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5542 possibility of either being done prior to 1910. Therefore at the present time there can be no pretense that the company has paid any of the instalments of interest of the same maturities as those included in the funded interest, and therefore, by the terms of the funding agreement, the surrendered coupons are not merged, or cancelled, and cannot be, until all interest represented by the coupons from June 1, 1904, to December 1, 1910, is paid.

5543 Therefore, it is, I think, clear that the funding bonds have not been received by the income bondholders in <u>satisfaction and payment</u> for the funded interest. This could only be the case if the acceptance of the funding bonds resulted in <u>discharging</u> the company from its obligation to pay the funded interest. But the company is not so discharged, and will not be until payment of the funded interest is actually made as above explained. Therefore, the issue of the funding bonds constitutes at most only a <u>conditional or contingent satisfaction</u> of the interest represented by them; that is they will only constitute a payment of such interest only <u>if and when</u> the interest represented by the funding bonds is actually paid.

5544 2. Moreover, the funding agreement further provides, that if, before the payment of all unpaid interest on the income bonds (funded and not funded), any default occurs in the interest on the funding bonds, then the income bondholders may surrender their funding bonds, and may receive back their unpaid income coupons, and be restored to their former rights and status. This provision makes it still more clear that the funding bonds do not constitute a payment or satisfaction of the interest funded, because if any default occurs in the interest on the funding bonds, then the income bondholders may receive back the coupons which he surrendered and which have not been paid, uncancelled and unsatisfied, and he will then have restored to him all the rights of the holder of an income bond with unpaid coupons attached.

5545 Therefore, while the railroad does give its income bondholders marketable 5% funding bonds, payable in 1936, in exchange for the interest coupons which have matured and which will mature down to December 1, 1910, it does not give such funding bonds, nor do the bondholders accept them, in <u>satisfaction or payment</u> of the interest coupons, first, because the interest cou-