

or otherwise (except purchases, redemptions or acquisitions to the extent of proceeds of additional stock issues) except out of surplus available for dividends under applicable state law and then only in an aggregate amount not in excess of net income earned subsequent to December 31, 1972.

No declaration, payment or other distribution of any kind whatsoever shall be made to stockholders in the event and during the continuance of a default as defined in Section 7.01 hereof.

**SECTION 5.14.** So long as any Bonds or Notes remain outstanding, the Corporation will not, except as permitted in Article Three of this Indenture, issue, create, guarantee or assume any indebtedness for borrowed money except (a) secured purchase money obligations not exceeding 75% of the cost (including said purchase money obligation) of fixed assets acquired in connection with the issuance of any such purchase money obligation, (b) obligations of other operating telephone companies hereafter acquired by the Corporation not exceeding 75% of the undepreciated net book value of the telephone plant and equipment of the acquired company, (c) unsecured loans from banks and from the parent of the Corporation maturing not later than one (1) year from the date thereof, (d) the additional bonds permitted upon due authorization to be issued hereunder and under a supplemental indenture or supplemental indentures as provided for hereunder and particularly in Article Three hereof, and (e) subordinated indebtedness. Any subordinated indebtedness shall by its terms provide that no amount shall be paid either as principal or interest on such subordinated indebtedness until the Bonds and the Notes and all interest thereon shall be paid and satisfied in full in the event (i) of any sale under or in accordance with any judgment or decree rendered in any proceeding by or on behalf of the holder or holders of the Bonds and the Notes arising under this Indenture or in the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of the Corporation, or the proceeds thereof, to creditors of the Corporation or upon any indebtedness of the Corporation, occurring by reason of the liquidation, dissolution or other winding up of the Corporation, or by reason of any execution sale, receivership, insolvency or bankruptcy proceedings, or proceedings for reorganization or readjustment of the Corporation or its properties, or (ii) any Bond, Note or other indebtedness becomes, by reason of default, due and payable on a date prior to the expressed maturity date thereof.

**SECTION 5.15.** So long as any Bonds or Notes remain outstanding the Corporation will not cause, suffer or permit any Subsidiary to take any action or incur any obligations or liabilities which under the terms of this Indenture are prohibited to the Corporation.

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