

have priority over the stock of the Air Line Company, and the interest thereon is to be paid before any dividends shall be paid to the stockholders of the Air Line Company, in like manner as the \$20,000,000 of Bonds (now being refunded) issued under the existing First Mortgage of July 1, 1914, were by the Supplemental Agreement of June 30, 1914, given priority over the interest of Southern in the premises, and over the stock of the Air Line Company.

FOURTH. The Proceeds of the sale of said \$15,000,000 principal amount of First Mortgage Bonds, exclusive of accrued interest, shall be set apart in trust for the acquisition or payment, on or before their maturity, of the outstanding \$20,000,000 principal amount of the existing First Mortgage Bonds of the Air Line Company; and Southern agrees to supplement said proceeds of sale with such monies, to be deposited by it with the Corporate Trustee of said existing First Mortgage for account of and as an advance to the Air Line Company and to be set apart in trust, as shall be sufficient to pay or acquire on or before their said maturity on July 1, 1944, all of said outstanding \$20,000,000 principal amount of existing First Mortgage Bonds, together with interest thereon to said maturity. Such advance by Southern shall consist of the sum of \$5,000,000, reduced or increased, as the case may be, by the amount of premium or discount, if any, on the sale of said \$15,000,000 principal amount of new First Mortgage Bonds, in settlement for which advance the Air Line Company agrees coincidentally to issue and deliver, and Southern agrees to accept, Second Mortgage Bonds, in the principal amount of \$5,000,000, Southern agreeing to pay in addition, (a) the expenses of the refunding, including certain counsel fees of the Air Line Company, and (b) interest to July 1, 1944, on the \$20,000,000 principal amount of said existing Bonds.

FIFTH: Southern hereby agrees to make a payment to the Trustee of the Air Line Company's new First Mortgage, for account of, and as an advance to, the Air Line Company, of the sum of \$15,000 (in cash or in new First Mortgage Bonds, in whole or in part, as provided by Section 1 of Article Six of said new First Mortgage) on November 1, 1944, and a like payment annually on November 1 of each year thereafter to and including November 1, 1962, in trust, for the purpose of providing for the Sinking Fund required thereunder; the Air Line Company hereby agreeing, in consideration thereof, from time to time, to issue and deliver to Southern such principal amounts of Second Mortgage Bonds as shall equal the principal amounts of First Mortgage Bonds retired and cancelled from time to time through the operation of said First Mortgage Sinking Fund, as and when so retired and cancelled, Southern agreeing to accept such Second Mortgage Bonds in settlement of said annual advances.

SIXTH. Southern covenants and agrees to pay to the Trustees of said First Mortgage and Second Mortgage, respectively, at their respective offices in the City of New York, upon the twentieth day of April and upon the twentieth day of October in each and every year during the life of said First Mortgage and Second Mortgage Bonds, and of any bonds issued as hereinafter provided for the refunding of the same, a sum of money equal in each instance to the amount of interest due on the first day of the month following upon all of the said bonds of the Air Line Company which may then be outstanding, in the place and stead of those sums of money provided to be paid as interest in Paragraph Second of said Supplemental Agreement of June 30, 1914.

SEVENTH. Southern covenants and agrees, for the purpose of maintaining the organization of the Air Line Company, in lieu of the sums of money agreed to be paid in said Agreement of March 26, 1881, for said purpose, to pay to the Air Line Company the sum of \$4,000 for each twelve months' period from and after November 1, 1943, semi-annually in advance, on the first days of November and May in each year.

EIGHTH. Southern agrees to continue to pay any and all income taxes of the Air Line Company, including, without limitation, Federal capital stock and excess profits taxes, in consideration of which the Air Line Company hereby agrees:

(1) That Article Second of the Agreement of March 26, 1881, is amended, effective January 1, 1943, to read:

"Southern hereby agrees to return the property of the Air Line Company to it, at the termination of this agreement for any cause, with all additions and betterments thereon and thereto appertaining and in existence at the date of such termination, and further agrees, so long as this agreement and all agreements supplementary thereto are in effect, to operate the line of railroad of the Air Line Company covered hereby as a part of its main line from Washington, D. C. to Atlanta, Georgia."