dated as of June 1, 1962, an Eighth Supplemental Indenture dated as of September 1, 1964, a Ninth Supplemental Indenture dated as of April 1, 1966, a Tenth Supplemental Indenture dated as of December 1, 1967, an Eleventh Supplemental Indenture dated as of March 1, 1969, a Twelfth Supplemental Indenture dated as of July 1, 1971, a Thirteenth Supplemental Indenture dated as of February 1, 1972, a Fourteenth Supplemental Indenture dated as of August 1, 1973, and a Fifteenth Supplemental Indenture dated as of September 1, 1974, under and pursuant to which supplemental indentures and the Original Indenture the Company has issued its First Mortgage Bonds, Series A, B, C, D, E, F, G, H, I, J, K, L, M and N, and the Original Indenture has been amended and modified in the particulars therein set forth.

D. The Company proposes (1) to create and issue, and establish the terms and provisions applicable to, an additional series of Bonds to be designated 8% First Mortgage Bonds, Series O, due February 1, 2007 (herein called "Series O Bonds"), limited in aggregate principal amount to \$9,000,000 and (2) to mortgage and convey additional properties acquired or constructed by the Company since the date of the Fifteenth Supplemental Indenture.

E. All acts and things necessary to make the Series O Bonds, when executed by the Company and authenticated by the Trustee as in the Indenture provided, the valid, binding and legal obligations of the Company, and to constitute these presents a valid indenture and agreement according to its terms, have been done and performed, and the execution of this Sixteenth Supplemental Indenture and the issue of the Series O Bonds have in all respects been duly authorized, and the Company in

the exercise of the legal right and power vested in it of the Sixteenth Supplemental Indenture.

NOW, THEREFORE, THIS SIXTEENTH SUPPLEMENTAL INDENTURE BEING HEREBY MADE, WITNESSETH:

That United Telephone Company of the Northwest, in consideration of the premises and of the acceptance by the Trustees of the Bonds created and of the purchase and acceptance of the Series O Bonds by the owners thereof and of the sum of One Dollar lawful money of the United States of America to it duly paid by the Trustee, the receipt of which is hereby acknowledged, in order to secure the payment both of principal and of interest on all bonds that may at any time be issued under the Indenture according to their tenor and effect and to the performance and observance by the Company of all the covenants and conditions implied in the Indenture and in said bonds, without limiting the grant of after-acquired property contained in the Indenture, has given, granted, bargained, sold, released, conveyed, assigned, confirmed, transferred, mortgaged, warranted, set over and does by these presents give, grant, bargain, convey, alien, assign, confirm, transfer, mortgage, warrant, set over unto Peoples National Bank of Washington and Robert G. Perry, Trustees, and to their successors in the trust hereby and in the Original Indenture, as heretofore amended, created, and to them and their successors forever:

All and singular the premises, plants, properties, leases and franchises, permits, patents, rights and powers of every kind and nature, real and personal, of the Company constructed or acquired prior to the date of the Fifteenth Supplemental Indenture or not described in the Original Indenture or the first fifteen supplemental indentures, other than personal property of the nature of that excluded by the clauses of the Original Indenture, including, but without limitation, the generality of the foregoing, the real property described in the Original Indenture, hereto, together with all improvements thereon.

the exercise of the legal right and power vested in it executes this Sixteenth Supplemental Indenture.

NOW, THEREFORE, THIS SIXTEENTH SUPPLEMENTAL INDENTURE WITNESSETH:

That United Telephone Company of the Northwest, in consideration of the premises and of the acceptance by the Trustees of the trusts hereby created and of the purchase and acceptance of the Series O Bonds by the owners thereof and of the sum of One Dollar lawful money of the United States of America to it duly paid by the Trustee, the receipt whereof is hereby acknowledged, in order to secure the payment both of the principal of and interest on all bonds that may at any time be issued and outstanding under the Indenture according to their tenor and effect and the performance and observance by the Company of all the covenants expressed and implied in the Indenture and in said bonds, without in any way limiting the grant of after-acquired property contained in the Original Indenture, has given, granted, bargained, sold, released, conveyed, alienated, assigned, confirmed, transferred, mortgaged, warranted, pledged and set over and does by these presents give, grant, bargain, sell, release, convey, alien, assign, confirm, transfer, mortgage, warrant, pledge and set over unto Peoples National Bank of Washington and Robert C. Perry, Trustees, and to their successors in the trust hereby and in said Original Indenture, as heretofore amended, created, and to them and their assigns forever:

All and singular the premises, plants, properties, leases and leaseholds, franchises, permits, patents, rights and powers of every kind and description, real and personal, of the Company constructed or acquired since the date of the Fifteenth Supplemental Indenture or not described in the Original Indenture or the first fifteen supplemental indentures, other than personal property of the nature of that excluded by the granting clauses of the Original Indenture, including, but without limiting the generality of the foregoing, the real property described in Schedule A hereto, together with all improvements thereon.

TO HAVE AND TO HOLD all said franchises and real and personal property, conveyed, transferred, assigned, mortgaged or pledged by the Company as aforesaid or intended so to be unto the Trustees and to their successors in said trust and to them and their assigns forever;

IN TRUST, NEVERTHELESS, for the purposes, with the powers and subject to the agreements, covenants and conditions set forth and expressed in the Original Indenture as supplemented and modified by the First through the Fifteenth Supplemental Indentures, it being agreed as follows, to wit:

ARTICLE ONE

SERIES O BONDS

Section 1.01. There is hereby created a series of bonds entitled "8½% First Mortgage Bonds, Series O, due February 1, 2007" (hereinafter called "Series O Bonds") limited in principal amount to \$9,000,000. Series O Bonds shall be fully registered bonds without coupons of the denomination of \$1,000 and multiples thereof. The Series O Bonds shall be dated as of the date of authentication. All Series O Bonds shall mature February 1, 2007 and shall bear interest at the rate of eight and one-half per cent (8½%) per annum from their respective dates, such interest to be payable semiannually on the 1st day of August and the 1st day of February in each year. Both the principal of and interest on Series O Bonds shall be payable at the main office of Peoples National Bank of Washington, in Seattle, Washington, or at the main office of its successor as corporate trustee, in lawful money of the United States of America. The text of the Series O Bonds and the Trustee's certificate with respect thereto shall be substantially of the tenor and purport set forth in Exhibit A hereto.

Section 1.02. At the option of the Company and upon notice given as provided in Article Seven of the Original Indenture, the Series O Bonds shall be redeemable, in whole or in part, at any time at the following redemption prices, expressed as percentages of the principal amount, during the respective periods set forth, in each case together with accrued and unpaid interest on the principal amount carried to the date fixed for redemption:

If Redeemed During 12 Months Ending January 31,	Redemption Price	If Redeemed During 12 Months Ending January 31,
1978.....	108.50%	1993.....
1979.....	108.21	1994.....
1980.....	107.92	1995.....
1981.....	107.62	1996.....
1982.....	107.33	1997.....
1983.....	107.04	1998.....
1984.....	106.74	1999.....
1985.....	106.45	2000.....
1986.....	106.16	2001.....
1987.....	105.86	2002.....
1988.....	105.57	2003.....
1989.....	105.28	2004.....
1990.....	104.98	2005.....
1991.....	104.69	2006.....
1992.....	104.40	2007.....

all on the conditions and in the manner provided in the Original Indenture, provided, however, that no bond shall be redeemable, in whole or in part, at any time prior to February 1, 1987, directly or indirectly as a part of, or in anticipation of, any refunding operation or the incurring of any indebtedness by the Company at an interest rate of less than eight and one-half per cent (8½%) per annum. It is provided further that the Series O Bonds shall be subject to redemption in whole or in part from time to time through the operation of the sinking fund as provided in Section 1.03 hereof, through the application of the proceeds of property sold to municipal or governmental bodies, and through the application of insurance proceeds received because of damage to or destruction of any of the properties, at the principal amount thereof, without premium, in any case with interest accrued thereon to the date of redemption.

Section 1.03. The Company covenants and agrees that if any of the Series O Bonds remain outstanding it will

If Redeemed During 12 Months Ending January 31,	Redemption Price
1978.....	108.50%
1979.....	108.21
1980.....	107.92
1981.....	107.62
1982.....	107.33
1983.....	107.04
1984.....	106.74
1985.....	106.45
1986.....	106.16
1987.....	105.86
1988.....	105.57
1989.....	105.28
1990.....	104.98
1991.....	104.69
1992.....	104.40

all on the conditions and in the manner provided in the Indenture; provided, however, that no bond shall be redeemable, in whole or in part, at any time prior to February 1, 1987, directly or indirectly, as a part of, or in anticipation of, any refunding operations involving the incurring of any indebtedness by the Company at an interest cost of less than eight and one-half per cent (8½%) per annum, and provided further that the Series O Bonds shall be subject to redemption in whole or in part from time to time through the operation of the sinking fund as provided in Section 1.03 hereof, through the application of the proceeds of property sold to municipal or other governmental bodies, and through the application of insurance proceeds received because of damage to or destruction of any of the Company's properties, at the principal amount thereof, without premium, together in any case with interest accrued thereon to the date of redemption.

Section 1.03. The Company covenants and agrees that so long as any of the Series O Bonds remain outstanding it will provide a

If Redeemed During 12 Months Ending January 31,	Redemption Price
1993.....	104.10%
1994.....	103.81
1995.....	103.52
1996.....	103.22
1997.....	102.93
1998.....	102.64
1999.....	102.34
2000.....	102.05
2001.....	101.76
2002.....	101.46
2003.....	101.17
2004.....	100.88
2005.....	100.58
2006.....	100.29
2007.....	100.00

sinking fund for the benefit of the holders of the Series O Bonds as follows: the Company will annually, on February 1, 1978, and on February 1 of each succeeding year up to and including February 1, 2006, in the manner provided in Article Seven of the Original Indenture, call for pro rata redemption, at the principal amount thereof, without premium, together with accrued interest to the date fixed for redemption, Series O Bonds for cash in the principal amount equal to one per centum (1%) of the greatest aggregate principal amount of the Series O Bonds at any time outstanding (exclusive of Series O Bonds in exchange for or in substitution of which other Series O Bonds have been authenticated and delivered); provided that in all such redemptions the Trustee may adjust the allocations so that the principal amounts of the bonds to be redeemed from each of the holders thereof shall be as nearly as possible in multiples of One Thousand Dollars (\$1,000.00).

Section 1.04. Series O Bonds redeemed pursuant to the provisions of Article Twelve of the Original Indenture with money paid to or deposited with the Trustee pursuant to Sections 8.11, 8.14 and 11.04 of the Original Indenture, as amended, shall be redeemed at their principal amount, without premium, together with interest accrued to the date fixed for redemption.

Section 1.05. Notwithstanding anything in the Indenture to the contrary, in case of redemption of less than all of the Series O Bonds outstanding, the aggregate of moneys to be applied in redemption shall be apportioned by the Trustee pro rata as nearly as practicable in amounts of One Thousand Dollars (\$1,000) or any multiple thereof between each of the registered holders of bonds of such series in the proportion that the aggregate principal amount of bonds of such series then held by each such holder bears to the aggregate principal amount of bonds of such series then outstanding; and the Trustee shall within ten (10) days after such apportionment, notify the Company in writing of the numbers and principal amounts of bonds designated or selected by the Trustee for redemption, whether in whole or in part. Except in the case of redemption through operation of the sinking fund, if exact apportionment proves impracticable,

then any portion of the moneys available for redemption exactly apportionable in multiples of One Thousand Dollars shall be retained by the Trustee and applied as a part of the succeeding apportionment in redemption as herein provided.

Section 1.06. The Bonds of Series O, upon surrender to the main office of the Trustee, may be exchanged for an aggregate unpaid principal balance of fully registered bonds of any authorized denominations.

Within a reasonable time after the receipt of a request for an exchange, the Company shall issue and the Trustee shall execute and deliver all bonds required in connection therewith. The Trustee shall make such exchange upon payment of a sum sufficient to reimburse the Company or the Trustee for any state, local, federal or governmental charge required to be paid by the Company or the Trustee in connection with the transfer. Notwithstanding anything in Article Two, Section 2.09 of the Original Indenture to the contrary, the Company shall make no charge in connection with the transfer of Series O Bonds other than those set forth in Section 1.06.

Section 1.07. Fully registered bonds of Series O shall be numbered "OR-1" and consecutively upwards.

Section 1.08. Upon the execution of this Sixteenth Supplemental Indenture and from time to time thereafter, the Company shall execute and deliver to the Trustee, and the Trustee (upon the Company's compliance with the provisions of the Original Indenture with respect to the issuance of additional bonds) shall execute and deliver to, or upon the order of, the Company bonds in the form of fully registered bonds without coupons in the aggregate principal amount of Nine Million Dollars (\$9,000,000).

ARTICLE TWO ADDITIONAL PROVISIONS

Section 2.01. So long as any Series O Bonds are outstanding, the Company will not apply any sum to the redemption, re-

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then any portion of the moncys available for redemption, but not exactly apportionable in multiples of One Thousand Dollars (\$1,000), shall be retained by the Trustee and applied as a part of the next succeeding apportionment in redemption as herein provided.

Section 1.06. The Bonds of Series O, upon surrender thereof at the main office of the Trustee, may be exchanged for the same aggregate unpaid principal balance of fully registered bonds of such series of any authorized denominations.

Within a reasonable time after the receipt of a request for such an exchange, the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection therewith, and the Trustee shall make such exchange upon payment of a sum sufficient to reimburse the Company or the Trustee for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee in connection with the transfer. Notwithstanding anything in Article Two, Section 2.09 of the Original Indenture to the contrary, the Company shall make no charge in connection with the transfer of Series O Bonds other than those set forth in this Section 1.06.

Section 1.07. Fully registered bonds of Series O shall be numbered "OR-1" and consecutively upwards.

Section 1.08. Upon the execution of this Sixteenth Supplemental Indenture and from time to time thereafter, the Company may execute and deliver to the Trustee, and the Trustee (provided the Company has complied with the provisions of the Original Indenture with respect to the issuance of additional bonds) shall authenticate and deliver to, or upon the order of, the Company bonds of Series O in the form of fully registered bonds without coupons in the aggregate principal amount of Nine Million Dollars (\$9,000,000).

ARTICLE TWO

ADDITIONAL PROVISIONS

Section 2.01. So long as any Series O Bonds are outstanding the Company will not apply any sum to the redemption, retirement or

purchase of any shares of its capital stock of any class (other than preferred stock purchased to satisfy sinking fund requirements relating to such preferred stock) nor to the payment of any dividend or other disbursement on its common stock (exclusive of dividends payable in its common stock) if, after giving effect to such dividend, distribution, purchase or other acquisition, the sum of (a) the aggregate amount of all dividends and distributions paid on shares of capital stock of any class (other than dividends and distributions made in shares of capital stock) subsequent to December 31, 1975, plus (b) the excess, if any, of the amount applied to or set apart for the purchase or other acquisition of any shares of capital stock of any class subsequent to the time when the first of such Series O Bonds shall be authenticated by the Trustee over such amounts as shall have been received as the net cash proceeds of sales of shares of capital stock of any class subsequent to the time when the first of such Series O Bonds shall be authenticated by the Trustee, would exceed the Company's net income since December 31, 1975 (treated as one accounting period), plus Four Million Dollars (\$4,000,000).

Section 2.02. The Company covenants that it is lawfully seized and possessed of the property described in the granting clauses of this Sixteenth Supplemental Indenture and that it will warrant and defend the title to said property to the Trustees for the equal pro rata benefit of the holders of all bonds at any time outstanding under the Indenture against the claims and demands (except those which constitute permitted encumbrances) of all persons whomsoever.

Section 2.03. The property of the Company will at all times be maintained and preserved in good repair and efficiency in accordance with accepted standards and the requirements of the Washington Utilities and Transportation Commission and the Public Utility Commissioner of Oregon with respect to properties within the respective states. So long as any Series O Bonds remain outstanding, it will during the three year period beginning February 1, 1977 and each successive three year period, upon written request of the holders or

registered owners of not less than twenty-five per cent of the principal amount of the Series O Bonds then outstanding, the physical properties of the Company inspected at the expense by an engineer or firm of engineers (who shall be a regular employ of the Company or under regular contract with the Company) selected by the Board of Directors of the Company, satisfactory to the Trustee. Such engineer or firm of engineers shall file with the Trustee a written report stating the extent to which the property of the Company has been maintained in accordance with this covenant. The Trustee will mail a copy of the report to the holder of Series O Bonds.

The Company covenants and agrees that, if such deficiency of engineers shall report that a maintenance deficiency exists, the Company will with all reasonable speed make such other maintenance work as may be necessary to correct such deficiency as shall exist at the time of such report. If such engineer or firm of engineers (or, in the case of refusal or inability to act, some other engineer or firm of engineers similarly selected) shall report in writing to the Trustee that a deficiency has been made good.

If such deficiency shall not have been made good within the time or such longer period as may be reported by such engineer or firm of engineers to be reasonably necessary for the purpose of making such deficiency good, and upon proper request of the holders of at least twenty-five per centum (25%) in principal amount of the bonds of the Company then outstanding shall, in accordance with the provisions of Section Fifteen of the Original Indenture, proceed to enforce the same on behalf of the Company.

Section 2.04. The holders of the Series O Bonds hereby accept and holding thereof, hereby consent and agree to the amendment to Section 17.04 of the Original Indenture and Section 2.03 of the Thirteenth Supplemental Indenture, effective on the earliest date on which either (a)

registered owners of not less than twenty-five per cent (25%) in principal amount of the Series O Bonds 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 or under regular retainer from the Company) selected by the Board of Directors of the Company and satisfactory to the Trustee. Such engineer or firm or engineers will file with the Trustee a written report stating the extent to which the property of the Company has been maintained in compliance with this covenant. The Trustee will mail a copy of the report to each holder of Series O Bonds.

The Company covenants and agrees that, if such engineer or firm of engineers shall report that a maintenance deficiency exists, the Company will with all reasonable speed make such repairs and/or do such other maintenance work as may be necessary to make good such deficiency as shall exist at the time of such report, whereupon such engineer or firm of engineers (or, in the case of his or its refusal or inability to act, some other engineer or firm of engineers similarly selected) shall report in writing to the Trustee that such deficiency has been made good.

If such deficiency shall not have been made good within one year, or such longer period as may be reported by such engineer or firm of engineers to be reasonably necessary for the purpose, the Trustee may, and upon proper request of the holders of at least twenty-five per centum (25%) in principal amount of the bonds of all series at the time outstanding shall, in accordance with the provisions of Article Fifteen of the Original Indenture, proceed to enforce this covenant of the Company.

Section 2.04. The holders of the Series O Bonds, by their acceptance and holding thereof, hereby consent and agree that the amendment to Section 17.04 of the Original Indenture contained in Section 2.06 of the Thirteenth Supplemental Indenture shall become effective on the earliest date on which either (a) all Series A

through L Bonds have been retired or (b) such amendment to Section 17.04 of the Original Indenture shall have been consented to by the holders of the Series A through L Bonds, and that no further assent of the holders of Series O Bonds shall be required for effecting such amendment.

The Company covenants and agrees that, so long as any Series O Bonds remain outstanding, it will not, without the assent and authorization of each holder of Series O Bonds, enter into any supplemental indenture, or effect any modification of any right specifically provided in respect of the bonds or any waiver of any such right, which would reduce the percentage of the principal amount of bonds set forth in Section 17.04 which is required to assent to and authorize modifications of the Indenture or to give waivers.

Section 2.05. The holders of the Series O Bonds, by their acceptance and holding thereof, hereby consent and agree that, effective on the earliest date on which either (a) all Series A through N Bonds have been retired or (b) the holders of the Series A through N Bonds have consented to such an amendment, the Original Indenture is amended by deleting Article Eight, Section 8.08 thereof in its entirety, and hereby further consent and agree that no further assent of the holders of Series O Bonds shall be required for effecting such amendment. The amendment contained in this Section 2.05 shall in no way affect the rights of the holders of the Series A through N Bonds under Article Eight, Section 8.08 of the Original Indenture unless and until they have consented to such amendment.

Section 2.06. The holders of the Series O Bonds, by their acceptance and holding thereof, hereby consent and agree that, effective on the earliest date on which either (a) all Series A through N Bonds have been retired or (b) the holders of the Series A through N Bonds have consented to such an amendment, Article Eleven, Section 11.04 of the Original Indenture is amended by designating the present Section 11.04 as subsection (A) and by adding a new subsection (B) to read as follows:

(B) Notwithstanding anything in subsection Section 11.04 to the contrary, the Company, while of the mortgaged property and not in default, may change but not otherwise dispose of any of its value of \$10,000 or less, and the Trustees shall release the lien hereof, upon receipt by the Trustee

(a) A certificate signed and verified by the a Vice-President and the Treasurer or an Assistant of the Company

(i) describing the property for the release request is made, and stating that in the opinion of the signers such release will be of benefit to the Government and will not be prejudicial to the security of the Government issued hereunder;

(ii) stating that the Company has changed, or contracted to sell or exchange, for the release of which request is made for tion representing in the opinion of the si value to the Company;

(iii) stating the amount and nature of consideration and that it consists, or will consist, of one or more of the following: cash, securities, and properties which upon such exchange constitute property additions;

(iv) if any property additions or property acquisitions will become property additions to the Company, to be received as consideration, briefly describing the same and stating that in the opinion of the stockholders the acquisition is desirable from the standpoint of the Company and the bondholders;

(v) stating that the Company is not hereunder and stating the original cost of the to be released;

(B) Notwithstanding anything in subsection (A) of this Section 11.04 to the contrary, the Company, while in possession of the mortgaged property and not in default, may sell or exchange but not otherwise dispose of any of its property of a value of \$10,000 or less, and the Trustees shall release the same from the lien hereof, upon receipt by the Trustee of:

(a) A certificate signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company

(i) describing the property for the release of which request is made, and stating that in the opinion of the signers such release will be of benefit to the Company and will not be prejudicial to the security of the bonds issued hereunder;

(ii) stating that the Company has sold or exchanged, or contracted to sell or exchange, the property for the release of which request is made for a consideration representing in the opinion of the signers its full value to the Company;

(iii) stating the amount and nature of such consideration and that it consists, or will consist, solely of one or more of the following: cash, property additions, and properties which upon such exchange will constitute property additions;

(iv) if any property additions or properties which on acquisition will become property additions are to be received as consideration, briefly describing them, and stating that in the opinion of the signers their acquisition is desirable from the standpoint of the Company and the bondholders;

(v) stating that the Company is not in default hereunder and stating the original cost of the property to be released;

(b) All moneys stated in the certificate responsive to (a) of this section to be or to have been received in consideration for any property for the release of which request is made, or to the extent that such moneys constitute the consideration for property subject to an underlying mortgage, which moneys are required to be paid to or deposited with a mortgagee or trustee, a receipt by such mortgagee or trustee for such moneys, the Company covenanting, agreeing and directing that upon the satisfaction or release of such underlying mortgage any such money remaining in the possession or control of such mortgagee or trustee, to which the Company may be entitled, shall forthwith be deposited with the Trustee;

(c) Such deeds, bills of sale, supplemental indentures, or other instruments of conveyance as may be necessary or proper to subject to the lien of this Indenture any property received in exchange for property released.

The holders of the Series O Bonds further consent and agree that no further assent of the holders of Series O Bonds shall be required for effecting such amendment. The amendment contained in this Section 2.06 shall in no way affect the rights of the holders of the Series A through N Bonds under Article Eleven, Section 11.04 of the Original Indenture unless and until they have consented to such amendment.

Section 2.07. The provisions of Article Sixteen, Section 16.08 of the Original Indenture are amended upon the execution and delivery of this Sixteenth Supplemental Indenture by deleting the words "One Million Dollars (\$1,000,000)" where they occur in said section and by inserting in lieu thereof the words "Twenty-Five Million Dollars (\$25,000,000)".

Section 2.08. Except as herein specifically changed, the Original Indenture, as supplemented and amended by the First through the Fifteenth Supplemental Indentures, is hereby in all respects ratified and confirmed.

Section 2.09. Although this Sixteenth Supplemental Indenture is dated for convenience and for the purpose of reference as of January 1, 1977, the actual dates of execution by the Company and the Trustee are as indicated by their respective acknowledgments annexed.

Section 2.10. Notwithstanding anything in the Original Indenture to the contrary, if default occurs in payment of principal due on the Series O Bonds, interest shall be paid by the Company upon overdue principal and interest at the rate of nine percent (9%) per annum.

Section 2.11. The warranties, representations, and agreements contained in this Sixteenth Supplemental Indenture, insofar as they relate exclusively to the Series O Bonds, shall be construed in accordance with and governed by the laws of the State of Washington.

Section 2.12. This Sixteenth Supplemental Indenture is being executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 2.09. Although this Sixteenth Supplemental Indenture is dated for convenience and for the purpose of reference as of February 1, 1977, the actual dates of execution by the Company and by the Trustees are as indicated by their respective acknowledgments hereto annexed.

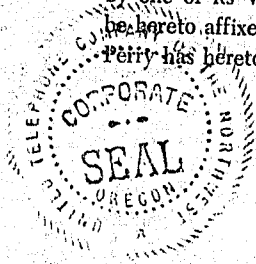
Section 2.10. Notwithstanding anything in the Original Indenture to the contrary, if default occurs in payment of principal or interest due on the Series O Bonds, interest shall be paid by the Company upon overdue principal and interest at the rate of nine and one-half percent (9½%) per annum.

Section 2.11. The warranties, representations, and agreements contained in this Sixteenth Supplemental Indenture, insofar as they apply exclusively to the Series O Bonds, shall be construed in accordance with and governed by the laws of the State of Washington.

Section 2.12. This Sixteenth Supplemental Indenture shall be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, UNITED TELEPHONE COMPANY OF THE NORTHWEST has caused these presents to be signed in its name and behalf by its President or Vice President and its corporate seal to be hereto affixed and attested by its Secretary or Assistant Secretary and to evidence their acceptance of the trusts hereby created; PEOPLES NATIONAL BANK OF WASHINGTON has caused these presents to be signed in its name and behalf by one of its Vice Presidents or Trust Officers and its corporate seal to be hereto affixed and attested by one of its Trust Officers, and Robert G. Perry has hereto set his hand and seal, all as of February 1, 1977.



UNITED TELEPHONE COMPANY OF THE NORTHWEST

By

R. M. Crockett
R. M. Crockett, President

(Corporate Seal)

ATTEST:

John Hoffelner
John Hoffelner, Secretary

Signed, sealed and acknowledged
by United Telephone Company
of the Northwest in the pres-
ence of:

Michael Young

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PEOPLES NATIONAL BANK OF

By

Trust Officer
Trust Officer

By

Vice President & Trust Officer
Vice President & Trust Officer

ATTEST:

Trust Officer
Trust Officer

(Corporate Seal)

Signed, sealed and acknowledged
by Peoples National Bank of
Washington in the presence of:

Trust Officer
Trust Officer

Robert G. Perry
Robert G. Perry

Signed, sealed and acknowledged
by Robert G. Perry in the pres-
ence of:

Trust Officer
Trust Officer

PEOPLES NATIONAL BANK OF WASHINGTON

By *W. H. Howard*
Trust OfficerBy *W. H. Howard*
Vice President & Trust Officer

ATTEST:

Edmond Mottot
Trust Officer

(Corporate Seal)

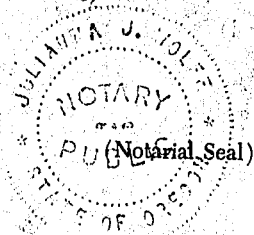
Signed, sealed and acknowledged
by Peoples National Bank of
Washington in the presence of:*T. J. Gaudin*
*C. J. Johnson**Robert G. Perry*
Robert G. PerrySigned, sealed and acknowledged
by Robert G. Perry in the pres-
ence of:*T. J. Gaudin*
C. J. Johnson

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OREGON
STATE OF WASHINGTON } ss.
MULTNOMAH
COUNTY OF KING

On this 26th day of January, 1977, before me, the undersigned officer, appeared R. M. CROCKETT and JOHN HOFFELNER, to me personally known, who, being duly sworn, did acknowledge themselves to be President and Secretary, respectively, of United Telephone Company of the Northwest, a corporation, and that said instrument was signed and sealed by R. M. CROCKETT as such President on behalf of said corporation and as the free act and deed of said corporation by authority of its Board of Directors and that JOHN HOFFELNER as such Secretary affixed the corporate seal of said corporation thereto and attested the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this day and year first in this my certificate above written.



Julia J. Wolff
Notary Public in and for the State of ~~Washington~~ OREGON,
residing at Seattle, Washington.

My commission expires 4-8-80

STATE OF WASHINGTON } ss.
COUNTY OF KING

On this 26th day of Jan., 1977, before me, the undersigned officer, personally appeared *D. A. Newwood* and *Ellen E. Nutt* to me known to be Trust Officers of Peoples National Bank of Washington, the national banking association which executed the within and foregoing instrument, and *D. A. Newwood* and *Ellen E. Nutt* as Trustee Officers acknowledged said instrument to be the free and voluntary act and deed of said association for the uses and purposes therein mentioned and, on oath, stated that they were authorized to execute said instrument and *Ellen E. Nutt* as ~~trust officer~~ trust officer on oath stated that she was authorized to affix

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the seal of said association to said instrument and to attest that the seal affixed to said instrument is the seal of said association.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this the day and year first in this my certificate above written.

Suzanne A. [Signature]

Notary Public in and for the State of
residing at Seattle, Washington.

(Notarial Seal)

My commission expires *June 1, 1977*

STATE OF WASHINGTON } ss.
COUNTY OF KING

On this 26th day of Jan., 1977, before me, the undersigned officer, personally appeared ROBERT G. PERRY, to me known to be the individual described in and who executed the within and foregoing instrument and acknowledged that he executed and signed the same as a voluntary act and deed for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this the day and year first in this my certificate above written.

Suzanne A. [Signature]

Notary Public in and for the State of
residing at Seattle, Washington.

(Notarial Seal)

My commission expires *June 1, 1977*

the seal of said association to said instrument and to attest the same and that the seal affixed to said instrument is the seal of said association.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this the day and year first in this my certificate above written.

Suzanne A. Myhre

Notary Public in and for the State of Washington,
residing at Seattle, Washington.

(Notarial Seal)

My commission expires *June 12, 1978*

STATE OF WASHINGTON }
COUNTY OF KING } ss.

On this *21st* day of *June*, 1977, before me, the undersigned officer, personally appeared ROBERT G. PERRY, to me known to be the individual described in and who executed the within and foregoing instrument and acknowledged that he executed and signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this the day and year first in this my certificate above written.

Suzanne A. Myhre

Notary Public in and for the State of Washington,
residing at Seattle, Washington.

(Notarial Seal)

My commission expires *June 12, 1978*

SCHEDULE A

1. Situated in County of Deschutes, State of Oregon:

Lots 7 and 8 in Block 2 of Davidson's Addition to Sisters, Deschutes County, Oregon, EXCEPT that portion of Lot 7, Block 2 of Davidson's Addition to the town of Sisters, bounded as follows:

Commencing at the Northwest corner of said Lot; thence Southerly along the West line of said Lot a distance of 20 feet; thence Easterly on a line parallel to the North line of said Lot a distance of 28 feet; thence Northerly on a line parallel to the West line of said Lot a distance of 20 feet, to the North line of said lot; thence Westerly along the North line of said Lot a distance of 28 feet to said Northwest corner of said lot.

2. Situated in County of Harney, State of Oregon:

a. An irregular tract of land lying wholly within the NE $\frac{1}{4}$ SW $\frac{1}{4}$ and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 20, T23S, R30E, W.M., Harney County, Oregon, more specifically described as follows:

Commencing at the northwest corner of said Section 20, thence East along the north line of said section a distance of 2275.31 feet to the center line of the road to the Radar Base; thence S. 28°23'12" W. a distance of 46.41 feet; thence along a 5° curve to the left a distance of 407.94 feet; thence S. 07°59'23" W. a distance of 625.19 feet; thence along an 8° curve to the left a distance of 520.25 feet; thence S. 34°37'48" E. a distance of 251.48 feet; thence along an 11° curve to the right a distance of 428.98 feet; thence S. 13°33'28" W. a distance of 874.74 feet; thence leaving the center line of said road, S. 70°50'02" E. a distance of 291.95 feet; thence S. 73°34'17" E. a distance of 161.40 feet to the TRUE POINT OF BEGINNING;

thence continuing S. 73°34'17" E. a distance of 150 feet; thence S. 16°25'43" W. a distance of 85 feet; thence N. 73°34'17" W. a distance of 150 feet; thence N. 16°25'43" E. a distance of 85 feet to the TRUE POINT OF BEGINNING;

Said tract containing 0.29 acres, more or less.

b. An irregular tract of land lying wholly within the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 20, T23S, R30E, W.M., Harney County, Oregon, more specifically described as follows:

Commencing at the northwest corner of said Section 20, thence East along the north line of said section a distance of 2275.31 feet to the center line of the road to the radar base; thence S. 28°23'12" W. a distance of 46.41 feet; thence along a 5° curve to the left a distance of 407.94 feet; thence S. 07°59'23" W. a distance of 625.19 feet; thence along an 8° curve to the left a distance of 520.25 feet; thence S. 34°37'48" E. a distance of 251.48 feet; thence along an 11° curve to the right a distance of 428.98 feet; thence S. 13°33'28" W. a distance of 874.74 feet; thence leaving the center line of said road, N. 70°50'02" E. a distance of 291.95 feet to the TRUE POINT OF BEGINNING;

thence continuing N. 76°26'32" W. a distance of 150 feet; thence S. 17°01'35" W. a distance of 139.25 feet; thence S. 76°26'32" E. a distance of 113.43 feet; thence N. 17°01'35" E. a distance of 139.0 feet to the TRUE POINT OF BEGINNING;

Said tract containing 0.35 acres, more or less.

3. Situated in County of Hood River, State of Oregon:

a. Lots 3 and 4, Block 6, TOWNSITE OF PARKDALE, Hood River County, Oregon.

b. A parcel of land located in Section 25, Township 10 North, Range 10 East of the Willamette Meridian, in the City of Hood River, Oregon, described as follows:

Beginning at a point on the North line of the No. 37 Donation Land Claim, in Section 25, Township 10 North, Range 10 East of the Willamette Meridian, that is North 461.13 feet, more or less, from the point of intersection of the division line between the East half and the West half of said Donation Land Claim with the North line thereof; thence S. 89°40'25" East 1403.82 feet, more or less, from the corner of said Donation Land Claim, being at the corner of that tract of land conveyed to Port of Hood River, Oregon, by deed recorded April 19, 1967, film No. 670498, D. Hood River County, Oregon; thence South 89°40'25" West 1403.82 feet to the North line of said Donation Land Claim to a point 1403.82 feet Easterly of, measured at right angles to, the said Port of Hood River tract of land, which point is the place of beginning of the tract of land herein described.

Commencing at the northwest corner of said Section 20, thence East along the north line of said section a distance of 2275.31 feet to the center line of the road to the radar base; thence along said center line, S. 28°23'12" W. a distance of 46.41 feet; thence along a 5° curve to the left a distance of 407.94 feet; thence S. 07°59'23" W. a distance of 625.19 feet; thence along an 8° curve to the left a distance of 520.25 feet; thence S. 34°37'48" E. a distance of 251.48 feet; thence along an 11° curve to the right a distance of 428.98 feet; thence S. 13°33'28" W. a distance of 7.59 feet; thence leaving the center line of said road, N. 76°26'32" W. a distance of 55.0 feet to the TRUE POINT OF BEGINNING:

thence continuing N. 76°26'32" W. a distance of 105.0 feet; thence S. 17°01'35" W. a distance of 139.25 feet; thence S. 76°26'32" E. a distance of 113.43 feet; thence N. 13°33'28" E. a distance of 139.0 feet to the TRUE POINT OF BEGINNING;

Said tract containing 0.35 acres, more or less.

3. Situated in County of Hood River, State of Oregon:

a. Lots 3 and 4, Block 6, TOWNSITE OF PARKDALE, in Hood River County, Oregon.

b. A parcel of land located in Section 25, Township 3 North, Range 10 East of the Willamette Meridian, in the City of Hood River, County of Hood River and State of Oregon, described as follows:

Beginning at a point on the North line of the Nathaniel Coe Donation Land Claim No. 37, in Section 25, Township 3 North, Range 10 East of the Willamette Meridian, that is North 89°40'25" West 461.13 feet, more or less, from the point of intersection of the division line between the East half and the West half of said Coe Donation Land Claim with the North line thereof and South 89°40'25" East 1403.82 feet, more or less, from the Northwest corner of said Coe Donation Land Claim, being at the Northwest corner of that tract of land conveyed to Port of Hood River by deed recorded April 19, 1967, film No. 670498, Deed Records Hood River County, Oregon; thence South 89°40'25" East along the North line of said Donation Land Claim to a point that is 80 feet Easterly of, measured at right angles to, the West line of said Port of Hood River tract of land, which point is the true place of beginning of the tract of land herein described; thence

South 1°39'16" West, parallel with and 80 feet Easterly of the West line of said Port of Hood River tract of land, 317.85 feet more or less, to a point that is 20 feet Northerly of, measured at right angles to, the Northerly line of that tract of land sold to Hood River Distillers, Inc., under contract recorded May 15, 1968, film No. 680648, Deed Records Hood River County, Oregon; thence North 53°59'46" East, parallel with and 20 feet Northerly of the Northerly line of said Hood River Distillers, Inc., tract of land, 26.17 feet; thence on a 369.27 foot radius curve to the right, parallel with and 20 feet Northerly of the Northerly line of said Hood River Distillers, Inc., tract of land and also parallel with and 20 feet Northerly of the North line of that tract of land conveyed to Hood River Distillers, Inc., by deed recorded May 15, 1968, film No. 680647, Deed Records Hood River County, Oregon, through an angle of 37°39'30" of which the long chord is 242.71 feet, to a point that is 20 feet Northerly of, measured at right angles to, the North line of said last mentioned Hood River Distillers, Inc., tract of land; thence South 88°20'44" East, parallel with and 20 feet Northerly of the North line of said last mentioned Hood River Distillers, Inc., tract of land, 236.50 feet, more or less, to a corner in the West line of that tract of land leased to Jantzen, Inc., under Agreement recorded July 7, 1972, film No. 721248, Deed Records Hood River County, Oregon; thence North 1°39'16" East along the West line of said Jantzen, Inc. tract of land 390.00 feet; thence North 88°20'44" West 482.76 feet, more or less, to a point that is 80 feet Easterly of, measured at right angles to, the Northerly extension of the West line of the aforesaid Port of Hood River tract of land; thence South 1°39'16" West, parallel with and 80 feet Easterly of the Northerly extension of the West line of said Port of Hood River tract of land, 165.19 feet, more or less, to the true place of beginning.

4. Situated in County of Kitsap, State of Washington:

That portion of the Northwest quarter of the Southwest quarter, of Section 22, Township 26 North, Range 1 East W.M., lying Southerly and Easterly of County Road, EXCEPT the East 749 feet thereof, in Kitsap County, Washington.

Form of Series O Fully
Registered Bond Without Coupon

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First Mortgage Bond
Series O

Due Febr

UNITED TELEPHONE COMPANY OF THE NORTH

UNITED TELEPHONE COMPANY OF THE NORTHWEST, a corporation of the State of Oregon (herein called the Company), for value received promises to pay to or registered assigns, on the first day of February, 2007, the principal of and to pay interest from the date hereof (unless this Bond shall have been called for redemption and payment duly provided therefor) at the rate of one-half per cent (8%) per annum, payable semiannually on the first day of August and the first day of February in each year until said principal is paid. Both the principal of and the interest on this Bond shall be payable at the main office of Peoples National Bank of Washington, Washington, or at the main office of its successor as corporation in the trust hereinafter referred to, in lawful money of the United States of America.

This Bond is one of a duly authorized issue of first mortgage bonds of the Company, of a series designated 8% First Mortgage Bonds, Series O, due February 1, 2007, limited as to aggregate principal amount by the Sixteenth Supplemental Indenture hereinafter mentioned, and all bonds of all series being issued and to be issued under and pursuant to the Sixteenth Supplemental Indenture, and all equally secured (except as any sinking or other analogous