

Such cost shall be exclusive of brokerage and accrued interest and shall be shown by a certificate signed by the President, the Assistant to the President or a Vice President and by the Treasurer or an Assistant Treasurer of the Railway Company, which certificate shall also state that such bonds are not bonds held by the Railway Company or pledged by the Railway Company and which in either case have never been otherwise issued. The Trustee shall be protected in relying on such certificate and shall be under no duty to make any verification of or investigation or inquiry as to any part thereof. Any such payment may be made partly in cash and partly in bonds as aforesaid. Any payment of cash into the sinking fund and any such deposit of bonds thereinto in lieu of the payment of cash, may be made prior to the date upon which the Railway Company shall become obligated to make such payment, in which case such payment or deposit shall be credited against succeeding obligations of the Railway Company in respect of payments into the sinking fund.

Section 3. On each sinking fund payment date upon which the Railway Company is obligated hereunder to make a payment in respect of net income, the Railway Company shall deliver to the Trustee a statement in reasonable detail showing the Railway Company's net income (as defined by the Accounting Classifications of the Interstate Commerce Commission, or other Federal authority having similar jurisdiction in the 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 herewith established to the purchase from time to time of Bonds of Series P or Q 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 P or Q, 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