
EIGHTEENTH SUPPLEMENTAL INDENTURE

UNITED TELEPHONE COMPANY OF THE NORTHWEST

TO

U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION

AND

S. M. DAVIS

Trustees

Dated as of August 1, 1992

**8.77% First Mortgage Bonds
Series Q, due August 1, 2017**

**AFTER RECORDING RETURN TO:
STOEL RIVES BOLEY JONES &
GREY
900 SW FIFTH AVE, SUITE 2300
PORTLAND, OR 97204-1268**

THIS EIGHTEENTH SUPPLEMENTAL INDENTURE dated as of August 1, 1992, 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 (the "Company"), and U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION (formerly "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 (the "Trustee") and S. M. DAVIS 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 Eighteenth 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, who has been succeeded by Donald Greenfield, who has been succeeded by Leo M. Riley, who has been succeeded by S. M. Davis, 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, or his successor, Donald Greenfield, or his successor, Leo M. Riley, or his successor, S. M. DAVIS, 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, a Fifteenth Supplemental Indenture dated as of September 1, 1974, a Sixteenth Supplemental Indenture dated as of February 1, 1977, and a Seventeenth Supplemental Indenture dated as of July 1, 1979, 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, N, O, and P, 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 8.77% First Mortgage Bonds, Series Q, due August 1, 2017 ("Series Q Bonds"), limited in aggregate principal amount to \$29,000,000 and (2) to mortgage and convey additional properties acquired or constructed by the Company since the date of the Seventeenth Supplemental Indenture.

E. All acts and things necessary to make the Series Q 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 Eighteenth Supplemental Indenture and the issue of the Series Q Bonds have in all respects been duly authorized, and the Company in the exercise of the legal right and power vested in it executes this Eighteenth Supplemental Indenture.

NOW, THEREFORE, THIS EIGHTEENTH 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 Q 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, premium, if any, 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 U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION, and S. M. DAVIS, 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 Seventeenth Supplemental Indenture or not described in the Original Indenture or the first seventeen 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 Seventeenth Supplemental Indentures, it being agreed as follows, to wit:

ARTICLE ONE

SERIES Q BONDS

1.01. There is hereby created a series of bonds entitled "8.77% First Mortgage Bonds, Series Q, due August 1, 2017" (the "Series Q Bonds") limited in principal amount to \$29,000,000. The Series Q Bonds shall be fully registered bonds without coupons of the denomination of \$1,000 and integral multiples thereof. The Series Q Bonds shall be dated as of the date of authentication. All Series Q Bonds shall mature August 1, 2017, and shall pay interest thereon at the rate of eight and seventy-seven hundredths percent (8.77%) per annum (based on a 360-day year consisting of twelve 30-day months) from the date thereof or from the most recent date to which interest has been paid or duly provided for, semiannually on February 1 and August 1 in each year until the principal thereof becomes due and payable, and at the rate of nine and seventy-seven hundredths percent (9.77%) per annum (to the extent that the payment of such interest shall be legally enforceable) on any overdue principal, premium and on any overdue installment of interest; provided, however, that if the due date for any payment of principal, premium, or any installment of interest, shall not be a business day, such payment shall become due on the first business day following such date; and provided further that interest on any such overdue payment shall begin to accrue at the beginning of the day following such date, whether or not such following date is a business day. For purposes of this section a "business day" shall mean any weekday on which the bank at which payment is to be made is open and conducting normal banking operations. Principal of, premium, if any, and interest on Series Q Bonds shall be payable at the main office of U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION, 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 Q Bonds and the Trustee's certificate with respect thereto shall be substantially of the tenor and purport set forth in Exhibit A hereto.

1.02. At the option of the Company, the Series Q Bonds shall be redeemable in whole at any time, or in part from time to time prior to maturity in multiples of \$100,000, at the principal amount of the bonds being redeemed plus interest accrued thereon to the date fixed for such redemption, plus the Yield Maintenance Premium. The Yield Maintenance Premium shall be the excess, if any, of (i) the aggregate present value, as of the date fixed for redemption, of all remaining payments of

principal and interest scheduled to be made on or after the date fixed for redemption with respect to the principal amount of the bonds being redeemed (subtracting from the first such interest payment, interest accrued to the date fixed for redemption), determined by discounting on a semi-annual basis such amounts at the Discount Rate, over (ii) the principal amount of the bonds being redeemed. The Discount Rate shall be equal to the sum of (i) the Yield on U.S. Treasury securities, on the third trading day preceding the date fixed for redemption, having a maturity corresponding to the Weighted Average Life of the bonds being redeemed and (ii) one-half of one percent. If no U.S. Treasury security maturity exactly corresponds to such Weighted Average Life of the bonds to be redeemed, yields for the two such Treasury maturities most closely corresponding to such Weighted Average Life of the bonds to be redeemed shall be interpolated or extrapolated from such Treasury yields on a straight-line basis, rounding to the nearest month to determine the Yield on U.S. Treasury securities. The Weighted Average Life of the bonds being redeemed shall mean, as of the date of any determination thereof, the number of years obtained by dividing the Remaining Dollar-Years of such principal by the aggregate amount of such principal. The Remaining Dollar-Years of such principal shall equal the amount obtained by (i) multiplying (x) the remainder of (1) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (2) the amount of principal scheduled to become due after giving effect to such redemption, by (y) the number of years (calculated to the nearest one-twelfth) between the date of determination and such scheduled payment date, and (ii) totaling the products obtained in (i). The Yield on U.S. Treasury securities, with respect to a particular maturity on a particular date, shall mean the yield reported for U.S. Treasury securities of such maturity in the first listed of the following publications then available: (1) page "USD" of the Bloomberg Financial Markets Services Screen at 11:00 a.m., New York time, on such date, (2) any similar nationally recognized trading screen reporting on-line intra-day trading in U.S. Treasury securities at 11:00 a.m., New York time, on such date, (3) the arithmetic mean of the yields reported under the headings "This Week" and "Last Week" in the Federal Reserve

System's statistical release designated "H.15(519)" most recently published on or before such date, or (4) any other reasonably comparable index approved by the Company and the holders of 66%% in aggregate principal amount of the outstanding Series Q Bonds.

1.03. In addition to redemption at the option of the Company as provided above, the Series Q Bonds are subject to redemption for cash at the option of the Company in the manner provided for in the Indenture, at the principal amount thereof, together with accrued interest to the redemption date, by use of the money deposited with or paid to the Trustee (i) as proceeds for properties taken under power of eminent domain or sold under threat of such taking or (ii) as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of any of the mortgaged properties; provided, however, that in all such redemptions of some, but less than all of the bonds outstanding under the Indenture, there shall be first (in lieu of application of any other method of selection provided under the Indenture for bonds of other series) allocated to each registered holder of 2% or more of the total principal amount of Series Q Bonds then outstanding an amount of such proceeds that bears the same ratio to the total amount of such proceeds available for redemption as the principal amount of Series Q Bonds registered in the name of such holder bears to the total principal amount of all bonds outstanding under the Indenture and subject to such redemption; provided further, however, that the Trustee may adjust such allocations so that the principal amounts of the bonds to be redeemed from each of the holders thereof shall be as nearly as possible to integral multiples of one thousand dollars (\$1,000).

1.04. Notwithstanding anything in the Indenture to the contrary, in case of redemption, other than pursuant to Section 1.03 hereof, of less than all of the Series Q Bonds outstanding, the aggregate of all moneys to be applied to such redemption shall be apportioned by the Trustee pro rata as nearly as practicable in amounts of one thousand dollars (\$1,000) or any integral multiple thereof, among 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 being notified by the Company of its intent to redeem, 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. If exact apportionment proves impracticable, then any portion of the moneys available for

redemption, but not exactly apportionable shall be retained by the Trustee and applied as a part of the next succeeding apportionment in redemption as in this section provided.

1.05. The Series Q Bonds shall not be redeemable except as provided in Section 1.02 or Section 1.03 hereof. Notwithstanding anything in the Indenture to the contrary, in case the Company shall desire to exercise its right to redeem Bonds of Series Q pursuant to Section 1.02 or Section 1.03 hereof, notice of redemption shall be mailed by the Company, by certified or registered mail, postage prepaid, not less than thirty days and not more than sixty days prior to the date fixed for redemption, to the holders of the bonds to be redeemed, as a whole or in part, at their addresses as the same shall appear on the transfer register of the Company. Such notice shall specify the date fixed for redemption, the principal amount of such holder's bonds being redeemed, the amount of interest accrued to the date fixed for redemption and an estimate of the Yield Maintenance Premium, if any. In the case of a redemption pursuant to Section 1.02 hereof, the Company shall also determine the amount of the Yield Maintenance Premium and give notice to the Trustee and each holder of the bonds being redeemed by facsimile or other same-day written communication two days prior to the date fixed for redemption stating the amount of the Yield Maintenance Premium and providing the details of the calculation of the Yield Maintenance Premium, even if it equals zero. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the holder receives it. In any case, failure duly to give notice by mail, or defect in the notice, to the holder of any such bond shall not affect the validity of the proceedings for the redemption of any other bond.

1.06. The Bonds of Series Q, 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 .09

of the Original Indenture to the contrary, the Company shall make no charge in connection with the transfer of Series Q Bonds other than those set forth in this Section 1.05.

1.07. Fully registered bonds of Series Q shall be numbered "QR-1" and consecutively upwards.

1.08. Upon the execution of this Eighteenth 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 Q in the form of fully registered bonds without coupons in the aggregate principal amount of Twenty-Nine Million Dollars (\$29,000,000).

ARTICLE TWO

AMENDMENTS TO THE INDENTURE

2.01. Upon the earlier of (a) the retirement of all Bonds of Series H through P and (b) the consent, pursuant to Section 17.04 of the Indenture, of the holders of Bonds of Series H through P, the Indenture shall be amended in accordance with this section.

(A) Section 4.01(A) shall be amended by deleting the words "located within the State of Oregon or the State of Washington".

(B) Section 7.01 shall be amended by substituting in lieu of the words "a resolution" the words "an order of the Company".

(C) The third sentence of Section 7.04 shall be amended by substituting for the words "not later than the last day on which the first notice by publication," the words "not less than 30 days prior to the date fixed for redemption," and by substituting for the words "where but one notice by publication is required, not later than the last day on which such notice by publication is required to be given" the words "not less than 10 days prior to the date fixed for redemption".

(D) Section 11.04(A)(a) shall be amended by substituting for the words "A resolution" the words "An order of the Company".

(E) Section 12.02 shall be amended by deleting the words "a resolution authorizing such redemption".

(F) Section 12.03 shall be amended

(1) by replacing the words "two years" with the words "five years" at the end of the first paragraph thereof; and

(2) by replacing the words "a resolution" in the fourth paragraph thereof with the words "an order of the Company".

(G) Section 12.04 shall be amended by

(1) by replacing the words "Two Hundred Thousand Dollars (\$200,000)" in the first paragraph thereof with the words "Two Million Dollars (\$2,000,000)"; and

(2) by replacing the words "One Hundred Thousand Dollars (\$100,000)" in the first paragraph thereof with the words "One Million Dollars (\$1,000,000)".

(H) The first sentence of Section 12.05 shall be amended

(1) by deleting the first occurrence of the word "either";

(2) by deleting the words "a resolution and"; and

(3) by replacing the words "Ten Thousand Dollars (\$10,000)" with the words "One Hundred Thousand Dollars (\$100,000)".

(I) Section 13.02 shall be amended by adding after the words "property additions" in the first proviso thereof, the words "(except that cash may be withdrawn and property released on the basis of net bondable expenditures for property additions subject to the lien hereof by the successor corporation in the territory served by the Company immediately prior to such consolidation, merger, or transfer)".

2.02. Effective upon the execution and recording of this Eighteenth Supplemental Indenture, the following amendments shall be made to the Indenture pursuant to Section 17.05 thereof for the purpose of correcting certain mistakes and curing certain ambiguities in the Indenture:

(A) There shall be added to Section 1.01 of the Indenture, the following definition of "Total Telephone Plant in Service":

Total Telephone Plant in Service

As of any particular time, the net expenditures for property additions as shown in the most recent of (a) the Company's annual

audited financial statements or (b) any certificate of net bondable expenditures for property additions delivered by the Company to the Trustee under any provision of the Indenture.

(B) Section 2.08 shall be amended by inserting in the first sentence thereof after the words "All bonds issued hereunder and secured hereby shall be executed" the words "by manual or facsimile signature".

(C) Section 4.01(A) shall be amended by adding after the words "constructed or acquired" the words "(including, for this purpose, property of a successor corporation in a consolidation or merger that assumes the duties and liabilities of the Company hereunder as described in Section 13.01)".

(D) Section 15.01 shall be amended by deleting paragraphs (g) and (h) thereof in their entirety and substituting therefor the following:

(g) The commencement by the Company or any subsidiary of a voluntary case or proceeding under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or the consent by the Company or any subsidiary to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company of any subsidiary or of any substantial part of its property, or the making by the Company of any subsidiary of an assignment for the benefit of creditors, or the failure by the Company or any subsidiary generally to pay its debts as they become due, or the taking of action by the Company or any subsidiary in furtherance of any of the foregoing; or

(h) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Company or any subsidiary in an involuntary case or proceeding under the Federal bankruptcy law, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or any subsidiary or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) days.

ARTICLE THREE

ADDITIONAL PROVISIONS

3.01. The Company covenants that it is lawfully seized and possessed of the property described in the granting clauses of this Eighteenth 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.

3.02. 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 Q Bonds remain outstanding, it will during the three year period beginning January 1, 1992, and each successive three year period, upon written request of the holders or registered owners of not less than twenty-five per cent (25%) in principal amount of the Series Q 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 of 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 Q 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 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.

3.03. Notwithstanding anything in the Indenture to the contrary, the signatures of the officers executing the Bonds of Series Q may be manual signatures or facsimiles thereof, and the corporate seal may be mechanically reproduced thereon.

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

3.05. Although this Eighteenth Supplemental Indenture is dated for convenience and for the purpose of reference as of August 1, 1992, the actual dates of execution by the Company and by the Trustees are as indicated by their respective acknowledgments hereto annexed.

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

3.07. This Eighteenth 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.

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; U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION, has caused these presents to be signed in its name and behalf by one of its Vice Presidents or Authorized Officers and its corporate seal to be hereto affixed and attested by one of its Trust Officers, and S. M. DAVIS has hereto set his hand, all as of August 1, 1992.

UNITED TELEPHONE COMPANY
OF THE NORTHWEST

By: *Randy W. Osler*

Randy W. Osler,
President

(CORPORATE SEAL)

21436

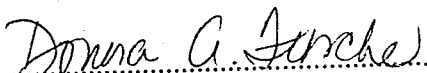
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Attest:



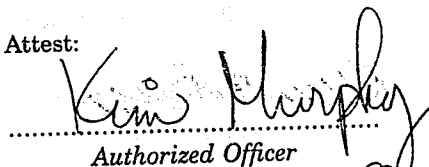
Tim J. Bonansinga,
Secretary

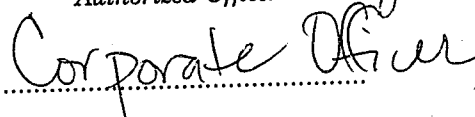
U.S. BANK OF WASHINGTON,
NATIONAL ASSOCIATION

By: 
Authorized Officer


(CORPORATE SEAL)

Attest:

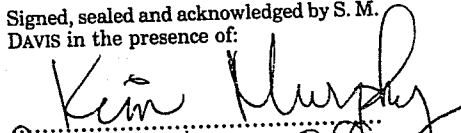

Authorized Officer


Corporate Officer

Signed, sealed and acknowledged by U.S.
BANK OF WASHINGTON, NATIONAL ASSOCI-
ATION in the presence of:


S.M. Davis

Signed, sealed and acknowledged by S. M.
DAVIS in the presence of:


Corporate Officer

21437

14

STATE OF OREGON
COUNTY OF ~~MULTNOMAH~~ } ss:
~~HOOD RIVER~~

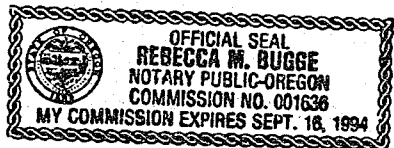
On this ~~14th~~ day of September, 1992, before me, the undersigned officer, appeared Randy W. Osler and Tim J. Bonansinga, to me personally known, who, being duly sworn, did acknowledge themselves to be President and Secretary, respectively, of United Telephone Company of the Northwest, a corporation, and that said instrument was signed and sealed by Randy W. Osler 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 Tim J. Bonansinga 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.

Rebecca M. Bugge
.....
Notary Public

My Commission Expires:

9/16/94
.....



STATE OF WASHINGTON }
COUNTY OF KING } ss:

On this 16th day of September, before me, the undersigned officer, personally appeared Donna A. Ginche and Kim Murphy to me known to be Authorized Officers of U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION, the national banking association which executed the within and foregoing instrument, and Donna A. Ginche and Kim Murphy as Authorized 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 Kim Murphy as authorized officer on oath stated that she was authorized to affix 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.

.....Maureen A. Connell.....
Notary Public

My Commission Expires:

.....01-09-93.....

21439

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STATE OF WASHINGTON }
COUNTY OF KING } ss:

On this 16th day of September, 1992, before me, the undersigned officer, personally appeared S. M. DAVIS, 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.

Sharon A. Carroll
Notary Public

My Commission Expires:

01-09-93

SCHEDULE A**Real Property Descriptions****PARCEL 1 TOPPENISH — BUENA RLS (9, 10, 11/81)**

Situated in the County of Yakima, State of Washington:

Beginning at a point on the East line of Section 21, Township 11 North, Range 20, E.W.M., 635.9 feet South of the Northeast corner of said section; thence South 55°17' West 335.9 feet, more or less, to the East line of county road (Buena Road); thence Northwesterly along the East line of said road 124 feet to the true point of beginning; thence North 55°17' East 102.51 feet; thence North 47°25' West 51.25 feet; thence South 55°17' West 102.51 feet to the Easterly line of county road; thence South 47°25' East along the East line of said road 51.25 feet to the true point of beginning, records of Yakima County, Washington.

TOGETHER WITH all water rights appurtenant thereunto and all water rights possessed by grantor appertaining thereto.

PARCEL 2 PARKER (9/82)

Situated in the County of Yakima, State of Washington:

The West half of Lots 15 and 16, Block 3, TOWN OF PARKER, as recorded in Volume "B" of Plats, page 92, records of Yakima County, Washington. Parcel No. 191229-12694

TOGETHER WITH all water rights appurtenant thereunto and all water rights possessed by grantor appertaining thereto.

PARCEL 3 SUNNYSIDE DISTRICT OFFICE EXPANSION (12/89)

Situated in the County of Yakima, State of Washington:

Lots 7, 8, 9 and 10, Block 21, of SUNNYSIDE, Washington, according to the official plat thereof recorded in Volume "A" of Plats, Page 59, records of Yakima County, Washington.

PARCEL 4 SUNNYSIDE Y (01, 02, 03, 04/81)

Situated in the County of Benton, State of Washington:

Lot 2, as delineated in Volume 1 of Short Plats, Page 1284, being a portion of the West 1320 feet of the Southwest quarter of Section 7, Township 12 North, Range 24 East, W.M., Benton County, Washington.

TOGETHER WITH a drainage, utility, and access easement over and across a strip of land located in the SW 1/4 of Section 7, Township 12 N, Range 24, E.W.M., described as follows: An easement 30 feet in width, 15 feet of such width on each side of the following described centerline: Beginning at a point 90 feet right of Highway Engineer's Station 1602+38.21 on the center of SR 24, M.P. 30.40 to M.P. 31.56, being on the Southerly right of way margin of SR 24, the true point of beginning; thence S 68°18'25" W for 147.21 feet; thence S 65°41'55" W for 206.50 feet; thence S 68°32'35" W for 32.42 feet to the E line of the W 1320 feet of said 1/4 of Section 7, and the terminus of said centerline, said access easement being personal and granted to United Telephone Company of the Northwest only.

TOGETHER WITH drainage, utility, and access easements over and across Lot 1 of said Short Plat as delineated on the face of said Short Plat.

PARCEL 5 SUNNYSIDE POLEYARD (08, 09, 10/90)

Situated in Yakima County, State of Washington:

That part of the Northwest quarter of the Southeast quarter of Section 35, Township 10 North, Range 22 East, W.M., described as follows:

Beginning at the Southeast corner of the Northwest quarter of the Southeast quarter of Section 35, Township 10 North, Range 22 East, W.M.; thence West along the South line of said Northwest quarter of the Southeast quarter a distance of 660 feet; thence North 15°55' East along a certain drain ditch a distance of 757 feet to a point which is 452 feet due West of the East line of the Northwest quarter of the Southeast quarter; thence North 51°32' East a distance of 577 feet, more or less, to a point on the East line of said Northwest quarter of the Southeast quarter; thence South along the said East line to the Point of Beginning;

EXCEPT that portion lying South of the North line of Interstate 82 as adjudicated in Yakima County Superior Court Cause No. 78-2-00709-0.

PARCEL 6 PATTERSON C.O. (05, 06, 07/84)

Situated in the County of Benton, State of Washington:

Lot 1, as delineated in Volume 1 of Short Plats, Page 1393, being a portion of the Northeast quarter of the Northeast quarter of Section 7, Township 5 North, Range 26 East, W.M., TOGETHER WITH an easement for ingress and egress over and across the South 20 feet of the North 30 feet of the East 90 feet of Lot 2 of said Short Plat.

EXCEPTING AND RESERVING THEREFROM all coal, oil, gas and other minerals and mineral rights in, under and upon the described parcel of land and the right to remove the same by subterranean process.

PARCEL 7 POULSBO POLEYARD (04, 07/79)

Situated in the County of Kitsap, State of Washington:

The southeast quarter of the southeast quarter of Section 3, Township 26 North, Range 1 East, W.M.; lying West of the Westerly Right of Way Margin of SR-3; EXCEPT the north 260 feet; EXCEPT the Plat of Poulsbo Acres recorded in Volume 21 of Plats, pages 66, 67 and 68, records of Kitsap County; and EXCEPT the west 506 feet thereof.

PARCEL 8 E. POULSBO/LINCOLN HILL DMS-1 (12/79)

Situated in the County of Kitsap, State of Washington:

Tract A: That portion of the northwest quarter of the northeast quarter, Section 13, Township 26 North, Range 1 East, W.M., in Kitsap County, Washington, described as follows: Commencing in an angle of County Road where it bends off from a line between the northeast quarter of the northeast quarter, Section 13, and the southeast quarter of the southeast quarter, Section 12, all in Township 26 North, Range 1 East, W.M., in Kitsap County, Washington; thence following said County Road in a southwesterly direction 696 feet to the true point of beginning; thence at right angles to said County Road, in a southeasterly direction 208 feet; thence at right angles to the last described course in a southwesterly direction 208 feet; thence at right angles to the last described course in a northwesterly direction 208 feet; thence at right angles to the last described course in a northeasterly direction 208 feet to the true point of beginning; EXCEPT County Road.

Tract B: That portion of the northwest quarter of the northeast quarter, Section 13, Township 26 North, Range 1 East, W.M., in Kitsap County, Washington, described as follows: Commencing in an angle of County Road where it bends off from a line between the northeast quarter of the northeast quarter, Section 13, and the southeast quarter of the southeast quarter, Section 12, all in Township 26 North, Range 1 East, W.M., in Kitsap County, Washington; thence following said County Road in a southwesterly direction 696 feet to the true point of beginning; thence at right angles to said County Road in a southeasterly direction 208 feet to the most easterly corner of that certain tract of land conveyed to School District No. 45 by deed bearing Auditor's File No. 17108; thence northeasterly along the easterly line extended of said School District No. 45 tract 80 feet, more or less, to the westerly margin of County Road No. 206-1/2; thence northerly along said westerly margin 350 feet, more or less, to its intersection with the easterly boundary of County Road No. 37; thence southwesterly along said boundary 300 feet, more or less, to the true point of beginning; EXCEPT Roads; and EXCEPT that portion sold under contract recorded under Recording No. 8803300131.

PARCEL 9 STEVENSON — CARSON DMS-1 (7/85)

Situated in the County of Skamania, State of Washington: A tract of land in the Northwest Quarter of the Northeast Quarter (NW 1/4 NE 1/4) of Section 20, Township 3 North, Range 8 E.W.M. described as follows:

Commencing at a point on the East line of the Northwest Quarter of the Northeast Quarter of said Section 20 South 660 feet from the Northeast corner thereof; thence West parallel to the North line of said Section 20 a distance of 230 feet to the true point of beginning; thence continuing parallel to said North line 200 feet; thence South 100 feet; thence East 200 feet; thence North 100 feet to the true point of beginning. Said property being the West 200 feet of that property described in Real Estate Contract recorded March 4, 1974 in Book 66, page 335 of the Deed Records of Skamania County, Washington;

TOGETHER WITH: an easement over and across an existing private road known as Hughes Road for purposes of ingress and egress from Skamania County Road known as Wind River Highway to subject property.

PARCEL 10 CASCADE LOCKS CO. (6/83)

Situated in the County of Hood River, State of Oregon:

A tract of land situated in the Southeast one-quarter of the Southwest one-quarter of Section 12, Township 2 North, Range 7 East of the Willamette Meridian, in the County of Hood River and State of Oregon, being more particularly described as follows:

Beginning at an iron rod in the Southerly line of that certain tract of land conveyed to the Pacific Telephone and Telegraph Co. by deed described in Book 28, page 143 and recorded May, 1940 in Deed Records, said County; said iron rod bears South $81^{\circ}40'00''$ West a distance of 49.75 feet from a found iron pipe marking the most Easterly corner thereof; thence South $26^{\circ}25'45''$ West leaving said Southerly line a distance of 15.43 feet to an iron rod; thence North $63^{\circ}34'15''$ West a distance of 22.23 feet to an iron rod in said Southerly line; thence North $81^{\circ}40'00''$ East along said Southerly line a distance of 27.06 feet to the point of beginning.

PARCEL 11 HOOD RIVER PARKING LOT (STATE STREET) (12/88)

Situated in the City of Hood River, the County of Hood River, State of Oregon:

Lots 1, 2, 27, 28 and East 6 feet of Lots 3 and 26, Block 1, WAUCOMA;

TOGETHER WITH: Lots 3 and 26 (except the East 6 feet thereof) and Lots 4 and 25, Block 1, WAUCOMA;

TOGETHER WITH: Lots 5 and 24, Block 1, WAUCOMA.

PARCEL 12 THE DALLES WORK CENTER (09/89)

Situated in the County of Wasco, State of Oregon:

A tract of land in Government Lot 8, Section 33, Township 2 North, Range 13 East of the Willamette Meridian, Wasco County, Oregon, more particularly described as follows:

Commencing at a point on the Northeasterly right-of-way of the Old Columbia River Highway, which point is the Southeasterly corner of that tract of land conveyed to Eddins Brothers as recorded in Volume 122, page 720, Deed Records of Wasco County, Oregon said point also being 262.02 feet South and 932.88 feet West of the center of said Section 33;

thence Southeasterly along the Northerly right-of-way of the Old Columbia River Highway, said right-of-way being 50 feet from the centerline of said highway (when measured at right angles) on a 3,769.72 foot radius curve left 183.10 feet (the long chord of which bears South 34°39'40" East 183.08 feet) to the Southeasterly corner of that tract of land conveyed to Eric Ward as recorded in Microfilm No. 851112, Deed of Records of Wasco County, Oregon; thence continuing Southeasterly along the said Northerly right-of-way of the Old Columbia River Highway on a 3,769.72 foot radius curve left 375.43 feet (the long chord of which bears South 38°54'20" East 375.27 feet) to the true point of beginning of the description; thence continuing along the said Northerly right-of-way of the Old Columbia River Highway on a 3,769.72 foot radius curve left 358.03 feet (the long chord of which bears South 44°28'46" East 357.90 feet) to the Northwesterly corner of that tract of land conveyed to the State of Oregon as described in Instrument No. 850221, Microfilm Records of Wasco County, Oregon; thence along the Northerly line of said State of Oregon tract North 76°42'08" East 33.66 feet to the Northeasterly corner thereof, said point being on the Westerly right-of-way of said Webber Road, said right-of-way being 40 feet from the centerline of said Road (when measured at right angles); thence along the said right-of-way North 20°50'00" East 146.70 feet; thence along the radius of a 278.73 foot radius curve right 148.93 feet (the long chord of which bears North 36°08'19" East 147.16 feet) to the intersection with the Southwesterly right-of-way of the Union Pacific Railroad, said right-of-way being 50 feet (when measured from the centerline of the original main track when measured at right angles); thence Northwesterly along the said right-of-way along a 1,959.86 foot radius curve right 309.08 feet (the long chord of which bears North 54°39'11" West 308.76 feet); thence South 42°23'10" West 253.13 feet to the point of beginning.

PARCEL 13 WILLAMINA CO. (12/79)

Situated in Yamhill County, State of Oregon:

Lot 1 in Block 3 of the Original Town of Willamina in Yamhill County, Oregon, together with a strip of land 7 feet wide adjoining said Lot 1 on the East.

PARCEL 14 CLOVERDALE — NESKOWIN T-CARRIER HUT (02/80)

Situated in the County of Tillamook, State of Oregon:

Beginning at the Initial Point of that subdivision known as Hawk Creek Hills in Section 25, Township 5 South, Range 11 West, of the Willamette Meridian; thence North $67^{\circ}32'23''$ West along the North side-line of the old County road a distance of 50 feet; thence North $7^{\circ}19'50''$ East, 50 feet; thence South $67^{\circ}32'23''$ East, 50 feet; thence South $7^{\circ}19'50''$ West, 50 feet to the beginning point;

TOGETHER WITH: a non-exclusive easement for underground cable installation and maintenance, and for ingress and egress to the aforementioned property, which easement over an existing roadway is described as follows:

Beginning at a point on the northerly side-line of Summit Road in that subdivision known as Hawk Creek Hills, in Section 25, Township 5 South, Range 11 West, Willamette Meridian, Tillamook County, State of Oregon, such point lying South $67^{\circ}32'23''$ East from the Initial Point of said subdivision a distance of 14 feet; thence North $7^{\circ}19'50''$ East, 25 feet; thence North $67^{\circ}32'23''$ West, 14 feet; thence North $7^{\circ}19'50''$ East, 25 feet; thence South $67^{\circ}32'23''$ East, 30 feet; thence South $7^{\circ}19'50''$ West, 50 feet; thence North $67^{\circ}32'23''$ West, 16 feet to the beginning point.

PARCEL 15 PACIFIC CITY — SANDLAKE (12/90)

Situated in the County of Tillamook, State of Oregon:

Lot 10, Block 8, TIERRA DEL MAR, in Tillamook County, Oregon, according to the official plat thereof recorded in Book 2, Page 61, Plat records.

PARCEL 16 LINCOLN CITY — PANTHER CREEK (11/83)

Situated in the County of Lincoln, State of Oregon:

That part of Lot 67, Block 4, Panther Creek, in Lincoln County lying Northerly of the centerline of Panther Creek, except any portion deeded to Lincoln County by deed recorded August 17, 1964 in Book 247, Page 185, Deed Records.

PARCEL 17 WHITE CITY

Situated in the County of Jackson, State of Oregon:

Tract A: Commencing at the corner common to Sections 17, 18, 19 and 20 Township 36 South, Range 1 West, Willamette Meridian, Jackson County, Oregon; thence North 1427.2 feet, thence East, 3190.7 feet to a 5/8" iron pin located on the South boundary of Avenue "G" for the true point of beginning; thence along the South boundary of Avenue "G", being 40.00 feet Southerly at right angles from the monumented centerline thereof, South 89°48' East, 400.00 feet; thence South 0°12' West, 47.00 feet; thence South 36°23' 20" West, 201.97 feet; thence North 89°48' West, 280.75 feet; thence North 0°12' East, 210.00 feet to the true point of beginning.

Tract B: Commencing at the corner common to Sections 17, 18, 19 and 20 in Township 36 South, Range 1 West of the Willamette Meridian in Jackson County, Oregon, thence North 0°17'40" West, along the centerline of Agate Road, 1478.355 feet, thence South 89°48' East, along the centerline of Avenue "G", 2798.64 feet to a bronze disk set in the concrete pavement on the centerline of Eighteenth Street, thence continue South 89°48' East, along the centerline of Avenue "G", 800.33 feet, thence South 0°12' West 40.00 feet to the south boundary of Avenue "G", thence continue South 0°12' West 47.00 feet, thence South 36°23'20" West 201.97 feet to the true point of beginning; thence North 89°48' West 280.75 feet to a 5/8" iron pin on the east line of tract described in deed recorded as No. 72-01584 of the Official Records of Jackson County, Oregon; thence South 0°12' West, along the said east line of said tract, 90.00 feet to the southeast corner thereof; thence South 89°48' East 158.69 feet to a 3/4" iron pin; thence North 53°03'45" East 152.32 feet to the true point of beginning.

TOGETHER WITH an easement 30 feet wide for vehicle and pedestrian access over and across the following described real property:

Commencing at the corner common to Sections 17, 18, 19 and 20, in Township 36 South, Range 1 West, Willamette Meridian, Jackson County, Oregon; thence along the center line of Agate Road, North 0°17'40" West, 1478.35 feet; thence along the center line of Avenue "G", South 89°48' East, 2798.64 feet, to a bronze disk set in the concrete pavement, and located on the center line of Eighteenth Street; thence along the center line of Avenue "G", South 89°48' East, 800.33 feet;

thence South 0°12' West, 87.00 feet, to an angle point on the Easterly boundary of tract described in instrument recorded as Document No. 67-02458, Official Records of Jackson County, Oregon; thence along the Southeasterly boundary of said tract, South 36°23'20" West, 121.75 feet, to a 3/4" rebar, for the true point of beginning; thence South 45°06' East, 249.13 feet, to intersect the Northwesterly right of way line of the Crater Lake Highway (State Highway No. 62); thence along said highway line, South 44°51'20" West, 228.96 feet; thence North 45°08'40" West, 260.89 feet; thence North 89°48' West, 158.69 feet, to the Southeast corner of that parcel described in instrument recorded as Document No. 72-01584, said Official Records; thence North 0°12' East, 90.00 feet, to a 5/8" iron pin located at the Southwest corner of tract described in instrument recorded as Document No. 67-02458, said Official Records; thence South 89°48' East, 280.75 feet, to a corner on the South boundary of said tract, thence North 36°23'20" East, 80.22 feet, to the true point of beginning.

LESS the real property described above.

PARCEL 18 WHITE CITY — EAGLE POINT REMOTE (02/80)

Situated in the County of Jackson, State of Oregon:

A parcel of land located in the Southwest one-quarter (1/4) of Section 3, Township 36 South, Range 1 West, Willamette Meridian, Jackson County, Oregon and being more particularly described as follows:

Commencing at the Southwest corner of Donation Land Claim No. 46 in Township 36 South, Range 1 West, Willamette Meridian, Jackson County, Oregon; thence along the West line of said Donation Land Claim No. 46, North 00°04'25" East 801.90 feet; thence North 89°59'38" East 1200.34 feet, parallel with the South line of said Claim No. 46 to a 5/8 inch iron pin on the Easterly right of way line of Crater Lake Highway (State Highway No. 62) for the true point of beginning; thence continue North 89°59'38" East 22.00 feet to a 5/8 inch iron pin; thence South 09°35' 30" East (Record South 09°34' East) 197.00 feet to a 5/8 inch iron pin; thence North 69°14'25" West 117.84 feet to a 5/8 inch iron pin on said Easterly right of way of Crater Lake Highway; thence along said Easterly right of way line on the arc of a curve to the left having a radius of 5789.58 feet a distance of 162.22 feet (the long chord bears North 19°57'25" East 162.215 feet) to the true point of beginning.

PARCEL 19 WHITE CITY — DODGE RLCM (BEAGLE) (06/81)

Situated in the County of Jackson and State of Oregon:

Beginning at the northeast corner of Lot Fourteen (14) of DONEGAN ORCHARD TRACTS in Jackson County, Oregon, according to the official plat thereof, now of record; thence West 100.00 feet; thence South, parallel with the east line of said Lot 14, a distance of 100.0 feet; thence East 100.0 feet to the east line of said Lot 14; thence North, along said east line to the point of beginning.

EXHIBIT A

Form of Series Q Fully
Registered Bond Without Coupon

No. QR.....

\$.....

UNITED TELEPHONE COMPANY OF THE NORTHWEST

8.77% FIRST MORTGAGE BOND SERIES Q, DUE AUGUST 1, 2017

UNITED TELEPHONE COMPANY OF THE NORTHWEST, a corporation of the State of Oregon (the "Company"), for value received, hereby promises to pay to _____ or registered assigns, on the first day of August, 2017, the principal sum of _____ and to pay interest thereon at the rate of eight and seventy-seven hundredths percent (8.77%) per annum (based on a 360-day year consisting of twelve 30-day months) from the date hereof or from the most recent date to which interest has been paid or duly provided for, semiannually on February 1 and August 1 in each year until the principal hereof becomes due and payable, and at the rate of nine and seventy-seven hundredths percent (9.77%) per annum (to the extent that the payment of such interest shall be legally enforceable) on any overdue principal, premium and on any overdue installment of interest; provided, however, that if the due date for any payment of principal, premium, or any installment of interest, shall not be a business day, such payment shall become due on the first business day following such date; and provided further that interest on any such overdue payment shall begin to accrue at the beginning of the day following such date, whether or not such following date is a business day. Both the principal of and the interest on this Bond shall be payable at the main office of U.S. Bank of Washington, National Association, in Seattle, Washington, or at the main office of its successor as corporate trustee 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 8.77% First Mortgage Bonds, Series Q, due August 1, 2017, limited as to aggregate principal amount as set forth in the Eighteenth Supplemental Indenture hereinafter mentioned, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other analogous fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the

bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of January 1, 1946, as amended and modified by First through Seventeenth Supplemental Indentures and an Eighteenth Supplemental Indenture dated as of August 1, 1992 (said nineteen instruments being collectively called the Indenture), all duly executed and delivered by the Company to U.S. Bank of Washington, National Association, of Seattle, Washington (the "Trustee"), and to either S. M. Davis of Seattle, Washington (the "Individual Trustee") or to S. M. Davis's predecessors in the office of individual trustee pursuant to the Indenture, as trustees, to which Indenture and to all indentures supplemental thereto reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustees, and the Company in respect to such security. Subsequent series of said bonds may vary as to date, date of maturity, rate of interest, and in other ways as in the Indenture provided or permitted.

At the option of the Company and upon notice as provided in the Indenture, the Series Q Bonds shall be redeemable in whole at any time, or in part from time to time prior to maturity in multiples of \$100,000, at the principal amount of the bonds being redeemed plus interest accrued thereon to the date fixed for such redemption, plus the Yield Maintenance Premium. The Yield Maintenance Premium shall be the excess, if any, of (i) the aggregate present value, as of the date fixed for redemption, of all remaining payments of principal and interest scheduled to be made on or after the date fixed for redemption with respect to the principal amount of the bonds being redeemed (subtracting from the first such interest payment, interest accrued to the date fixed for redemption), determined by discounting on a semi-annual basis such amounts at the Discount Rate (as defined in the Indenture by reference to the yield three trading days prior to the date fixed for redemption of U.S. Treasury securities having a maturity corresponding to the weighted average life of the bonds being redeemed on the date fixed for redemption), over (ii) the principal amount of the bonds being redeemed.

On the conditions and in the manner provided in the Indenture and in addition to redemption at the option of the Company as explained above, the Series Q Bonds are subject to redemption for cash at the option of the Company in the manner provided for in the Indenture, at the

principal amount thereof, together with accrued interest to the redemption date, by use of the money deposited with or paid to the Trustee (i) as proceeds for properties taken under power of eminent domain or sold under threat of such taking or (ii) as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of any of the mortgaged properties; provided, however, that in all such redemptions of some, but less than all of the bonds outstanding under the Indenture, there shall be first (in lieu of application of any other method of selection provided under the Indenture for bonds of other series) allocated to each registered holder of 2% or more of the total principal amount of Series Q Bonds then outstanding an amount of such proceeds that bears the same ratio to the total amount of such proceeds available for redemption as the principal amount of Series Q Bonds registered in the name of such holder bears to the total principal amount of all bonds outstanding under the Indenture and subject to such redemption; provided further, however, that the Trustee may adjust such allocations so that the principal amounts of the bonds to be redeemed from each of the holders thereof shall be as nearly as possible to integral multiples of one thousand dollars (\$1,000).

This Bond is transferable by the registered owner either in person or by attorney duly authorized in writing in the office of the Trustee upon surrender and cancellation of this Bond and upon payment of charges, and upon any such transfer a new registered Bond without coupons of the same series in the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Company and the Trustee may treat the registered owner of this Bond as the absolute owner hereof for the purpose of receiving payment hereof, or on account hereof, and for all other purposes.

No recourse shall be had for the payment of the principal of, premium, if any, or the interest on this Bond, or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company or of any successor company, whether by virtue of any statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This Bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

IN WITNESS WHEREOF, UNITED TELEPHONE COMPANY OF THE NORTHWEST has caused this Bond to be signed in its name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Secretary or one of its Assistant Secretaries.

UNITED TELEPHONE COMPANY
OF THE NORTHWEST

By:

Rand W. Carl
President

Attest:

Tim J. Bonner
.....
Secretary

SAMPLE

21454

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TRUSTEE'S CERTIFICATE

This Bond is one of the Bonds of the 8.77% First Mortgage Bonds,
Series Q, due August 1, 2017 referred to in the within-mentioned
Indenture.

U.S. BANK OF WASHINGTON,
NATIONAL ASSOCIATION

Dated: By:
Authorized Officer

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 18th day
of September A.D., 19 92 at 1:45 o'clock P M., and duly recorded in Vol. M92,
of Mortgages on Page 21423.
Evelyn Biehn County Clerk
By Bernetha A. Helich

FEE \$165.00