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(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 common shares of such Railroad Subsidiary then outstanding;

III. No Bonds shall be authenticated and delivered under this Section 5 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, in the manner provided in 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.

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

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(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; and;

(6) State 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) 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 liens 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 First Mortgage (so long as it shall remain a lien on the mortgaged property) and to

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(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 9 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;

(4) Furnish a computation showing that the principal amount of Bonds the authentication of which is applied for in the Application meet the requirements of subsections I and II of this Section 5;

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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 5, 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 nonassessable; 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 line 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.

So long as the First Mortgage shall remain a lien on the mortgaged property, the requirements of this Section 5 with respect to the pledge and deposit with the Corporate Trustee of Railroad Subsidiary Bonds and Railroad Subsidiary Stocks shall be deemed to be satisfied by the pledge and deposit thereof with the corporate trustee under the First Mortgage subject to the terms thereof, instead of with the Corporate Trustee, and the filing with the Corporate Trustee of a state-