such Application have been or are then being made the basis for the authentication and delivery of any Bonds or the withdrawal, payment or application of any Cash under any provision of the Mortgage.

(d) An Independent Engineer's Certificate stating, in the case of Railroad Subsidiary Stocks named in the Application, the Value at the date of the Application of the unretired physical property of the Wholly Owned Railroad Subsidiary that issued such Stocks, and, in the case of Railroad Subsidiary Bonds named in the Application, the Value at the date of the Application of the 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 made the basis for the Application not theretofore pledged and deposited with the Corporate Trustee; all outstanding Securities or other evidences of indebtedness, of the character described in subsection III of this Section 6, of the Wholly Owned Railroad Subsidiary that issued such Railroad Subsidiary Stocks, unless theretofore deposited and pledged with the Corporate Trustee; 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 to be pledged and deposited with the Corporate Trustee by subsection (e) above are subject to 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, to the Corporate Trustee; 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 or Wholly Owned Railroad Subsidiary issuing the same; that no authoriza-

tion 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 6, 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, subject only to Equipment Obligations and liens in the nature of Permitted Encumbrances; and that such Railroad Subsidiary Stocks are fully paid and nonassessable; and

(g) A Certified Resolution to the effect that each Railroad Subsidiary and Wholly Owned Railroad Subsidiary referred to in the Application owns one or more lines of railroad, bridges or railroad terminals directly connected with the Company's lines of railroad and deemed by the Board of Directors to be necessary or useful in connection with the operation of the Company's system.

SECTION 7. From time to time and in the manner provided in this Section 7, 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, in an aggregate principal amount not exceeding the principal amount of Bonds of any other series (except a series created pursuant to Section 3 of this Article III) which shall have been cancelled or surrendered to the Corporate Trustee for cancellation, or for the payment or redemption of which cash in the necessary amount shall have been irrevocably deposited in trust with the Corporate Trustee or in trust with any agency satisfactory to the Corporate Trustee; provided, however, that (1) no Bonds shall be authenticated and delivered under this Section 7 on