

(4) Furnish a computation showing that the principal amount of Bonds the authentication of which is applied for in the Application meets the requirements of Subsections 1 and 2 of this Section 6; and

(5) State that the Railroad Subsidiary Bonds and Railroad Subsidiary Stocks made the basis for the authentication of Bonds under the Application have not theretofore been Bonded;

(d) An Independent Engineer's Certificate stating, in the case of Railroad Subsidiary Stocks named in the Application, the value of the then unretired physical property of such Railroad Subsidiary, and, in the case of Railroad Subsidiary Bonds named in the Application, the value of the then unretired physical property securing them prior to or equal to the lien of such Railroad Subsidiary Bonds;

(e) All Railroad Subsidiary Bonds and Railroad Subsidiary Stocks to be pledged and deposited with the Corporate Trustee under the Application and all such instruments, if any, as in the Opinion of Counsel furnished pursuant to subsection (f) below may be stated to be necessary or advisable to subject such securities to the lien of the Mortgage;

(f) An Opinion of Counsel that all Railroad Subsidiary Bonds and Railroad Subsidiary Stocks of each Railroad Subsidiary required to be pledged and deposited with the Corporate Trustee by subsection (e) above are subject to the lien of the Mortgage or will become subject to such lien upon delivery thereof or delivery of the instruments, if any, specified in said Opinion of Counsel; that the Company has valid title to such securities and the right to own and pledge the same, free from any other lien; that such securities have been duly authorized by all corporate authority required under the laws of the state of incorporation, the charter (or other document of organization) and the by-laws of the Railroad Subsidiary issuing the same; that no authorization by any commission or governmental authority is required by

law for the issue of such securities or for the valid ownership thereof by the Company or the pledge thereof as provided in this Section 6, except such authorization as shall be specified in said Opinion of Counsel, and which shall be evidenced by copies of the orders or certificates so specified, appropriately certified; that the said Railroad Subsidiary Bonds of each such Railroad Subsidiary are valid obligations thereof and are secured by a valid general lien on all or substantially all of the physical property of such subsidiary; and that such Railroad Subsidiary Stocks are fully paid and non-assessable; and

(g) A Certified Resolution to the effect that each Railroad Subsidiary referred to in the Application owns one or more lines of railroad, bridges or railroad terminals directly connected with the lines of railroad owned by the Company and deemed by the Board of Directors to be necessary or useful in connection with the operation of the Company's system.

SECTION 7. From time to time and in the manner provided in this Section 7, 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, in an aggregate principal amount not exceeding the principal amount of Bonds of any other series (except series created for the purposes of Section 2 or 4 of this Article III) which shall have been cancelled or surrendered to the Corporate Trustee for cancellation, or for the payment or redemption of which cash in the necessary amount shall have been irrevocably deposited in trust with the Corporate Trustee or in trust with any agency satisfactory to the Corporate Trustee; provided, however, that (1) no Bonds shall be authenticated and delivered under this Section 7 on the basis of Bonds of any other series theretofore Bonded, or theretofore acquired, retired, cancelled or paid through the

operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the General Mortgage, or cancelled pursuant to the provisions of the Bond Scrip Agreement dated as of January 1, 1948, entered into between the Company and The First National Bank of Chicago as Bond Scrip Agent, and (2) in case of the redemption of Bonds of any other series, all action and notice required for such redemption shall have been taken and given, or provision made therefor satisfactory to the Corporate Trustee.

Bonds shall be authenticated and delivered under this Section 7 upon delivery to the Corporate Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 7, 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 (i) describe and state the amount of Bonds the cancellation or surrender for cancellation or the payment or redemption of which forms the basis of the Application; (ii) state that said Bonds have not theretofore been Bonded and have not theretofore been acquired, retired, cancelled or paid through the operation of any sinking fund or analogous fund established pursuant to the Mortgage or pursuant to the General Mortgage, or cancelled pursuant to the provisions of the Bond Scrip Agreement dated as of January 1, 1948, entered into between the Company and The First National Bank of Chicago as Bond Scrip Agent; and (iii) state that the cash deposited in trust as required by subsection (d) of this Section 7 is not otherwise required to be deposited with the Corporate Trustee or used under any provision of the Mortgage or of the General Mortgage; and

(d) Either (i) said Bonds, cancelled or for cancellation, which form the basis of the Application, together with

all unmaturing coupons and all unpaid maturity coupons appertaining thereto, (bonds for the payment of which have not been provided, or (iii) cash in trust in the necessary amount for the payment or redemption thereof, or evidence that such amount of cash has been deposited in trust with an agency satisfactory to the Corporate Trustee, and, in case of such redemption, evidence that due notice of redemption has been given or provided for to the satisfaction of the Corporate Trustee.

Bonds of any other series made the basis for the authentication and delivery of Bonds under this Section 7, together with all coupons appertaining thereto, if not cancelled when delivered to the Corporate Trustee, shall be cancelled by the Corporate Trustee and shall not thereafter be made the basis for the authentication and delivery of any Bonds, the release of any property, the withdrawal, payment or application of any cash held by the Corporate Trustee or otherwise used under any provision of the Mortgage.

SECTION 8. From time to time and in the manner provided in this Section 8, 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, in an aggregate principal amount not exceeding the principal amount of any outstanding Prior Lien Bonds not theretofore Bonded which shall have been Bonded and deposited with the Corporate Trustee unencumbered.

Bonds shall be authenticated and delivered under this Section 8 upon delivery to the Corporate Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 8, stating the principal amount of Bonds the authentication of which is applied for;