

nett, Hall, Banks, Habersham and Stephens, in the State of Georgia, the Counties of Oconee, Pickens, Greenville, Spartanburg and Cherokee, in the State of South Carolina, and the Counties of Cleveland, Gaston and Mecklenburg, in the State of North Carolina, to a point of connection with a line of railroad of Southern Railway Company in the City of Charlotte, in the said County of Mecklenburg and State of North Carolina, having a length of 255 miles, more or less.

(B) All and singular, the terminal facilities, branch lines, extensions, cut-offs, side-tracks, spur tracks, connection tracks, buildings, bridges, and all other railroad property (except equipment) and appurtenances now owned or hereafter acquired by the Company and used as a part of or in connection with any line or lines of railroad now or hereafter subject to the lien of this Indenture.

II. Any and all rights of way, lands, fixtures, structures, improvements, tenements and hereditaments, of whatever kind or description and wherever situated, which the Company now owns or may hereafter acquire for use as a part of or in connection with any line or lines of railroad now or hereafter subject to the lien of this Indenture.

BUT EXCEPTING AND NOT INCLUDING in the grant of this Indenture any real estate owned by the Company not a part of the right of way of the Company or appurtenant thereto or used for railroad purposes.

III. Any and all machinery, tools, implements, materials and other chattels (except equipment) now or hereafter owned by the Company and used or to be used on or in connection with any line or lines of railroad now or hereafter subject to the lien of this Indenture.

IV. Any and all additions, betterments and improvements hereafter acquired or constructed to or upon or in connection with any line of railroad or its appurtenances now or hereafter subject to the lien of this Indenture or upon or in connection with any of the telegraph and telephone or other communication or transmission lines hereafter referred to, or upon or in connection with any other real property now or hereafter subject to the lien of this Indenture.

V. Any and all rights, powers, franchises and privileges now or hereafter owned or possessed by the Company which now or at any time hereafter may be necessary for or appurtenant to the use, enjoyment, operation, management, maintenance, renewal, alteration or improvement of the line or lines of railroad and other property now or hereafter subject to the lien of this Indenture.

VI. Any and all leases, leasehold rights, joint facility and other trackage contracts, rights and privileges and amendments, renewals and extensions thereof, whether the same or any thereof be now held by the Company or hereafter acquired by it for use upon or in connection with or belonging or appertaining to any lines of railroad now or hereafter subject to the lien of this Indenture, or relating to the ownership, use or operation of any terminals or union or other stations situated along, or at the terminus of any line of railroad now or hereafter subject to the lien of this Indenture; subject, however, to the provisions of Paragraph (c) of Section 8 of Article Ten hereof.

VII. Any and all telegraph, telephone or other communication or transmission lines now or hereafter owned by the Company and the right to the use of any and all telegraph, telephone or other communication or transmission lines along the lines of railroad now or hereafter subject to the lien of this Indenture, in the same manner and to the same extent as they are now or hereafter may be used or subject to use.

VIII. Any and all other property of every kind and description (including, without limitation, railroads, leases of railroads, joint facility and other rights and privileges acquired by contract, renewals and extensions thereof, stocks, bonds or other property of any kind) which, at any time hereafter, by indenture or indentures supplemental hereto, may be expressly conveyed, mortgaged or pledged, and delivered to the Trustee hereunder by the Company, or by a successor corporation, or with its consent by any one in its behalf, as and for additional security or substituted security for the Bonds issued hereunder, the Trustee being hereby authorized at any time and at all times to receive such conveyance, mortgage, pledge, delivery, assignment or transfer and to hold and apply any and all such properties subject to the trusts of this Indenture; but any such conveyance, mortgage, pledge, delivery, assignment or transfer pursuant to the provisions of this clause as and for additional security may be made subject to any liens, reservations, limitations, conditions and provisions which shall be specified or set forth in such supplemental indenture.

IX. All the right, title, estate and interest which the Company now has or at any time hereafter may acquire in or to any of the railroads, franchises, leaseholds, and other property, real, personal or mixed, mortgaged, conveyed, pledged and assigned under this Indenture.

X. All the rents, issues, tolls, profits and other income from the premises and property herein or hereafter mortgaged and conveyed or assigned or intended so to be.

Anything hereinabove contained to the contrary notwithstanding, the Company excepts and reserves, out of the grants hereby made, the last day of the term of each leasehold estate (oral or written, or any agreement therefor) now or hereafter enjoyed by the Company, and whether falling within the general or particular description of property herein.

It is not intended to include in the lien hereof, and this grant shall not be deemed to apply (1) to any rents, issues, tolls, profits or other income from the premises and property herein or hereafter mortgaged and conveyed or assigned, or any cash (except cash deposited with the Trustee pursuant to any of the provisions of this Indenture or with the Trustee under the First Mortgage of the Company to Central Hanover Bank and Trust Company, dated November 1, 1943, pursuant to any of the provisions thereof), or any government securities, federal, state and local, or bills, notes or accounts receivable, contracts or choses in action (other than government securities, federal, state and local, or bills, notes or accounts receivable, contracts or choses in action which may hereafter be specifically subjected to the lien hereof and assigned to or deposited with the Trustee), unless and until one or more of the events of default specified in Section 2 of Article Seven hereof shall have happened and be continuing, but, upon the happening of