

to the amount of expenditures from the Capital Fund for or on account of the Cost of such Additions and Betterments, would exceed the Net Cost thereof, (iii) that no Bonds shall be authenticated and delivered under this Section 2 at a time when there are any unpaid accumulations of Contingent Interest on any Outstanding Bonds of any series and unless there shall have been paid or set aside for payment as interest on all Outstanding Bonds, for each of the two calendar years next preceding the year in which such Application is made, amounts equal to the amounts that would have been payable as interest on all Outstanding Bonds for each of said calendar years respectively if the maximum annual rate or rates of interest expressed therein had been Fixed Interest, (iv) that the Company shall have expended all of the funds which it has covenanted to apply only to the Cost of Additions and Betterments under the provisions of Section 24 of Article VIII, and (v) that there are no funds remaining in the Capital Fund available for expenditure for Additions and Betterments.

Bonds shall be authenticated and delivered under this Section 2 upon delivery to the Corporate Trustee in each case of:

- (a) An Application for the authentication of Bonds under this Section 2, stating the principal amount of Bonds the authentication of which is applied for;
- (b) The documents specified in Section 9 of this Article III;
- (c) An Officers' Certificate stating:
 - (1) A description of the property constituting the Additions and Betterments made the basis of the Application, in such reasonable detail as shall be sufficient to permit identification thereof, and a statement that all such property constitutes Additions and Betterments as defined in Article I, that such Addi-

Cost of Additions and Betterments under the provisions of Section 24 of Article VIII and that there are no funds remaining in the Capital Fund available for expenditure for Additions and Betterments;

- (d) An Engineer's Certificate stating that all unretired Additions and Betterments included in the Officers' Certificate required by subsection (c) above had a Life Expectancy of not less than 25 years when acquired or constructed by the Company;
- (e) All such deeds, supplemental indentures or instruments of further assurance, if any, as in the Opinion of Counsel furnished pursuant to subsection (f) below may be specified as necessary or advisable to subject to the lien of Mortgage the property included in the unretired Additions and Betterments shown in the Officers' Certificate required by subsection (c) above;
- (f) An Opinion of Counsel that all property included in the unretired Additions and Betterments shown in the Officers' Certificate required by subsection (c) above is subject to the lien of the Mortgage, or will become subject to such lien upon the delivery and recording or filing of such deeds, supplemental indentures or instruments of further assurance, if any, as are specified in said Opinion of Counsel, subject to no defect in title and subject to no lien thereon equal or prior to the lien of the Mortgage except the First Mortgage and Permitted Encumbrances; and
- (g) Evidence satisfactory to the Corporate Trustee that the Company has a commitment from a bona fide purchaser or purchasers to purchase such Bonds from the Company upon their authentication and delivery or from a financial or insurance institution for a loan to the Company secured by the pledge of such Bonds in an amount that will not result in a violation of the covenant in respect of pledges in Section 20 of Article VIII.

Section 3. From time to time and in the manner provided in this Section 3, Bonds of one or more series created solely

tions and Betterments were acquired or constructed by the Company during a period beginning not more than 60 months prior to the date of the Application and have not theretofore been Bonded;

- (2) The Cost of such Additions and Betterments;
- (3) The aggregate amounts credited to Bond and Equipment Account prior to the date of the Application, in accordance with the Uniform System of Accounts, by reason of the retirements of any of such Additions and Betterments;
- (4) The aggregate amounts provided by the Company prior to the date of such Application for depreciation of such Additions and Betterments;
- (5) The Net Cost of such Additions and Betterments;
- (6) The amount of expenditures that have theretofore been made from the Capital Fund for or on account of the Cost of such Additions and Betterments;
- (7) 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;
- (8) That there are no unpaid accumulations of Contingent Interest on any Outstanding Bonds of any series and that there has been paid or set aside for payment, in the manner provided by Section 2 of Article VIII, as interest on all Outstanding Bonds, for each of the two calendar years next preceding this year in which such Application is made, amounts equal to the amounts that would have been payable as interest on all Outstanding Bonds for each of said calendar years respectively if the maximum annual rate or rates of interest expressed therein had been Fixed Interest; and
- (9) That the Company has expended all of the funds which it has covenanted to apply only to the

for the purpose of acquiring new Bondable Equipment 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 75% of the Cost of such Bondable Equipment; provided, however, that no Bonds of any such series shall be authenticated and delivered (i) on the basis of Bondable Equipment that is or has been subject to any Prior Lien or Equipment Obligation or that has theretofore been Bonded, or (ii) having a maturity date beyond the Life Expectancy of the Bondable Equipment the acquisition of which is made the basis for the authentication and delivery of the Bonds of such series or beyond 15 years after the date of the authentication and delivery of such Bonds, whichever is the lesser number of years.

Bonds shall be authenticated and delivered under this Section 3 upon delivery to the Corporate Trustee in each case of:

- (a) An Application for the authentication of Bonds under this Section 3, stating the principal amount of Bonds the authentication of which is applied for;
- (b) The documents specified in Section 9 of this Article III;
- (c) An Officers' Certificate stating:
 - (1) The aggregate Cost of Bondable Equipment which is made the basis of the Application; 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;
 - (2) A description of such Bondable Equipment in reasonable detail; and
 - (3) That each item of such Bondable Equipment has been acquired by the Company and is new, has