

SAML DODSWORTH STATIONERY CO KANSAS CITY MO 64101

(e) All expenses in connection with the operation of the sinking fund shall be born by the Company and no part thereof shall be charged against the sinking fund.

(f) The Sinking Fund Agent shall be designated by the Company and the Company does hereby designate A. B. Leach & Co., Inc., Chicago, Illinois, to be Sinking Fund Agent of the Bonds of Series A. The Sinking Fund Agent may resign upon giving thirty (30) day's notice in writing to the Company at its office in the City of Kansas City, Missouri, and to the Corporate Trustee at its office in the City of Chicago, Illinois, and upon expiration of said thirty days shall turn over to its successors any moneys remaining in the sinking fund, and in the event of such resignation, the Company shall forthwith, subject to the approval of the Corporate Trustee, appoint a successor Sinking Fund Agent but such Agent shall not be an officer or employee of the Company or of any corporation the capital stock of which is owned by the Company.

ARTICLE 4.

Issue of Bonds.

Sec. 4.01. Bonds of Series A, in the aggregate principal amount of \$7,000,000, or any part thereof, with Stock Purchase Warrants attached, may forthwith or at any time or from time to time be executed by the Company and delivered to the Corporate Trustee for authentication, and the Corporate Trustee shall thereupon authenticate and deliver the same upon the written order of the President or a Vice President of the Company, without any obligation on the part of the Trustees to see to the use or application of said Bonds or their proceeds.

Sec. 4.02. At any time or from time to time thereafter the Company may execute and deliver to the Corporate Trustee, and upon compliance by the Company with the provisions of the respective sections below referred to, the Corporate Trustee shall authenticate and deliver, as provided in said sections respectively, Bonds of any series other than Series A, on the following bases, namely:

(1) Bonds may be so authenticated and delivered (subject to the provisions of Secs. 4.03, 4.04 and 4.10) on the basis of property additions (as defined in Sec. 1.12) acquired or constructed by the Company and subject to the direct lien of this Indenture to a principal amount not exceeding 70 per cent of the cost to the Company or fair value, whichever is the lesser, of such property additions.

(2) Bonds may be so authenticated and delivered (subject to the provisions of Secs. 4.03, 4.05 and 4.10) on the basis of subsidiary first mortgage bonds (as defined in Sec. 1.07) to a principal amount not exceeding the principal amount of such subsidiary first mortgage bonds and bearing interest at a rate per annum not greater than that borne by such subsidiary first mortgage bonds.

(3) Bonds may be so authenticated and delivered (subject to the provisions of Secs. 4.03, 4.06 and 4.10) on the basis of the surrender to the Corporate Trustee for cancellation of, or deposit with the Corporate Trustee of money sufficient to pay or redeem, a like principal amount of Bonds previously authenticated and delivered under this Indenture, except the following described Bonds (which shall not be refundable under this Indenture) namely:

(a) Bonds previously used the basis of the authentication and delivery of any other Bonds or of the payment by the Corporate Trustee of any deposited moneys under this Indenture;

(b) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under any of the provisions of Article 2;

(c) Convertible Bonds which have been converted into stock of the Company;

(d) Bonds purchased, redeemed or paid from the operation of any sinking fund hereafter established for the purpose of retiring Bonds secured by this Indenture;

(e) Bonds purchased, redeemed or paid by the application of deposited moneys as provided in Sec. 4.08 or 4.09; and

(f) Any Bonds which may from time to time be surrendered to the Corporate Trustee by the Company accompanied by a written instrument executed on behalf of the Company by its President or Vice President under its corporate seal, attested by its Secretary, or Assistant Secretary, consenting that the same shall not thereafter be refundable under this Section.

(4) Bonds may be so authenticated and issued (subject to the provisions of Secs. 4.03, 4.07 and 4.10) on the basis of the deposit with the Corporate Trustee of an amount of money and/or principal amount of bonds or other obligations of the United States Government equal to the principal amount of Bonds authenticated and the money and/or bonds or other obligations of the United States Government so deposited shall be held and applied by the Corporate Trustee as provided in Sec. 4.06.

Sec. 4.03. No Bonds shall be authenticated or delivered upon any basis specified in Sec. 4.02 unless the consolidated net earnings of the Company (as defined in Sec. 1.18) for twelve consecutive calendar months within the eighteen calendar months immediately preceding the date of the application for such Bonds shall have been in the aggregate not less than two and one-half times the interest charges for said twelve months' period upon all Bonds outstanding under this Indenture at the time of such application and those applied for, except as follows:

(a) In the case of an application for the authentication and delivery of Bonds to refund Bonds previously authenticated and delivered under this Indenture as permitted by subdivision (3) of Sec. 4.02 where the Bonds applied for bear interest at a rate per annum not exceeding the rate of interest upon the Bonds to be refunded; and

(b) In the case of an application for the authentication of Bonds on the basis of the deposit of money and/or bonds or other obligations of the United States Government with the Corporate Trustee, where a directors' resolution delivered to the Corporate Trustee in connection with such application states that such deposit is to be made solely to anticipate the refunding of Bonds of some other series previously authenticated and delivered bearing a rate of interest not less than the rate of interest upon the Bonds applied for.

The Corporate Trustee shall receive as conclusive evidence of the existence of consolidated net earnings to the amount required by this Section a certificate signed by the President or a Vice President and by the Treasurer or Assistant Treasurer of the Company stating that the consolidated net earnings of the Company for such period are a specified amount at least equal to two and one-half times said interest requirements, except as follows, namely:

(1) In the case of an application made after May 1, 1930, if the annual statement of an independent accountant last filed with the Corporate Trustee pursuant to Sec. 7.15 does not show that the consolidated net earnings (as defined in Sec. 1.18) for the last calendar year were at least two and one-half times the interest charges accrued for such year on all Bonds outstanding under this Indenture at the end of such year, and in the case of any application made prior to May 1, 1930, such certificate must also be signed by or endorsed with the approval of an independent accountant.

(2) In case the application is based on the acquisition or ownership by the Company of property additions, or upon the deposit of subsidiary first mortgage bonds issued on the basis of property additions of a subsidiary, the results of the operation of which are not included in or reflected by an annual statement filed with the Corporate Trustee pursuant to Sec. 7.15, such certificate (unless signed by or endorsed with the approval of an independent accountant) shall be accompanied by a certificate signed by an independent accountant stating the net earnings for said twelve months' period arising from the operation of such property additions and the certificate signed by the President or Vice President and the Treasurer or Assistant Treasurer shall also state that the amount included in such consolidated net earnings (as defined in Sec. 1.18) on account of the earnings of such property additions does not exceed the amount of the net earnings thereof as stated in such certificate by an independent accountant.

Sec. 4.04. Bonds shall be authenticated and delivered by the Corporate Trustee upon an order signed by the President or a Vice President and the Treasurer or Assistant Treasurer of the Company on the basis specified in subdivision (1) of Sec. 4.02 upon receipt by the Corporate Trustee of the following: