

in part, as the Company shall elect in writing deducted from the amount of any money payable into the Maintenance and Improvement Fund by the Company in any subsequent year or years, or applied to make up any deficiency in any such expenditures in any prior year or years in the manner hereinafter in this Article provided, or moneys then or thereafter in the Maintenance and Improvement Fund may be paid to the Company to the amount of the whole or part of such surplus. Upon receipt by the Corporate Trustee of certificate signed by the President or a Vice-President of the Company and by its Treasurer or an Assistant-Treasurer stating that expenditures for such maintenance, renewals and replacements have been made, any moneys in the Maintenance and Improvement Fund shall be paid out from time to time by the Corporate Trustee to the Company or upon its written order to the amount of the expenditures so stated to have been made. No certificate delivered to the Corporate Trustee pursuant to the provisions of this Section 1, of Article V, shall include any expenditures included in any previous certificate, and each certificate shall so recite.

Section 2. The moneys in said Maintenance and Improvement Fund derived from the proceeds of property released in accordance with the provisions of Sections 1, 4 and 6 of Article VI, hereof, shall from time to time, upon the written request and at the election of the Company be paid out by the Corporate Trustee to the Company or upon its written order to the extent of expenditures theretofore made by the Company for any one or more of the following purposes;

(a) For bonds hereby secured of the issue first maturing, to the face amount thereof, such bonds to be forthwith cancelled by the Corporate Trustee, or

(b) For the redemption of bonds hereby secured up to the face amount of the bonds to be redeemed; and such bonds when redeemed shall forthwith be cancelled by the Corporate Trustee, or

(c) For improvements or additions to the properties of the Company which were owned by it on July 1, 1922, or acquired by it from any of the constituent companies consolidated at the time of the organization of the Company, to-wit: The Kansas Electric Power Company, formerly the Kansas Electric Utilities Company, the Leavenworth Light, Heat and Power Company and The Bonner Electric and Manufacturing Company, or the acquisition of new properties which are or will be, without reasonable delay in the judgment of the Corporate Trustee, physically connected with said properties, upon receipt of certificates substantially in the form as provided in said Section 3 of Article II hereof, with such variations, omissions, and insertions as may be appropriate, and stating the expenditures so made and stating that the property in respect whereof the said expenditures have been made has not been made the subject of an application for the issue of any bonds hereunder, provided that the amount of cash to be paid or credited on the basis of such certificates shall equal 100% of the cost and/or fair value therein set forth.

Whenever by the provisions of Section 1 of this Article the Company is required to pay moneys into the Maintenance and Improvement Fund, it may deliver bonds to the Corporate Trustee for cancellation, or make payments for the redemption of bonds hereby secured, up to the face value thereof as hereinbefore provided, or delivered to the Corporate Trustee certificates as provided in this Section 2; and the amount to be paid shall be correspondingly reduced. No bonds hereby secured shall be authenticated and delivered in respect of any expenditures shown in any certificates, except to the extent that the same may be released from such prohibition in the manner hereinafter in this Section provided. The Company shall have the right at any time and from time to time to repay into the Maintenance and Improvement Fund, to be applied or paid out as in this Article provided, an amount of cash equal to the whole or any part of expenditures shown in any such certificates or otherwise and upon such repayment expenditures to the amount thereof shall be released from the prohibition of this Section. In case Company shall elect to apply any surplus expenditures for maintenance, renewals and replacements, as defined in Section 1 of this Article, to make up a deficiency in any expenditures in any prior year or years, the amount thereof to the extent requested by the Company shall be applied, upon its written request to the Corporate Trustee to release from the prohibition of this Section an equal amount of expenditures shown in any certificates delivered to the Corporate Trustee in respect of improvements, additions, or new properties pursuant to the provisions of this Section 2. The Corporate Trustee may accept as conclusive evidence of the fact that such expenditures are released from such prohibition the opinion of such counsel satisfactory to it; and such counsel may be counsel to the Company. If such expenditures are released, as hereinabove provided, bonds hereby secured may be thereafter authenticated and delivered in respect thereof upon compliance with the provisions of Article II hereof.

Section 3. All moneys in the Maintenance and Improvement Fund, unless or until applied or paid out as in this Article provided, shall be held by the Corporate Trustee as a part of the trust estate, and the Corporate trustee shall allow interest thereon at such rate as the Corporate Trustee may allow on other deposits of a similar character and shall pay such interest to the Company. The Corporate Trustee shall be fully protected in acting or relying upon any certificate provided for in this Article V, and shall not be required to investigate or inquire into any matters set forth therein, but in its discretion may and if requested in writing by the holders or not less than twenty-five per cent. (25%) in principal amount of the bonds hereby secured at the time outstanding and if furnished with security and indemnity against its costs and expenses, satisfactory to the Corporate Trustee shall so investigate or inquire at the expense of the Company. The Corporate trustee shall not be responsible for the application of any money paid by it to the Company pursuant to the provisions of this Article V.