

Mortgage 8½% Bonds, Series B, Due 2001, of Southern Railway Company, The Atlanta and Charlotte Air Line Railway Company, Georgia Southern and Florida Railway Company and Southern Railway-Carolina Division, and shall be the joint and several obligations of the Companies. The terms and provisions of the Series B Bonds shall be as in this Supplemental Indenture and the Indenture set forth. The Series B Bonds shall be limited to seventy-five million dollars (\$75,000,000) aggregate principal amount except as provided in § 2.06 of the Indenture. The Series B Bonds shall be dated as provided in § 1.03. The Series B Bonds shall mature October 15, 2001; shall bear interest at the rate of 8½% per annum payable semi-annually on each April 15 and October 15; and shall be redeemable at the option of the Companies and entitled to the benefits of a sinking fund, all as herein and in the Indenture provided.

§ 1.02. The Series B Bonds and the Trustee's certificate of authentication shall be substantially in the form as in this Supplemental Indenture above recited. Any of the Series B Bonds may have imprinted thereon such legends or endorsements as the officers of the Companies executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of the Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Series B Bonds may be listed, or to conform to usage.

§ 1.03. The Series B Bonds shall be issuable as registered Bonds without coupons in denominations of \$1,000 and any multiple of \$1,000, and shall be numbered, lettered or otherwise distinguished in such manner or in accordance with such plan as the officers of the Companies may determine with the approval of the Trustee.

Every Series B Bond shall be dated the date of its authentication and, except as provided in this § 1.03, shall bear interest, payable semi-annually on April 15 and October 15 of each year, from the October 15 or April 15, as the case may be, next preceding the date of such Series B Bond to which interest has been paid, unless the date of such Series B Bond is a date to which interest has been paid, in which case from the date of such Series B Bond, or unless no interest has been paid on the Series B Bonds, in which case from October 15, 1976. Notwithstanding the foregoing, when there is no existing default in the payment of interest on the Series B Bonds, all

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