

of the Company in the Borough of Manhattan, City of New York, State of New York, are to be redeemable at the option of the Company as set forth in this Indenture; and

WHEREAS, the Board of Directors of the Company has authorized immediately upon the execution and delivery of said Mortgage the issue thereunder of \$5,000,000 principal amount of Second Mortgage 3¾% Bonds; and

WHEREAS, this Indenture provides for the issuance of Second Mortgage Bonds from time to time in principal amounts equal to the principal amounts of First Mortgage Bonds of the Company due November 1, 1963 retired and cancelled through the sinking fund provisions of the First Mortgage of the Company dated November 1, 1943; and

WHEREAS, the texts of the coupon Bonds and of the coupons to be appurtenant thereto and of the registered Bonds without coupons and of the Trustee's certificate of authentication to be inscribed on said Bonds are to be, severally, substantially as follows, with such appropriate omissions, insertions and variations as are in this Indenture provided for:

[FORM OF COUPON BOND]

No. .... \$1,000

THE ATLANTA AND CHARLOTTE AIR LINE  
RAILWAY COMPANY

SECOND MORTGAGE 3¾% BOND

Due November 1, 1963

The Atlanta and Charlotte Air Line Railway Company, a consolidated corporation organized and existing under the laws of the States of Georgia, South Carolina and North Carolina, hereinafter called the "Company", for value received, hereby promises to pay to the bearer, or, if this Bond be registered as to principal, then to the registered holder hereof, on the first day of November, 1963, the principal sum of One Thousand Dollars, and to pay interest on said principal sum at the rate of three and three-quarters per cent. per annum from the date hereof, semi-annually on the first day of May and the first day of November in each year until the payment of said principal sum, but until the maturity of this Bond only upon presentation and surrender of the coupons for such interest installments as are evidenced thereby, hereto attached, as severally they mature. Both the principal of, premium if any, and interest on this Bond are payable at the office or agency of the Company in the Borough of Manhattan, the City of New York, State of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts.

This Bond is one of the Bonds of the Company issued under and pursuant to, and all equally and ratably secured by a mortgage dated November 1, 1943, hereinafter called the "Indenture", executed by the Company to The First National Bank of the City of New York, a corporation organized and existing under the laws of the United States of America, as Trustee, to which reference is hereby made for a description of the property mortgaged, the nature and extent of the security, and the rights of the holders of said Bonds and coupons and of the Trustee in respect of such security, and the terms and conditions upon which said Bonds are issued.

The aggregate principal amount of Bonds which may be issued under the Indenture is limited to a principal

amount, which, together with the principal amount of First Mortgage 3¾% Bonds of the Company due November 1, 1963 from time to time outstanding, shall never exceed \$20,000,000 aggregate principal amount, except for bonds issued in lieu of lost, stolen or destroyed bonds.

No reference herein to the Indenture and no provision of this Bond or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal and interest of this Bond at the time and place and at the rate and in the currency herein prescribed.

The Indenture contains provisions giving to the holders of 66⅔% in aggregate principal amount of Bonds then outstanding, the power by resolution at a bondholders' meeting to take the various actions therein specified, including the power to make any modification in or addition to the provisions of the Indenture or any supplement thereto, or to the rights and obligations of the Company or to the rights of the holders of the Bonds and appurtenant coupons under the Indenture or any supplement thereto, provided that no such modification or addition shall be effective until approved by the Board of Directors of the Company, and provided that no such modification or addition which in the opinion of the Trustee shall affect the rights, duties or immunities of the Trustee under the Indenture or any supplement thereto, may be made without its written consent; and provided that the bondholders shall have no power to (a) extend the maturity of any Bonds, or reduce the rate of interest thereon, or otherwise modify the terms of payment of the principal or interest, without the consent of the holder of each Bond so affected, or (b) effect a reduction of the percentage required for any action authorized to be taken by the bondholders.

If an event of default, as defined in the Indenture, shall occur, the principal sum of the Bonds may be declared or may become due and payable, in the manner and with the effect in the Indenture provided.

This Bond is transferable by delivery unless registered as herein provided. This Bond may be registered as to principal in the holder's name at the office or agency of the Company in the Borough of Manhattan, the City of New York, State of New York, such registration being noted on the Bond, after which no transfer shall be valid unless made at said office or agency by the registered holder, in person or by duly authorized attorney, and similarly noted hereon; but this Bond may be discharged from registration by like transfer to bearer similarly noted hereon, whereupon transferability by delivery shall be restored. This Bond shall continue to be subject to successive registrations and transfers to bearer. No such registration, however, shall affect the negotiability of the coupons for interest hereto attached, which shall always continue to be payable to bearer and to be transferable by delivery merely.

The Bonds may be redeemed at the option of the Company, in part on any interest payment date, or as a whole at any time, upon at least 30 days' prior notice in case the redemption is to be on an interest payment date and upon at least 60 days' prior notice in case the redemption is to be on a date other than an interest payment date, at the following respective percentages of the principal amount thereof: to and including November 1, 1946 at 104⅛%; thereafter, to and including November 1, 1949 at 103¼%; thereafter, to and including November 1, 1952 at 102½%; thereafter, to and including November 1, 1955 at 101⅝%; thereafter, to and including November 1, 1958 at 100⅞%; and thereafter, at 100%, in each case together with accrued