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through litigation, and of course this litigation might result in a decision to the effect that no interest at all was due.

5534 In this situation the railroad proposed to the income bondholders, that in lieu of the company's to say the least doubtful obligation to pay them all or any part of the unpaid interest in cash at that time, and also in lieu of the company's contingent obligation to pay them interest in cash from that time up to December 1, 1910, (contingent upon such interest being earned), the bondholders should accept the company's unconditional promise to pay in 1936 the interest already unpaid and thereafter to accrue up to December 1, 1910. The advantage of this proposition to the railroad was that it would relieve the company from the burden of devoting its surplus earnings to the payments of the large sum already owing the income bondholders, and would enable it to spend all of its earnings until December 1, 1910, in building up and improving its property; and at the same time it would settle a dispute with the income bondholders which was necessarily harmful to the best interests of the road. The advantages to the income bondholders were that in place of the company's conditional obligation to pay them interest only if and when earned, they would have the company's unconditional obligation to pay them interest at a future date; that by leaving the company free to spend all of its earnings for several years upon the property, they would hasten the day when the company would find itself in a position to resume paying them their interest in cash; and that in the meanwhile they would receive for their unpaid coupons an interest bearing obligation of the company which would have a market value. In view of these advantages, the income bondholders accepted the company's proposition.

5535 These were the reasons which lead to the funding of the income bond coupons then unpaid, and also the coupons thereafter to mature down to and including December 1, 1910, by which time it was and is expected that the company's earnings will have been placed upon such a basis as to enable the payment of future income coupons in cash.

5536 In order to carry out the funding plan, each depositing bondholder assigned and transferred to the Maryland Trust Company,