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acquiring Purchased Property, but in an aggregate principal amount not exceeding 75% of the Cost thereof, or, if such Purchased Property is to be acquired subject to any Prior Lien thereon or indebtedness secured by lien on any Bondable Equipment included therein, in an aggregate principal amount not exceeding an amount which, when added to the principal amount of the indebtedness secured by such Prior Liens and Bondable Equipment Liens, will equal 75% of the sum of the Cost of such Purchased Property and the aggregate principal amount of such indebtedness, provided, however, that no Bonds shall be authenticated and delivered on the basis of Purchased Property which has heretofore been Bonded.

Bonds shall be authenticated and delivered under this Section 5 upon delivery to the Corporate Trustee in each case of:

- (a) An Application for the authentication of Bonds under this Section 5, stating the principal amount of Bonds the authentication of which is applied for;
- (b) The documents specified in Section 10 of this Article III;
- (c) An Officers' Certificate stating:

- (1) A description in reasonable detail of the Purchased Property for the acquisition of which the authentication of Bonds is applied for in the Application;

- (2) The Cost of such Purchased Property determined in accordance with the definition of Cost, when used with reference to Purchased Property, in Article I;

- (3) If such Purchased Property is to be acquired subject to any Prior Lien or indebtedness secured by lien on any Bondable Equipment included therein, a description of each such Prior Lien and Bondable Equipment lien and the principal amount of indebtedness secured thereby; and

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added to the principal amount of all indebtedness then outstanding secured by liens prior to or equal to the lien of such Railroad Subsidiary Bonds, will equal 75% of the Value of the then unretired physical property subject to such liens;

II. Bonds may be authenticated and delivered under this Section 6 to acquire Railroad Subsidiary Stocks not then Bonded in a principal amount not exceeding the smallest of the following amounts:

- (i) 75% of the Cost to the Company of such Railroad Subsidiary Stocks;
- (ii) If such Railroad Subsidiary Stocks are preferred shares, that proportion of the excess of 75% of the Value of the then unretired physical property of such Railroad Subsidiary over the amount of all of its liabilities and indebtedness, if any, which the Stated Value of such preferred shares bears to the Stated Value of all of its preferred shares then outstanding;
- (iii) If such Railroad Subsidiary Stocks are common shares, that proportion of the excess of 75% of the Value of the then unretired physical property of such Railroad Subsidiary over the sum of the amount of all of its liabilities and indebtedness, if any, and the Stated Value of all of its preferred shares, if any, then outstanding which the Stated Value of such common shares bears to the Stated Value of all of its common shares then outstanding;
- (iv) If such Railroad Subsidiary Stocks are common shares, that proportion of 75% of the sum of all liabilities and indebtedness of such Railroad Subsidiary, the Stated Value of all of its preferred shares then outstanding and the product obtained by multiplying the number of its common shares then outstanding by the average Cost to the Company per share of such common shares which the number of such common shares bears to the total number of

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- (4) A computation showing the principal amount of Bonds that could be authenticated on the basis of the Application, and the principal amount of Bonds the authentication of which is applied for in the Application;

- (d) All such deeds, supplemental indentures, or instruments of further assurance, if any, as in the Opinion of Counsel furnished pursuant to subsection (a) below may be specified as necessary or advisable to subject such Purchased Property to the lien of the Mortgage; and

- (e) An Opinion of Counsel that all of such Purchased Property is subject to the lien of the Mortgage, or will remain subject to such lien upon the delivery and recording of filing of the deeds, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, subject to no defect in title and subject to no lien equal or prior to the lien of the Mortgage except the Prior Liens and Bondable Equipment Liens described in the Officers' Certificate required by subsection (c) above, and Permitted Encumbrances.

SECTION 6. From time to time and in the manner provided in this Section 6, Bonds of one or more series, other than Series A and series created for the purposes of Sections 2 and 4 of this Article III, may be executed by the Company and shall be authenticated by the Corporate Trustee and delivered to or upon the written order of the Company, signed by its President or a Vice President, for the purpose of acquiring Railroad Subsidiary Bonds or Railroad Subsidiary Stocks, subject to the provisions of Section 8 of Article X and to the following conditions:

- I. Bonds may be authenticated and delivered under this Section 6 to acquire Railroad Subsidiary Bonds not then Bonded to the extent only of the principal amount of such Railroad Subsidiary Bonds or Stocks of the Company then outstanding which can be less, and to the extent only of the principal amount of such Railroad Subsidiary Bonds does not exceed an amount which, when

common shares of such Railroad Subsidiary then outstanding.

Bonds shall be authenticated and delivered under this Section 6 upon the delivery to the Corporate Trustee in each case of:

- (a) An Application for the authentication of Bonds under this Section 6, stating the principal amount of Bonds the authentication of which is applied for;
- (b) The documents specified in Section 10 of this Article III;
- (c) An Officers' Certificate which shall:

- (1) Name the corporation the bonds or stocks of which are to be pledged and deposited with the Corporate Trustee, and state that such corporation is a Railroad Subsidiary, or will become a Railroad Subsidiary upon the acquisition of the Railroad Subsidiary Stocks made the basis for the issuance of Bonds;

- (2) If the Application is with respect to Railroad Subsidiary Bonds, state the principal amount of all Railroad Subsidiary Bonds of such Railroad Subsidiary then outstanding, the principal amount thereof to be pledged and deposited concurrently with the Corporate Trustee, the Cost thereof to the Company, and the principal amount of all indebtedness then outstanding secured by liens prior to or equal to the lien of such Railroad Subsidiary Bonds;

- (3) If the Application is with respect to Railroad Subsidiary Stocks, state the number of shares and classes of all outstanding stocks of such Railroad Subsidiary, the number of shares of each class to be pledged and deposited concurrently with the Corporate Trustee, the Cost thereof to the Company, the amount of all of the liabilities and indebtedness of such Railroad Subsidiary, and the Stated Value of all shares of each class of stock of such Railroad Subsidiary then outstanding.

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