

subject to
earnings
provisions
of section
of article
II.

to 80% of
expendi-
tures for
additional
property
limitation
to issue of
such escrow
bonds.

certificate
of Company
to be filed
with Corpor-
ate Trustee
showing ex-
penditures
and certi-
fying that
same do not
exceed val-
ue of prop-
erty ac-
quired

methods of
valuation of
property ac-
quired by is-
surance of
securities
instead of
cash payment

Escrow bonds
issuable on
deposit of
cash for ex-
posed ex-
penditures.

No bonds to
be issued
under Sec-
tion 1189-
1190, R.S.
unless cer-
tificates owned by
Company for
2 preceding
months shall
be twice the
interest on
all bonds out-
standing and
to be certi-
fied under
this Mortgage
Deed of Trust

Net earnings
defined.

Certificate
by the Com-
pany as to
net earnings.

Trustee may
rely upon
certificate
or may re-
quire further
proof.

Bonds not to
be certified
when Company
is in de-
fault.

*Matured coupons
to be cancelled
before bonds delivered
by Corporate Trustee*

Company to
retain pos-
session of
property until
default.

Personal prop-
erty that may
be sold.

period of twelve months, or during any period following the expiration of said period of twelve months or not) shall have been at least twice a sum equal to the interest for one year on (1) all the bonds outstanding under this Mortgage Deed of Trust at the time of such authentication and delivery, and (2) the bonds so requested to be authenticated and delivered. The term "net earnings" as used herein shall be deemed to be the amount remaining after deducting from the gross earnings of the Company all operating expenses, rentals, taxes, repairs, insurance, maintenance, and renewals. Escrow bonds shall be authenticated and delivered by the Corporate Trustee from time to time as requested by the Company, only in the manner and upon the terms stated in this Mortgage Deed of Trust, and upon compliance by the Company with all provisions of this Article, and upon delivery to the Corporate Trustee, prior to such authentication and delivery, of a further certificate or certificates signed in the name of the Company by its President or Vice-President, and verified under oath of its Treasurer, or an Assistant Treasurer, showing that the aggregate net earnings of the properties subject to

(p.26) the first lien of this Mortgage Deed of Trust for the period of twelve consecutive months ending within the ninety (90) days preceding the date of application for the authentication and delivery of escrow bonds were in amount equal to the sum required so as to entitle the Company to issue and have authenticated escrow bonds under the provisions as to such issuance and authentication in this Article set forth and showing the same and such facts and conditions in such reasonable detail as the Corporate Trustee may deem material with respect to said earnings. Such certificate or certificates shall be sufficient proof of the facts and matters therein represented and set forth, and shall fully authorize the Corporate Trustee in each and every case to authenticate and deliver escrow bonds in reliance thereon, but the said Corporate Trustee shall have the right in any case to require further or other proof in respect of any of the matters set forth in any certificate or certificates required to be furnished by the Company prior to the authentication of escrow bonds under any provision of this Article II, though it shall not be obliged to require it. Section 5. The Corporate Trustee shall not be required to authenticate and deliver any bonds hereunder when the Company shall, to the knowledge of the Corporate Trustee be in default in any covenant or agreement herein contained. From time to time as the Corporate Trustee shall be required to authenticate bonds hereunder the Company shall execute the bonds and deliver the same to the Corporate Trustee for that purpose. Upon authenticating or delivering any bond hereunder all coupons thereof which shall then be unmatured shall be delivered with such bond and all coupons thereof which shall then be matured shall be detached and cancelled by the Corporate Trustee and be delivered to, or upon the order of, the Treasurer, or an Assistant Treasurer of the Company.

(p.27) Section 6. The Company shall forthwith make application to the Public Utilities Commission of the State of Kansas for authority to at once issue not to exceed One Million One Hundred and Fifty Thousand Dollars (\$1,150,000) of said bonds, and shall comply with all requirements of present or future laws of the State of Kansas prior to the issuance of bonds and shall obtain the consents required therefor, and shall cause such consents to be recorded upon its corporate records in the manner required by law, and shall cause to be delivered to the Corporate Trustee the certificate of authority or consent or a certified copy thereof authorizing the issuance of bonds hereunder, from the Public Utilities Commission, or other Commission, board, body, person or official, for the time being empowered by the laws of said State to pass upon and grant authority for the issuance of bonds by public utility corporation, and such certificate or certificates of authority or consent or a certified copy thereof, together with the affidavit of the Secretary or an Assistant Secretary that the same has been obtained and recorded on the books of the Company in the manner required by law, shall constitute a sufficient warrant, direction and justification of the Corporate Trustee for authentication from time to time the amount of bonds so authorized to be issued, and no duty or obligation is imposed upon the Trustee, or either of them, to look behind such certificate of authority or other form of authorization or to investigate or examine any of the proceedings leading up to the granting of the same; nor shall the Trustee be obligated to ascertain whether or not any of said bonds have been issued in accordance with the laws of the state of Kansas.

(p.28) Until some default shall have been made in the due and punctual payment of the interest or of the principal of the bonds hereby secured, or of some part of such interest or principal, or in the due and punctual payment, performance and observance of any covenant, condition or obligation hereof obligatory upon the Company, and until such default shall have continued for the period of grace, if any, herein provided in respect thereof, the Company shall be suffered and permitted to retain actual possession of all the property hereby mortgaged, and to manage, operate, use and enjoy the same and every part thereof, with the rights, privileges and easements appertaining thereto, and to collect, receive, use, disburse, distribute as dividends and enjoy the tolls, income, rents, issues and profits thereof. Until such a default continued as aforesaid, the Company may from time to time sell, exchange, scrap or otherwise dispose of, free from the lien hereof, any and all such personal property, including machinery and other fixtures, at any time held or acquired for its use in connection with its plants or business as may, in its judgment, have become unfitted for satisfactory use through age, wear or otherwise, or as may, in its judgment, have become in any way undesirable or unnecessary for the purposes of its business, on renewing or replacing the same, or acquiring in general substitution therefor other property of equal or greater value, so as to maintain its plants and property in first class operating condition and to keep the value of the security hereby unimpaired. No purchaser of any such property shall be required to see to the application of the purchase money payable therefor. If at any time the Company shall pay or cause to be paid the principal and interest due upon all of the bonds hereby secured and then outstanding, or shall pre-