

interest shall acquire any additional property or make any permanent improvements, extensions, or additions, Residue Bonds may be authenticated and delivered to such percentage of the amount of Residue Bonds which could otherwise be authenticated and delivered as is equal to the percentage of the interest of the Company in such Subsidiary Company computed as provided in Section 3 of this Article;

Provided, however, that if any such Subsidiary Company shall pledge under this Indenture its demand mortgage bonds to an amount at facevalue equal to the actual cost of the additional property, permanent improvements, extensions or additions, Residue Bonds may be authenticated and delivered without being subject to the restrictions contained in this paragraph 4.

5. In case any property shall be acquired or any improvements, extensions or additions shall be made by any Subsidiary Company hereafter acquired, Residue Bonds may be authenticated as provided in Subdivision 1 or 2 of this Section whichever is applicable for such property, improvements, extensions or additions, only if (a) Residue Bonds have been theretofore or shall be simultaneously authenticated pursuant to Subdivision 3 of this Section 6 against the securities of such corporation or (b) 50% or 65% (whichever is applicable) of the total of (1) the fair value of the securities of such corporation owned by the Company or a Subsidiary Company (without including for the purpose of ascertaining such value the property, improvements, extensions or additions against which Residue Bonds are then being requested to be authenticated) plus (2) the face amount of the indebtedness of such corporation (as such term is defined in Subdivision 3 of this Section), equals or exceeds the face amount of such indebtedness.

Provided, however, that whenever the Company has once made application for the authentication of Residue Bonds and has complied with the provisions of this Subdivision 5 of this Section 6, thereafter upon any subsequent application for the authentication of additional Residue Bonds against further property, improvements, extensions or additions of such corporation, the amount of Residue Bonds which the Company shall be entitled to have authenticated shall be determined in accordance with the provisions of Subdivisions 1 or 2 of this Section 6 whichever are applicable.

6. No Residue Bonds may be authenticated and delivered pursuant to the provisions of Sections 5 and 6 of this Article unless the Company shall have, prior to the application for authentication and delivery of Residue Bonds, made application for the authentication of Bonds to the full extent that it is entitled at the time to have authenticated under Section 7 of this Article.

7. No Residue Bonds may be authenticated and delivered except subject to the same earnings restrictions as are set forth in Section 2 of this Article with reference to Additional Bonds.

8. No Residue Bonds may be authenticated and delivered on account of the acquisition by the Company subsequent to November 30, 1921, but prior to the date of execution hereof, of the shares of stock of Kansas Natural Gas Company; but Residue Bonds may be authenticated and delivered on account of property, improvements, extensions or additions acquired, or made by Kansas Natural Gas Company since November 30, 1921.

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

SECTION 7. Bonds of any series other than Series "A", authorized to be issued hereunder, may, from time to time (unless some default described in clauses (a), (b)