

In each instance the Company shall furnish the Corporate Trustee with a certified copy of a resolution of its Board of Directors requesting the issuance of such bonds, stating the amount and denominations of the bonds desired, the mileage of the railroad completed and placed in commercial operation, and accompany same by a statement signed by the President, or Vice President, of the Company and verified by the Chief Engineer of the Company, showing the completion of a section of railroad above mentioned, the mileage constructed, and that the same is complete commercial operation, which resolution and statement shall be full authority to the Corporate Trustee to certify and deliver bonds of the issue hereby secured at a rate of not exceeding Twenty Thousand Dollars (\$20,000) par value of bonds per mile of railroad completed and placed in operation as shown by such resolutions and statements.

Thereafter no other or further bonds of the issue hereby secured or intended so to be shall be certified and delivered except for the purpose of the paying for the improvements, betterments, additions and extensions to the property of the Company, and then only when it shall be shown to the satisfaction of the Corporate Trustee that for the year, or in the event the Company's fiscal year does not end with the calendar year then for the Company's fiscal year next preceeding the date of the request for such certification, the net earnings of the Company have not been less than twice the amount of interest charge on all outstanding bonds plus the bonds so requested to be certified. The term "net earnings" as used herein shall be deemed to be net earnings of the Company and shall be ascertained by deducting from the gross earnings of the Company for such year all expenses of maintenance and operation, including such expenses for repairs, maintenance, replacements and the general expenses of management as are incurred or made in the ordinary course of business, together with all taxes and assessments paid by the Company, but including only such allowances for depreciation and maintenance as are now chargeable under the rules of accounting recognized by the Inter State Commerce Commission of the United States of America. The Corporate Trustee shall be entitled to rely upon the certificate or statement of the President or Vice President and Treasurer of the Company, setting forth the component items of gross earnings and the deductible items for obtaining the net earnings as aforesaid, and shall be absolutely protected in so doing. In case it is shown to the satisfaction of the Corporate Trustee that the net earnings of the Company meet the foregoing requirement, bonds may be certified and delivered to an amount at par not exceeding ninety per cent. (90%) of the actual cost of such improvements, betterments, additions or extensions upon a resolution of the Board of Directors of the Company specifying the purpose for which said bonds or their proceeds are to be used, the cost of the same, the person to whom the bonds are to be delivered, who shall be the Treasurer of the Company, and a certified copy of the resolutions of the Board of Directors, accompanied by a certificate signed by the President or Vice President of the Company and verified by the affidavit of its Chief Engineer or other officer having knowledge of the facts, showing the purpose for which the said bonds or their proceeds are to be used, and the cost of the same, shall be complete authority to the Corporate Trustee to certify and deliver, in accordance with said resolution, bonds of the issue hereby secured to an amount at par equal to ninety per cent. (90%) of the cost shown in said resolution and certificate.

In all cases of certification and delivery of bonds hereunder evidenced satisfactory to the Corporate Trustee shall first be furnished it showing that the necessary authority therefor has been obtained from the Public Utilities Commission of Kansas.

Before certifying and delivering any bonds hereunder, the Corporate Trustee shall detach and cancel all coupons thereon then matured.

Until the permanent coupon bonds can be prepared the Company may sign and seal and upon its request the Corporate Trustee shall authenticate and deliver a temporary bond or bonds, in lieu of such permanent bonds and upon and subject to the same provisions, limitations and conditions. Such temporary bonds shall be substantially of the tenor of the permanent bonds, but without coupons, and shall be of such denominations and in such amounts of each denomination suitable to be exchanged for permanent coupon bonds as the President or Board of Directors of the Company shall determine. Interest thereon when and as payable shall be paid, but only upon presentation of such temporary bonds for the endorsement of such interest thereon. When said permanent coupon bonds are ready for issue, the Corporate Trustee is authorized to authenticate and deliver to the holder or holders of said temporary bond or bonds, in exchange therefor, as the same are presented and surrendered to the Corporate Trustee, the coupon bonds hereinbefore described to amount at their face value equal to the face value of the temporary bond or bonds so surrendered, and upon such exchange being made the Corporate Trustee shall cancel the temporary bond or bonds so surrendered in exchange. Until said temporary bond or bonds are surrendered and exchanged for permanent coupon bonds issued hereunder, they shall be secured by these presents as fully and in like manner and to the same extent as would be the said permanent coupon bonds were they issued instead of such temporary bond or bonds.

In case any bond issued hereunder, with the coupons thereto appertaining, shall become mutilated or be lost or destroyed, the Company, in its discretion, may execute, and thereupon the Corporate Trustee shall, under such reasonable rules as it may prescribe, authenticate and deliver a new bond of like tenor and date, including the unmatured coupons thereon, bearing the same serial number, in exchange and substitution for, and upon cancellation of, the mutilated bond and its coupons, or in lieu of and substitution for said lost or destroyed bond and its coupons, upon receipt of satisfactory evidence of the loss or destruction of such bond and its coupons, and upon receipt also of satisfactory indemnity.

The bonds issued hereunder may be signed by the President, or Vice President, and Secretary of the Company for the time being, whether they are the same persons who held such offices at the date hereof or successors of such officers; and in like manner the coupons attached to said bonds may be signed by the fac-simile of the signature of the Treasurer of the Company for the time being, whether the same person who