

not therefore been Bonded, and is not and has not been, therefore subject to any Prior Lien or Equipment Obligation;

(d) All such bills of sale, supplemental indentures or instruments of further assurance, if any, as in the Opinion of Counsel furnished pursuant to subsection (e) below may be specified as necessary or advisable to subject such Equipment to the lien of the Mortgage;

(e) An Opinion of Counsel that all Equipment included 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 the bills of sale, supplemental indentures or instruments of further assurance, if any, specified in said Opinion of Counsel, and is subject to no lien or encumbrance except the First Mortgage;

(f) An Engineer's Certificate establishing the Life Expectancy of such Equipment; and

(g) A supplemental indenture establishing an Equipment Sinking Fund meeting the requirements specified in Section 2 of Article VII.

SECTION 4. From time to time and in the manner provided in this Section 4, Bonds of one or more series, other than Series A and series created for the purpose of Section 3 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 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 Equip-

(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;

(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; and

(5) 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 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;

(d) All such deeds, supplemental indentures or instruments of further assurance, if any, as in the Opinion of Counsel furnished pursuant to subsection (e) 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 become subject to such lien upon the delivery and recording or 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 First Mortgage and the Prior Liens and Bondable Equipment liens described in the Officers' Cer-

ment liens, will equal 75% of the sum of the Cost of such Purchased Property and the aggregate principal amount of such indebtedness; provided, however, (i) that no Bonds shall be authenticated and delivered on the basis of Purchased Property which has theretofore been Bonded, and (ii) that no Bonds shall be authenticated and delivered under this Section 4 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.

Bonds shall be authenticated and delivered under this Section 4 upon delivery to the Corporate Trustee in each case of:

(a) An Application for the authentication of Bonds under this Section 4, stating the principal amount of Bonds the authentication of which is applied for;

(b) The documents specified in Section 3 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;

tificate required by subsection (c) above, and Permitted Encumbrances;

SECTION 5. From time to time and in the manner provided in this Section 5, Bonds of one or more series, other than Series A and series created for the purpose of Section 3 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 5 to acquire Railroad Subsidiary Bonds not then Bonded to the extent only of the principal amount of such Railroad Subsidiary Bonds or the Cost to the Company therefor, whichever shall be less, and to the extent only that the principal amount of such Railroad Subsidiary Bonds does not exceed an amount which, when 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 5 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;