

premises, at the time in force) for the year ending on the next preceding December 31, certified by the Comptroller or the Treasurer. A similar statement furnished to the Trustee pursuant to the provisions establishing a sinking fund for any other series of General Mortgage Bonds shall be sufficient to satisfy this requirement. The Trustee shall be protected in relying on such certified statement and shall be under no duty to make any verification of or investigation or inquiry as to any part thereof.

SECTION 4. From and after each July 1, commencing July 1, 1947, and until the next succeeding April 1 the Trustee shall apply the monies in the sinking fund to the purchase from time to time of bonds of Series N or O at prices not exceeding the then current redemption price applicable for the sinking fund for bonds of such series, exclusive of brokerage and accrued interest, or to the purchase of General Mortgage Bonds of any other series, provided that, if the purchase price of such bonds, exclusive of brokerage and accrued interest, shall exceed the lower of the then current redemption prices applicable for the sinking fund for the bonds of Series N or O, sinking fund monies shall be used to pay only that part of the purchase price equal to such then current lower redemption price and the balance of such purchase price will be otherwise provided by the Railway Company and paid to the Trustee.

The Railway Company may instruct the Trustee from time to time as to which series of General Mortgage Bonds should be so purchased by the Trustee. The Trustee may advertise publicly for tender of bonds for sale to the sinking fund or may purchase the same within the price limitation hereinbefore set forth either at public or private sale as to the Trustee may seem most advisable. The Railway Company covenants to pay to the Trustee upon request accrued interest and brokerage commissions payable with respect to any purchased bonds, it being the intention that accrued interest and brokerage commissions shall not be charged against sinking fund monies.

Any monies at any time in the sinking fund shall, upon the request of the Railway Company, in lieu of the foregoing and subject to the provisions of Section 5 of this Article THREE, be applied to the payment of the principal of any General Mortgage Bond of any series at its stated maturity.

SECTION 5. If on the April 1 next succeeding a July 1, there shall remain in the hands of the Trustee any monies in the sinking fund equal to or in excess of \$50,000, then such remaining monies (or at the option of the Railway Company any such remaining monies thereof less than \$50,000) shall be applied to the redemption of Series N or O Bonds, as the Railway Company may determine (or if the Railway Company shall not so determine, then to the redemption of Bonds of such of the above Series as have the then lower current redemption price), on the next succeeding July 1 at the then current redemption price applicable to the sinking fund for the Bonds so redeemed as hereinabove set forth in Article Two hereof and otherwise in the manner and as provided in Article Four of the Mortgage, but on no such July 1 shall there be so applied an amount greater than the sinking fund payment required to be made on the preceding July 1 plus \$50,000. Any sum less than \$50,000 not so applied to the redemption of Series N or O Bonds shall be retained by the Trustee and shall be added to the next succeeding sinking fund installment but shall not operate to reduce the Railway Company's obligation for such sinking fund installment. All bonds acquired by the Trustee or delivered to it by the Railway Company pursuant to the provisions of this Article Three, together with all unmatured coupons attached thereto, shall forthwith be cancelled and held by the Trustee for