(2) That the Company has expended all of the funds which it has covenanted to apply only to the Cost of Additions and Betterments under the provisions of Section 21 of Article VII;

(3) The Cost of all Additions and Betterments acquired or constructed during such period;

(4) The aggregate amounts credited to Road and Equipment Account prior to the date of the Application, in accordance with the Uniform System of Accounts, by reason of the retirement of any Additions and Betterments acquired or constructed during such period;

(5) The aggregate amounts provided by the Company prior to the date of the Application for depreciation of Additions and Betterments acquired or constructed during such period;

(6) The Net Cost of Additions and Betterments during such period; and

(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;

(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 to the lien of the Mortgage the property included in the Additions and Betterments shown in the Officers' Certificate required by subsection (c) above; and

(e) An Opinion of Counsel that all property included in the 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 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 a series created pursuant to 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 65% of the Cost thereof, or, if such Purchased Property is to be acquired subject to any Prior Lien thereon, in an aggregate principal amount not exceeding an amount which, when added to the principal amount of the indebtedness secured by such Prior Liens, will equal 65% of the sum of the Cost or Value, whichever is less, 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 theretofore 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 and a statement that such Purchased Property has not theretofore been Bonded;

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