

KANSAS RECORDS AND STATISTICS CO. KANSAS CITY, MO. 64104

another Subsidiary Company or Subsidiary Companies, and then only if the total outstanding stock (having voting power) is not less than one-third (1/3) in par amount of the total outstanding stock of all classes of such corporation, but if such corporation shall have outstanding stock without any nominal or par value, in such case only if the outstanding stock (having voting power) is not less in value than one-third (1/3) of the fair value of the total outstanding stock of all classes of such corporation; and for all purposes of this Indenture the interest of the Company in any Subsidiary Company directly owned by the Company shall be deemed to be the percentage of the stock (having voting power) as owned. In the case of a Subsidiary Company owned indirectly through another Subsidiary Company or Subsidiary Companies, the determination of the percentage of such outstanding stock owned shall be calculated by multiplying the percentages of such stock (having voting power) owned by the successive parent companies; and the result of such calculation shall be deemed to be the interest which the Company has in such Subsidiary Company for all the purposes of this Indenture.

No corporation shall be deemed to be Subsidiary Company, irrespective of the percentage of direct or indirect ownership, unless its business shall be related to or its product useful for the business of the Company or some one or more of its other Subsidiary Companies.

The additional property, permanent improvements, extensions or additions, hereinabove in this Section 2 described (hereinafter in this paragraph called property) shall not include (a) property acquired or constructed as substituted property under the provisions of this Indenture, with reference to the release of property from the lien hereof or property acquired with the proceeds of any property so released, (b) property acquired with insurance moneys received in payment of losses, (c) property constructed or acquired as replacements or renewals, except to the extent permitted by standard accounting practice at the time, (d) property used by the Company as a basis for obtaining payment from the Central Company of money deposited with the Central Company under any of the provisions of this Indenture, (e) property constructed or acquired in compliance with the requirements of the Property Replacement Fund provided for in Article VI, or (f) property constructed or acquired in compliance with the requirements of the sinking fund for series other than the 1927 Series as provided in Section 3 of Article V. The property described in (a) to (f), inclusive, above, to be excluded, shall only be excluded to the extent that the same has been constructed or acquired as, or used as a basis for the purposes, set forth in (a) to (f), inclusive.

SECTION 3.--So long as any Bonds of the 1927 Series are outstanding, Residue Bonds may be issued under Section 2 of this Article from time to time only in an aggregate principal amount equal to not more than 70% of the actual cost or fair value (whichever shall be less) to the Company of the property described in Subdivision II of Section 2 of this Article.

Provided that Bonds may be issued only if all such additional property, permanent improvements, extensions or additions shall be free and clear of all liens and encumbrances except Farm Mortgages affecting rights of way, current taxes and the lien hereof.

Upon any application for the authentication and delivery of Residue Bonds the fair value of the property, improvements, extensions and/or additions used as the basis for such application shall be determined by aggregating the fair value of all items so used.

SECTION 4.--Any of the provisions of Sections 2 and 3 of this Article II to the contrary notwithstanding, Bonds of any series other than the 1927 Series, authorized to be issued hereunder, may, from time to time, (unless some default described in clauses (a), (b) or (c) of Section 1 of Article IX, hereof, or one of the Events of Default as defined in said Section 1 of Article IX, shall have occurred, and in either case be then continuing) be executed by the Company and delivered to the Central Company, and shall be authenticated by the Central Company and delivered in accordance with the order or orders of the Company evidenced by a writing or writings signed by its President or a Vice-President and Treasurer or an Assistant Treasurer, accompanied by the documents specified in Section 7 of this Article but, so long as any Bonds of the 1927 Series are outstanding hereunder, only to a principal amount equal to the principal amount of Bonds of any series theretofore retired, to the extent, if any, that the amount of Bonds retired (and not previously refunded pursuant to this Section) shall exceed (a) an amount equal to the principal amount of the Bonds of that series that may have been theretofore paid off by, or the retirement of which has been credited to, a sinking fund (provided, however, that said amount specified in (a) shall not exceed such amount as would have been retired by a sinking fund retiring Bonds at the rate of 3 1/8% in each year of the greatest principal amount of Bonds of that series which shall at any one time have been outstanding), plus (b) an amount equal to the principal amount of all Bonds of such series which may have been purchased or redeemed pursuant to Article VI hereof and/or Article VIII hereof.

Provided, however, that in determining the amount of Bonds which may be authenticated under this Section 4, there shall not be taken into account any Bonds retired pursuant to the provisions of Section 3 of this Article II.

Provided further that if the Company is entitled to have authenticated Bonds under this Section 4 and also under Sections 2 and 3 of this Article, the Company, upon any application for the authentication of Bonds, shall request such authentication of Bonds under the provisions of this Section 4, to the full extent that it is entitled thereto, before requesting the authentication of any Bonds pursuant to the provisions of Sections 2 and 3 of this Article.

SECTION 5.--The Residue Bonds authorized to be authenticated and delivered under Sections 2 and 3 of this Article II, shall be authenticated and delivered only upon receipt by the Central Company of:

A. A report signed by the President or a Vice-President, and the Treasurer or an Assistant-Treasurer of the Company and by an accountant, who may be an accountant regularly employed by the Company, setting forth the amount of the net earnings of the Company for any of the three periods specified in Clauses (a), (b) and (c) of Subdivision I of Section 2 of this Article II, showing how the same have been calculated, and to that specifying the operating and non-operating revenues, and also setting forth the annual interest charges, such net earnings and annual interest charges to be computed as defined in said Section 2 of this Article II. Said report shall show that the net earnings as thus determined comply with the requirements set forth in said Section 2, and shall state all other matters required by the Central Company to show compliance with the provisions of this Article necessary to entitle the Company to the authentication and delivery of the Bonds requested. Said report shall also state that the Company is not to the knowledge of the signers in default in the performance of any of the terms or covenants of this Indenture; or that the only default is one other than one of those enumerated in clauses (a), (b) and (c) of Section 1 of Article IX, and that such default has not continued for the period, if any, in said Section specified. Such report shall also state that the Company has, prior to the application for authentication and delivery of Bonds of which said report is a part, made application for the authentication and delivery of Bonds to the full extent that it was at the date of said report entitled to have Bonds authenticated under Section 4 of this Article.

B. A copy of a resolution of the Board of Directors of the Company certified by the Secretary or an Assistant Secretary of the Company authorizing the issue and requesting the authentication and delivery of the Bonds and designating the amount and the series thereof;

C. An opinion of counsel (who may be of counsel to the Company), selected by the Board of Directors of the Company, and approved by the Central Company, to the effect that there has been obtained the consent of any governmental authority the consent of which is a legal requisite to the issuance of such Bonds by the Company, or that no such consent is necessary;

D. If the Bonds the authentication and delivery of which is requested are to be of a series not theretofore created the resolution specified in B shall designate the new series, shall specify the amount of such series if limited as to amount, the date, the maturity, the interest rate, the determina-