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May 5, 1999

Mr. Vernon Williams
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001



RECORDATION NO. 22159 FILED

Re: Johnson Railway Service, Inc./ L & S Holding Company

MAY 6 '99 10-00AM

Dear Mr. Williams:

Enclosed are two (2) originals of Exhibit A to the Security Agreement dated as of May 3, 1999, between the following parties:

Seller: L & S Holding Company
204 Railroad Street
Laurinburg, North Carolina 28352

Buyer: Johnson Railway Service, Inc.
198 North Main Street
P.O. Box 266
Cornelia, Georgia 30531

The equipment involved in this transaction is more fully described in the attached Exhibit A.

Please file one (1) original of the enclosed Exhibit A and Security Agreement as a primary document and return one (1) stamped/ recorded original to my attention in the enclosed self-addressed Federal Express envelope. Also enclosed is a check in the amount of \$26.00 made payable to "Surface Transportation Board" to cover the filing fee.

Sincerely,

Steven Sharpless
Paralegal

Enclosure(s)

RECORDATION NO. 22159 FILED

SECURITY AGREEMENT

MAY 6 '99

10-00AM

THIS SECURITY AGREEMENT, dated as of May 3, 1999 (the "Security Agreement"), is made by and between **L & S HOLDING COMPANY** (the "Seller") and **JOHNSON RAILWAY SERVICE, INC.** (the "Buyer"). Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Contract (as defined below).

BACKGROUND STATEMENT

Pursuant to the terms of the Contract for the Sale of Railway Properties (the "Contract"), dated as of May 3, 1999, by and between the Buyer and the Seller, the Seller agreed to transfer and convey to the Buyer certain railway assets of the Seller. In exchange for such assets and in addition to a payment made at closing in the amount of \$100,000, the Buyer has made and issued a note in favor of the Seller, dated as of the date hereof, in the original principal amount of \$1,200,000 (the "Note"). To secure the payment of the Buyer's obligations under the Note, the Buyer has agreed to grant to the Seller a security interest in the Collateral (as defined herein) on the terms and conditions set forth herein.

STATEMENT OF AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Buyer and the Seller hereby agree for themselves, their successors and assigns, as follows:

ARTICLE I

DEFINITIONS

1.1 For the purposes of this Security Agreement, the "Collateral" shall mean certain railway assets sold to the Buyer by the Seller as contemplated by Sections 2.1, 2.2, 2.3 and 2.4 of the Contract, including the Laurinburg and Southern Railway Diesel Shop equipment inventory, the Seller's Diesel Shop parts inventory, the Seller's locomotives and cores and certain miscellaneous railway personalty and vehicles, all as more fully described in Attachments (1)-(4) set forth in **Exhibit A** and any and all proceeds from the date thereof.

1.2 All terms in this Security Agreement that are not capitalized shall have the meanings provided by the Uniform Commercial Code of North Carolina to the extent the same are used or defined therein.

ARTICLE 2.

CREATION OF SECURITY INTEREST

To secure the prompt payment of the obligations evidenced by the Note, the Buyer hereby grants to the Seller a lien and security interest in the Collateral.

ARTICLE 3.

GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS

The Buyer hereby represents, warrants and covenants as follows:

3.1 Perfection. As to those assets for which perfection may be accomplished by filing under the Uniform Commercial Code or other applicable law, the security interests granted to the Seller hereunder, when properly perfected and continued by filing with the Surface Transportation Board (with respect to the locomotives included in the Collateral), the North Carolina Secretary of State and the County Clerk of each of Scotland County, North Carolina and Habersham County, Georgia, shall constitute at all times a valid and perfected security interest vested in the Seller in and upon the Collateral, in each case enforceable against the Buyer and all third parties in all relevant jurisdictions and securing the payment of the debt as evidenced by the Note purported to be secured thereby.

3.2 Priority The Seller's security interests in the Collateral are first-priority liens and are not and hereinafter shall not become subordinate or junior to the security interests, liens or claims of any other person, including any governmental authority. The Buyer shall not grant a security interest in any of the Collateral to any other person or permit a lien or encumbrance upon any of the Collateral without first obtaining the express written permission of the Seller.

3.3 Further Assurances. At the request of the Seller, the Buyer shall execute and deliver to the Seller all other agreements, instruments and documents (collectively, "Other Documents") that the Seller may request, in form reasonably satisfactory to the Seller, and shall take all other steps requested by the Seller in order to perfect and maintain the security interests and liens granted herein and to consummate fully all of the transactions contemplated by this Security Agreement, including, without limitation, (a) recording or filing such Other Documents as may from time to time be requested by the Seller with such governmental authorities as may be necessary or advisable in order to perfect, establish, confirm and maintain the security interests and liens created hereunder, and (b) defending the title of the Buyer to the Collateral by means of negotiation with and, if necessary, appropriate legal proceedings against, each and every party claiming an interest therein contrary or adverse to the Buyer's title to same.

3.4 Location of Collateral; Records. The Buyer has possession and control of all Collateral now in existence and all such Collateral (other than the locomotives) is located at either the Buyer's principal place of business at 198 North Main Street, Cornelia, Habersham County, Georgia 30531 or at 204 Railroad Street, Laurinburg, Scotland County, North Carolina, 28352 and the Buyer shall not

move any Collateral to any location other than the locations identified above for a period of time exceeding four (4) months; provided, however, that the Buyer may move Collateral to another location for a period of time exceeding four (4) months if the Buyer gives the Seller notice of the precise new location of the Collateral within three (3) months of such move. The foregoing restrictions on the moving of the Collateral shall not apply to the use by the Buyer of the locomotives in the ordinary course of business.

3.5 Right of Inspection. To confirm and verify the existence and location of the Collateral and the ability of the Buyer to fulfill its obligations under the Note, the Seller shall have reasonable access to the Buyer's facilities for the purpose of inspecting the Collateral.

3.6 Notices and Reports. The Buyer shall promptly notify the Seller in writing of any charge, lien, security interest, claim or encumbrance asserted against the Collateral that the Buyer has knowledge of, any litigation or claim asserted against the Collateral, any theft, loss, injury or similar incident involving the Collateral, and any other matter materially and adversely affecting the Collateral or the Seller's interest therein.

ARTICLE 4.

MAINTENANCE OF COLLATERAL

Except for any unused or obsolete equipment, inventory or locomotive cores comprising the Collateral, the Buyer will keep the Collateral in good repair (normal wear and tear excepted). The Buyer shall not permit any such items comprising the Collateral to become a fixture to real estate or accessions to other personal property.

ARTICLE 5.

DEFAULT

5.1 Event of Default. Any one of the following events will constitute an "Event of Default" hereunder:

(a) failure of the Buyer to observe, perform or comply with any of the terms, provisions, conditions, covenants, warranties or representations contained in this Security Agreement, which failure is not cured to the satisfaction of the Seller within thirty (30) days after notice thereof to the Buyer; or

(b) failure of the Buyer to pay any amount due under the Note secured hereby, within five (5) days after notice thereof.

5.2 Rights and Remedies. The Seller shall have, in addition to any other rights and remedies contained in this Security Agreement, all the rights and remedies of a secured party under the Uniform Commercial Code and all other rights and remedies provided by law, all of which shall be cumulative to the extent permitted by law. Upon the occurrence of any Event of Default and at any

time thereafter, the Seller shall have the right without further notice to the Buyer to appropriate, take possession and control of, set off and apply to the payment of the debt as evidenced by the Note, any or all Collateral, in such manner as the Seller shall in his sole discretion determine, to prosecute any action, suit or proceeding with respect to the Collateral, to sell, assign and deliver the Collateral (or any part thereof), at public or private sale or at broker's board, for cash, credit or otherwise, at the Seller's sole option and discretion. The Buyer agrees that the giving of ten (10) days' notice by the Seller, sent by certified mail, return receipt requested, postage prepaid, to the Buyer, designating the place and time of any public sale, or of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be deemed to be reasonable notice thereof to the Buyer, and the Buyer waives any other notice with respect thereto. The net cash proceeds resulting from the exercise of any of the foregoing rights or remedies shall be applied by the Seller to the payment of the debt as evidenced by the Note, and the Buyer shall remain liable to the Seller for any deficiency, together with interest thereon at the rates provided in the Note and the costs and expenses of collection of such deficiency, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

5.3 Assembly of Collateral. Upon the occurrence and during the continuance of an Event of Default, the Seller shall have the right to require the Buyer to assemble the Collateral and make it reasonably available to the Seller, and to take possession of the Collateral and to enter and remain upon the premises of the Buyer, and to use the same, together with materials, supplies, books and records of the Buyer for the purpose of liquidating or collecting the Collateral. In addition, the Seller may remove from such premises the Collateral and any records with respect thereto, in order to collect or liquidate the Collateral effectively.

5.4 No Waiver. The Seller's failure at any time or times hereafter to require strict performance by the Buyer of any of the provisions of this Security Agreement or the Note shall not waive, affect or diminish any right of the Seller at any time or times hereafter to demand strict performance therewith and with respect to any other provision of this Security Agreement or the Note, and any waiver of any Event of Default shall not waive or affect any other Event of Default, whether prior or subsequent thereto, and whether of the same or a different type. None of the provisions of this Security Agreement or the Note shall be deemed to have been waived by any act or knowledge of the Seller.

5.5 [Intentionally Omitted]

5.6 No Marshalling. To the extent the Note is now or hereafter secured by property other than the Collateral, or by a guaranty, endorsement or property of any other person, the Seller shall have the right to determine whether to proceed against such other property upon the occurrence of an Event of Default. The Buyer irrevocably waives the right to direct the application of any and all payments that may be received by the Seller during the continuance of an Event of Default and the Buyer does hereby irrevocably agree that, during the continuance of an Event of Default, the Seller shall have the continuing exclusive right to apply and reapply any and all such payments received in such manner as the Seller may deem advisable, notwithstanding any entry upon any of its books and records.

ARTICLE 6.

MISCELLANEOUS

6.7 Binding Effect. This Security Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

6.8 Governing Law. This Security Agreement shall be construed and interpreted in accordance with the internal laws and judicial decisions of the State of North Carolina.

6.9 Survival of Agreement. All representations and warranties of the Buyer and all obligations of the Buyer contained herein shall survive the execution and delivery of this Security Agreement.

6.10 Termination of Security Interest; Assignment. This Security Agreement and the security interests in the Collateral created hereby will terminate when the loan evidenced by the Note has been repaid in full. In the event of a sale or assignment by the Seller of the Note, the Seller may assign or transfer its rights and interest under this Security Agreement in whole or in part to the purchaser or purchasers of such Note, whereupon such purchaser or purchasers will become vested with all of the powers, rights and responsibilities of the Seller hereunder, and the Seller, as applicable, will thereafter be forever released and fully discharged from any liability or responsibility hereunder with respect to the rights, interest and responsibilities so assigned. The Buyer may not assign this Security Agreement without the express written consent of the Seller.

6.11 Severability. To the extent any provision of this Security Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Security Agreement.

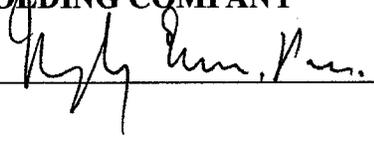
6.12 Counterparts. This Security Agreement may be executed in two or more counterparts, which when assembled shall constitute one and the same agreement.

6.13 Amendments. This Agreement may be amended, modified or waived only by an instrument in writing signed by the Buyer and the Seller.

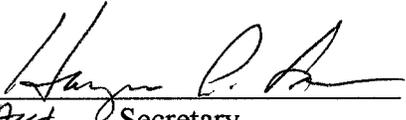
6.14 Release of Collateral. If the Buyer arranges for the sale of any locomotive or core included in the Collateral and makes the prepayment on the Note with respect to such locomotive or core as provided in Section 3.3(b) of the Contract, the Seller shall promptly take all action reasonably requested by the Buyer to release the Seller's lien and security interest in such locomotive or core.

IN WITNESS WHEREOF, the parties have executed this Security Agreement as of the date first above written.

L & S HOLDING COMPANY

By: 

[CORPORATE SEAL]

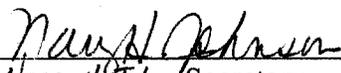

Asst. Secretary

JOHNSON RAILWAY SERVICE, INC.

By: 

[CORPORATE SEAL]

Attest:


Nancy H. Johnson Secretary

STATE OF North Carolina

COUNTY OF mecklenburg

This 3rd day of may, 1999, personally came before me Murphy Evans, who, being by me duly sworn, says that he is the President of **L & S HOLDING COMPANY**, a North Carolina corporation, and that the seal affixed to the foregoing instrument in writing is the corporate seal of the company, and that said writing was signed and sealed by him, in behalf of said corporation, by its authority duly given. And the said President acknowledged the said writing to be the act and deed of said corporation.

Melissa Collier
Notary Public

My commission expires:

12/21/02

[NOTARIAL SEAL]

STATE OF North Carolina

COUNTY OF MCKLENBURG

This 3rd day of may, 1999, personally came before me ~~Chipley Johnson~~ Chipley Johnson, who, being by me duly sworn, says that he is the President of **JOHNSON RAILWAY SERVICE, INC.**, a Georgia corporation, and that the seal affixed to the foregoing instrument in writing is the corporate seal of the company, and that said writing was signed and sealed by him, in behalf of said corporation, by its authority duly given. And the said President acknowledged the said writing to be the act and deed of said corporation.

Melissa Collier
Notary Public

My commission expires:

12/21/02

[NOTARIAL SEAL]

EXHIBIT A

**L & S Holding Company Diesel Shop
Equipment Inventory
November 4, 1997**

1 Air Compressor	Gardner Denver
1 Air Compressor	Portable 12HP Gas En
5 Air Gun	3/8"-1"
1 Banding Machine	
1 Car Mover	
2 Chain Hoist	Portable
1 Charger	Battery solar 560
1 Charger	Battery Associated 6
2 Chisel	Air
1 Crane	KW Dart 20 Ton 1959
1 Drill	Skil 3/8"
1 Drill	Black & Decker 3/4"
1 Drill	Rail 3HP Briggs
1 Drill Press	5/8"
1 Drill Press	3/4 HP
2 Fan	3/4 HP
1 Fork Lift	TCM 4000 Pound
1 Grinder	8" Bench
1 Grinder	3/4 HP Bench
1 Grinder	1/2" Bench
1 Grinder	7" Hand
2 Hand Truck	
1 Ice Machine	Manitowoc
2 Jack	Whitting Electric 25
2 Jack	Whitting Electric 35
1 Jack	1 Ton
1 Jack	3 Ton
2 Jack	50 Ton Journal
2 Jack	2 1/2 Ton Floor
1 Jack	2 Ton
1 Ladder	6 Foot
1 Ladder	10 Foot
1 Light	Magnaflux Black
1 Megger	
2 Meter	Simpson V.O.M.
1 Meter	AWS D.C. AMP
1 Meter	A.C. Amprobe
1 Motor Puller	Shop Hand 4000
1 Parts Washer	1/SHP
1 Power Wrench	Plarad

1 Press	30 Ton Shop
1 Press	25 Ton Shop
1 Puller	Wheel
1 Puller	Wheel Large
2 Ratchet	Air 3/8" Drive
1 Refrigerator	Norge
1 Saw	Skil 7 1/4" Circular
1 Saw	Band Small
1 Socket	Impact 1"-3 1/4"
2 Socket	3/4" Drive
4 Stand	Jack Automotive
1 Stand	Motor
1 Table	Welding With 4"Vise
1 Tank	Portable Air
1 Tester	Dead Weight Gauge
1 Tools	Misc. Hand
1 Torch	Cutting Complete Wit
1 Torque Wrench	E.M.D.
1 Torque Wrench	Proto 6020A
1 Vacuum	Shop Vac
1 Vise	6"
1 Vise	Bench
1 Vise	Pipe
1 Vise	Bench
1 Washer	Landa 4-2500 (Gas)
1 Washer	Spartan LP Gas
1 Washing Mach.	Kenmore
1 Welder	Y1-400 CU/DC 400AMP
1 Welder	Lincoln D.C. 200 AMP
1 Welder	Miller 250G
1 Wheel Barrow	
1 Wheel Lathe	

Seller is conveying all of its Diesel Shop equipment inventory to Buyer, which Seller represents is substantially as set forth in the above inventory taken as of November 4, 1997. Such equipment inventory is sold AS IS, WHERE IS and WITH ALL DEFECTS. Except for its express warranties in the Contract for the Sale of Railway Properties, dated May 3, 1999 between the Buyer and Seller, Seller disclaims all warranties, express or implied, with respect to such equipment inventory, including without limitation any warranties of merchantability or fitness for a particular purpose.

L. & S. HOLDING COMPANY DIESEL SHOP

ITEM NAME	MODEL/STYLE	DESCRIPTION	CONDITION	QUANTITY
ARMATURE	GE	AUX. GENERATOR	USED	3
ARMATURE	GE	TRACTION MOTOR	SCRAP	1
AXLE	GE	WITH WHEELS	SCRAP	3
AXLE	EMD	WITH WHEELS	USED	13
AXLE	ALCO	WITH WHEELS	SCRAP	2
AXLE	ALCO	WITH WHEELS	SCRAP	2
AXLE	EMD	WITH WHEELS	SCRAP	23
AXLE	ALCO	WITH WHEELS	USED	5
AXLE	GE	WITH WHEELS	USED	2
BEARING	GE	TRACTION MOTOR ARM. END	NEW	2
BEARING	GE	TRACTION MOTOR PIN. END	NEW	4
BEARING	GE	SUPPORT	NEW	3
BEARING	EMD	SUPPORT	USED	18
BEARING	6 1/2" x 12"	FRICTION	NEW	10
BEARING	ALCO	SUPPORT	USED	8
BELL		SIGNAL LIGHT	USED	3
BELL MOTORS			USED	4
BLOCK & CRANK	GE		SCRAP	3
BLOWER	EMD	LEFT SIDE	NEW	2
BLOWER	EMD	ENGINE	REBUILT	2
BLOWER	GE	TRACTION MOTOR	USED	2
BLOWER	EMD	TRACTION MOTOR	USED	2
BOLT	GE	FUEL HEADER	NEW	5
BOX	GE	JOURNAL	USED	2
BRAKE RIGGING	EMD		USED	2
BRAKE SHOE		CORRECTION	NEW	32
BRAKE SHOE	V-202		NEW	25
BRAKE SHOE	V-145		NEW	72
BRASS	7 1/2" x 14"	WHEEL	NEW	4
BRASS	5 1/2" x 10"	WHEEL	SCRAP	12
BREATHER	GE	INTAKE	USED	4
COMPRESSOR	EMD	AIR	SCRAP	5
COMPRESSOR	GE	AIR	SCRAP	3
COMPRESSOR	EMD	8019 WXE	TO REBUILD	1
CONTACTOR	EMD	STARTING	USED	2
CONTACTS	ALCO	ELECTRICAL	USED	1
COOLER	GE	OIL	SCRAP	1
COOLER	EMD	OIL	SCRAP	3
COVER	GE	GEAR CASE	USED	1
COVER	GE	RACK	NEW	21
COVER	EMD	GEAR CASE	USED	20
COVER	ALCO	GEAR CASE	USED	9

L. & S. HOLDING COMPANY DIESEL SHOP

CRANKSHAFT	GE	ENGINE	NEW	1
CYLINDER	GE	ENGINE	REBUILT	4
CYLINDER	GE	ENGINE	USED	38
DRAW HEAD	EMD	W/ DRAFT GEAR	USED	2
DRAW HEAD	ALCO	W/ DRAFT GEAR	USED	1
ENGINE	EMD	587 WITH GENERATOR	USED	1
ENGINE & GEN.	539 ALCO		SCRAP	1
FAN	74 VOLT	CAB	NEW	1
FAN	GE	ENGINE COOLING	USED	2
GAUGE	EMD	AIR	NEW	4
GENERATOR	GE	AUXILIARY	SCRAP	2
GENERATOR	ALCO	AUXILIARY	USED	1
GENERATOR	GE	AUXILIARY	USED	3
GOVERNOR	GE	ENGINE	REBUILT	1
GOVERNOR	EMD	ENGINE	TO BE REBUILT	6
GOVERNOR	ALCO	ENGINE	TO BE REBUILT	1
GOVERNOR	EMD	COMPRESSOR	USED	2
GOVERNOR	GE	ENGINE	TO BE REBUILT	2
GOVERNOR	GE	ENGINE	USED	1
GREASE	CRATER	TRACTION MOTOR	NEW	1151
HEAD	GE	COMPRESSOR	USED	2
HEAD	EMD	ENGINE	USED	13
HEAD	12"	SIGNAL LIGHT	USED	12
HEAT SHUTTERS	EMD	CONTROL CYD.	REBUILT	1
HEATER	GE	CAB	USED	1
HORN		SINGLE CHIME	USED	4
INJECTOR	ALCO	FUEL	REBUILT	6
INJECTOR	GE LONG	FUEL	REBUILT	11
INJECTOR	GE SHORT	ENGINE FUEL	REBUILT	5
KIT	EMD	WATER PUMP REPAIR	NEW	5
LENS	8"	SIGNAL LIGHT	NEW	4
MOTOR	GE	TRACTION	USED	3
MOTOR	EMD	TRACTION	USED	20
MOTOR	EMD	TRACTION	SCRAP	2
MOTOR	ALCO	TRACTION	REBUILT	4
MOTOR	EMD	TRACTION WITHOUT ARMATURE	SCRAP	1
MOTOR	EMD	TRACTION W/ WHEEL	SCRAP	1
PACKING	EMD	BRAKE CYLINDER	NEW	9
PAD	7 1/2' x 14"	LUBE	NEW	40
PAD	GE	CENTER PIN LUBE	NEW	18
PAD	EMD	SUPPORT BEARING LUBE	USED	20
PAD	6 1/2" x 12"	LUBE	NEW	51
PARTS	MISCELLANEOUS		USED	3 BOXES
PIN	GE	WRIST	NEW	1

L. & S. HOLDING COMPANY DIESEL SHOP

PISTON	GE	ENGINE	NEW	3
PISTON	EMD	ENGINE	USED	2
PISTON	GE	ENGINE	USED	20
PISTON CARRIER	EMD		NEW	2
POWER PACK	EMD	567-BC (NO HEAD)	NEW	4
POWER PACK	EMD	567-A	NEW	4
POWER PACK	EMD	567	USED	2
POWER PACK	EMD	567-BC (NO HEAD)	USED	1
POWER RACK	EMD		USED	9
PUMP	EMD	WATER	USED	4
PUMP	ALCO	FUEL HIGH PRESSURE	REBUILT	1
PUMP	GE	FUEL	USED	1
PUMP	GE	OIL	USED	2
PUMP	GE	FUEL LOW PRESSURE	USED	2
PUMP	GE	FUEL HIGH PRESSURE	REBUILT	7
RADIATOR	GE		SCRAP	3
REGULATOR	EMD	VOLTAGE	TO BE REBUILT	5
REVERSER	EMD		USED	1
ROD	GE	CONNECTING	USED	13
ROD	EMD	CONNECTING	USED	5
SEAL	5 1/2" x 10"	OIL	NEW	9
SEAL	GE	TRACTION MOTOR	NEW	2
SHAFT	GE	FAN	NEW	1
SUPPORT PLATES	GE	5 1/2" x 10	NEW	16
TRUCK	GE	ROLLER BEARING	USED	2
TRUCK	EMD	ROLLER BEARING	USED	4
TRUCK	ALCO	FRICTION BEARING	USED	3
TURBOCHARGER	GE	ENGINE	REBUILT	2
TURBOCHARGER	GE	ENGINE	TO BE REBUILT	2
TURBOCHARGER	ALCO	ENGINE	SCRAP	2
VALVE	GE	AUTO. BRAKE	USED	3
VALVE	EMD	AUTO. BRAKE	USED	7
VALVE	AIR	DISTRIBUTION	USED	5
VALVE	EMD	IND. BRAKE	USED	7
VALVE		REDUCING	USED	11
VALVE	GE	IND. BRAKE	USED	3
WINDSHEILD WIPER	EMD	MOTOR	USED	4

**L & S Holding Company Diesel Shop
Parts Inventory**

Seller is conveying all of its Diesel Shop parts inventory to Buyer, which Seller represents is substantially as set forth in the foregoing inventory list. Such parts inventory is sold AS IS, WHERE IS and WITH ALL DEFECTS. Except for its express warranties in the Contract for the Sale of Railway Properties, dated May 3, 1999 between the Buyer and Seller, Seller disclaims all warranties, express or implied, with respect to such parts inventory, including without limitation any warranties of merchantability or fitness for a particular purpose.

L & S Holding Company
List of Locomotives and Cores

<u>No.</u>	<u>Type</u>	<u>Location</u>	<u>Date</u>	<u>Number</u>	<u>Bought</u>
101*	GE 70 Ton	Laurinburg, NC	9/47	29089	9/47
103*	GE 70 Ton	Laurinburg, NC	1/51	30837	1/51
104	GE 70 Ton	Parkton, NC	9/50	30458	8/65
105*	GE 70 Ton	Rural Hall, NC	1/48	29466	10/68
107*	GE 70 Ton	Laurinburg, NC	3/49	30038	10/72
109	GE (Cummins)	Laurinburg, NC	3/48	29298	11/74
110*	GE 70 Ton	Laurinburg, NC	6/48	30013	6/79
111#	ALCO S-2	Laurinburg, NC	6/50	78014	8/80
112#	ALCO S-4	Laurinburg, NC	8/52	80063	5/82
113*	ALCO S-4	Laurinburg, NC	1/52	79518	7/82
114*	EMD SW-1	Laurinburg, NC	6/49	7503	4/84
115	EMD SW-1	Cassette, SC	6/49	7505	4/84
116	EMD SW-1	Laurinburg, NC	8/49	7510	9/84
117	EMD SW-1	Rose Hill, NC	8/49	7512	9/84
118	EMD SW-1	Wilmington, NC	8/49	7515	4/84
121	EMD SW-1	Moncure, NC (Harris)	3/40	1041	11/85
123	EMD NW-2	Columbia, SC	4/49	7521	1/87
124	EMD NW-2	Wilmington, NC	4/49	7522	1/87
125*	EMD NW-2	Laurinburg, NC	4/49	7525	1/87
126	EMD NW-2	Turkey, NC	4/49	7526	1/87
128*	EMD NW-2	Laurinburg, NC	2/49	6691	8/88
129	EMD NW-2	Oxford, NC	12/48	6272	8/88
130#	EMD NW-2	Goldsboro, NC	9/49	10266	8/88
131	ALCO S-2	Asheville, NC (Skyland)	9/48	76169	9/89
132	ALCO S-2	Wilmington, NC	7/46	74493	9/89
133	EMD SW-1	Laurinburg, NC	4/47	4804	10/89
135	EMD SW-1	Wilmington, NC	6/51	14561	10/89
136*	EMD SW-1	Laurinburg, NC	1/42	1778	10/89
137*	ALCO S-2	Laurinburg, NC	3/48	75662	1/92
139	EMD NW-2	Rose Hill, NC	9/48	5762	9/93
140	EMD SW-1	Hartsville, SC	2/52	16116	9/93
141	EMD SW-1	Laurinburg, NC	10/45	3225	9/93
142	EMD SW-1	Laurinburg, NC	3/51	14098	9/93
143	EMD SW-1	Laurinburg, NC	8/51	14559	9/93
144	ALCO (C)	Goldsboro, NC	12/48	76514	8/94
145#	ALCO S-4	Laurinburg, NC	4/54	81094	6/94
146*	ALCO S-2	Laurinburg, NC	8/43	70273	6/94
150	GE 25 Ton	Bladenboro, NC	5/43	17916	7/89

* These locomotives are cores.

Any two of these four locomotives may be designated by Buyer as cores.

Such locomotives and cores are sold AS IS, WHERE IS and WITH ALL DEFECTS. Except for its express warranties in the Contract for the Sale of Railway Properties, dated May 3, 1999 between the Buyer and Seller, Seller disclaims all warranties, express or implied, with respect to such locomotives and cores, including without limitation any warranties of merchantability or fitness for a particular purpose.

**L & S Holding Company Diesel Shop
Miscellaneous Personalty and Vehicles**

<u>Year</u>	<u>Make</u>	<u>License Plate</u>	<u>VIN #</u>
1994	Ford Pickup	HXO 4962	1FTDF15Y1RNB39316
1992	Ford Pickup	LNC 6157	1FTEF15Y6NNB15799
1982	Chev. Boom Truck	AU 9446	1GBL7D1B4CV128494
1998	PPL Trailer	PT 22426	1W8A11D26WS000723
	Fork Lift	TCM – Model # SS 352 S	
1959	KW UART Crane	(Not Licensed)	59067

Such vehicles and equipment are sold AS IS, WHERE IS and WITH ALL DEFECTS. Except for its express warranties in the Contract for the Sale of Railway Properties, dated May 3, 1999 between the Buyer and Seller, Seller disclaims all warranties, express or implied, with respect to such vehicles and equipment, including without limitation any warranties of merchantability or fitness for a particular purpose.

**L & S Holding Company
Leases**

LESSEE	MONTHLY	YEAR BEGAN
Prestage Farms Cassatt, S.C.	\$2650	7/96
Nash Johnson Rosehill, N.C.	\$2400	7/92
Kosa Wilmington, N.C.	\$3500	8/92
Carolina Power & Light Asheville, N.C.	\$3000	6/80
Tarmac Lonestar Columbia, S.C.	\$2500	8/88
Kosa Wilmington, N.C.	\$1000	2/96
Carrolls Foods Laurinburg, N.C.	\$1500	6/96
Tyson Foods Monroe, N.C.	\$2500	6/87
Certainteed Oxford, N.C.	\$2700	4/90
Carolina Power & Light Moncure, N.C.	\$2500	4/90
Carrolls Foods Warshaw, N.C.	\$2400	1/89
Almont Shipping Wilmington, N.C.	\$3250	8/94
LOF Glass Laurinburg, N.C.	\$2000	9/73
Goldsboro Milling Goldsboro, N.C.	\$2500	1/92
Murphy Farms Rosehill, N.C.	\$2400	7/94