(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;

(3) If such Purchased Property is to be acquired subject to any Prior Lien, a description of each such Prior Lien and the principal amount of indebtedness secured thereby, and a statement of the Value of such Purchased Property to the Company as evidenced by an Independent Engineer's Certificate attached to such Officers' Certificate; and

(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;

(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 Prior Liens described in the Officers' Certificate required by subsection (c) above, and Permitted Encumbrances.

SECTION 6. From time to time and in the manner provided in this Section 6, 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, on account of the pledge and deposit with the Corporate Trustee of Railroad Subsidiary Bonds or Railroad Subsidiary Stocks, subject to the following conditions:

I. Bonds may be authenticated and delivered under this Section 6 on account of 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 65% of the Value, at the date of the Application for the authentication and delivery of Bonds, of the unretired physical property subject to such liens.

II. Bonds may be authenticated and delivered under this Section 6 on account of Railroad Subsidiary Stocks not then Bonded in a principal amount not exceeding the smaller of the following amounts:

(i) 65% of the Cost to the Company of such Railroad Subsidiary Stocks;

(ii) 65% of the Value, at the date of the Application for the authentication and delivery of Bonds, of the unretired physical property of the Wholly Owned Railroad Subsidiary that issued such Stocks.

III. No Bonds may be authenticated and delivered under this Section 6 on account of Railroad Subsidiary Stocks at a time when the Wholly Owned Railroad Subsidiary that issued such Stocks has outstanding any bonds, debentures or other funded indebtedness, or short term or other indebtedness not incurred in the ordinary course of business unless the Securities or other evidences of the same have been acquired by the Company and either have been theretofore deposited and pledged with the Corporate Trustee or are deposited and pledged with the Corporate Trustee concurrently with the deposit and pledge of such Stocks.