

liable for the payment of such note or indebtedness to the same extent as though it had at the time of such extension consented thereto in writing.

SECTION 14. The Mortgagor, subject to applicable laws and rules, regulations and orders of regulatory bodies, will charge for telephone service furnished by it rates which shall yield revenues at least sufficient to enable the Mortgagor to pay and discharge all taxes and expenses when due, and also to make any payments in respect of principal of and interest on the notes when and as the same shall become due. The Mortgagor will, not less than ninety (90) days prior to the effective date of any proposed change in its rates, give to the holder or holders of the notes at the time outstanding written notice of such proposed change and a copy of a schedule showing the then existing rates and the proposed changes therein.

SECTION 15. (a) Except as specifically authorized in writing in advance by the majority noteholders, the Mortgagor will not declare or pay any dividends on its capital stock, membership certificates or equity capital certificates (other than in shares of such capital stock or in such certificates), or make any other distribution to its stockholders, members or subscribers, or purchase, redeem or retire any of its capital stock, membership certificates or equity capital certificates, or make any investment in affiliated companies, unless after such action the Mortgagor's current assets will equal or exceed its current liabilities, and the Mortgagor's adjusted net worth will be at least forty percentum (40%) of its adjusted assets, or at least the sum of the following (whichever is the smaller amount):

- (1) twenty - - - percentum (20 %) of its adjusted assets, plus
- (2) thirty percentum (30%) of its adjusted net worth, if any, in excess of (a)(1) above, plus
- (3) thirty percentum (30%) of the amount of any reduction of its adjusted net worth after December 31 - - 1952, resulting from the declaration or payment of dividends or distributions, the purchase, redemption or retirement of its capital stock, membership certificates or equity capital certificates, or investments in affiliated companies.

(b) During such time or times as the Mortgagor's adjusted net worth is less than twenty percentum (20%) of its adjusted assets:

- (1) the Mortgagor will make no increase, without prior written approval of the majority noteholders, in salaries, wages, fees and other compensation paid to officers, directors, trustees, executives, or supervisors of the Mortgagor, or to other employees having either a substantial ownership interest in the Mortgagor, or a close family relationship with officers, directors, trustees, executives, supervisors, or holders of substantial ownership interests in the Mortgagor; and
- (2) the Mortgagor will promptly furnish the majority noteholders with certified copies of the minutes of all meetings of its stockholders, members, directors or trustees; and
- (3) if the operation of the Mortgaged Property for the preceding calendar year resulted in a decrease in the Mortgagor's earned surplus accounts, the Mortgagor will, upon request in writing of the majority noteholders, take all required action to increase its charges for telephone service or to execute a plan for reducing expenses, such increase in charges and such plan to be acceptable to and approved in writing by the majority noteholders.