

*Pledged Subsidiary*

“Pledged Subsidiary” means any corporation (other than a Company or a Lessor Corporation) more than 50% of the Voting Stock of which is owned by one or more of the Companies and all of the Voting Stock of which owned by the Companies is subject to the lien of this Indenture as a first lien thereon subject only to Excepted Encumbrances and Prior Liens.

*Pledged Subsidiary Bonds*

“Pledged Subsidiary Bonds” means bonds which are the primary obligations of a Pledged Subsidiary and which constitute a lien on all or a substantial part of the railroad property of such Subsidiary, subject only to encumbrances in the nature of Excepted Encumbrances and Equipment Agreements.

*Prior Lien Bonds*

“Prior Lien Bonds” means the First Consolidated Mortgage 5% Bonds of the Southern Railway Company due July 1, 1994 (including, without duplication, the First Mortgage Collateral Trust 4½% Bonds due August 1, 1988 of the Southern Railway Company), the Memphis Division First Mortgage 5% Bonds of the Southern Railway Company due July 1, 1996, the Aiken Branch First Mortgage 4% Bonds of the Southern Railway Company due July 1, 1998, The Atlanta and Charlotte Air Line Railway Company First Mortgage 3¾% Bonds due November 1, 1963, the Spartanburg, Union & Columbia Railroad Company First Mortgage 4% Bonds due January 1, 1995, any other bonds now or hereafter issued secured by a mortgage or other lien (other than an Excepted Encumbrance or an Equipment Agreement lien) constituting a charge on property subject to the lien hereof prior to the lien hereof, and, without duplication, any certificates of interest or participation in or deposit for any such bonds or any obligations for the payment of which any such bonds are pledged