

RECORDATION # 18718-H FILED ✓ 7/16

**SCHMID, JONES & MEADOWS, PLLC** AUG 12 '98

1-07 PM

ATTORNEYS AT LAW  
500 WALNUT BUILDING  
706 WALNUT STREET  
KNOXVILLE, TENNESSEE 37902

MAILING ADDRESS  
POST OFFICE BOX 377  
KNOXVILLE, TN 37901-0377

TELEPHONE: (423) 540-8777  
TELECOPIER: (423) 544-7638

August 10, 1998

Honorable Vernon A. Williams, Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, DC 20423-0001

NOV 12 1 07 PM '98  
SURFACE TRANSPORTATION BOARD

Dear Secretary Williams:

I have enclosed two (2) originals of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the United States Code.

The Amended, Restated and Consolidated Security Agreement (the "Agreement") is a secondary document amending the primary document recorded February 24, 1994 with the Interstate Commerce Commission under recordation number 18718 (the "Original Security Document"). The Original Security Document has been previously amended by other secondary documents. The Agreement supercedes all such earlier recorded secondary documents.

The parties to the Agreement are as follows:

The Grantors of the Security Interest (the "Grantors"):

- Gulf & Ohio Railways Holding Co., Inc.
- Gulf & Ohio Railways, Inc.
- Wiregrass Central Railroad Company, Inc.
- Piedmont & Atlantic Railroad Co., Inc.
- Rocky Mount & Western Railroad Co., Inc.
- Albany Bridge Company, Inc.
- Georgia & Florida Railroad Co., Inc.
- Live Oak, Perry & Georgia Railroad Company, Inc.
- Lexington & Ohio Railroad Co., Inc.
- Knoxville & Holston River Railroad Co., Inc.
- Knoxville Locomotive Works, Inc.
- Laurinburg & Southern Railroad Co., Inc.

Honorable Vernon A. Williams, Secretary

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The Chief Executive Offices for each of the Grantors is located at:

401 Henley Street, Suite 5  
Knoxville, Tennessee 37902

Secured Party:

NationsBank of Tennessee, N.A.  
550 Main Avenue  
Knoxville, Tennessee 37902

Please index this Agreement under each of the names listed above.

Included in the property covered by the Agreement are:

the rolling stock, locomotives, railcars, boxcars, hopper cars listed on Exhibit "A" attached to the Agreement and all machinery, tools, implements and other railroad related appliances, fixtures, apparatus, facilities, material and supplies used in connection with or pertaining to such rolling stock, locomotives, railcars, boxcars and hopper cars.

A fee of \$26.00 is enclosed pursuant to the schedule of filing fees appearing at 49 C.F.R. §1002(f)(83). Please return the originals if not needed to:

Schmid, Jones & Meadows, PLLC  
P.O. Box 377  
Knoxville, TN 37901-0377  
Attn: Jeffrey J. Wall, Esq.

The Agreement should be indexed as follows:

Amended, Restated and Consolidated Security Agreement creating a security interest in certain rolling stock, locomotives, railcars, boxcars, hopper cars and other railroad equipment owned by the Grantors.

Honorable Vernon A. Williams, Secretary  
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August 10, 1998

If you have any questions or require any further information, please contact me at the phone number or address listed above. Thank you for your assistance.

Very truly yours,



JEFFREY J. WALL  
Attorney for NationsBank of Tennessee, N.A.

JJW/jlp

Enclosures

cc: Mr. C. Howard Capito (w/o enclosures)

SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423-0001

OFFICE OF THE SECRETARY

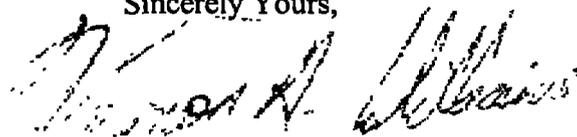
DATE:8/12/98

Jeffrey J. Wall  
Schmid, Jones & Meadows, PLLC  
500 Walnut Building  
706 Walnut Street  
Knoxville, Tennessee 37902

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of 49 U.S.C. 11301  
and 49 CFR 1177.3(c), on 8/12/98 at 1:07PM  
assigned recordation number(s). 18718-H.

Sincerely Yours,



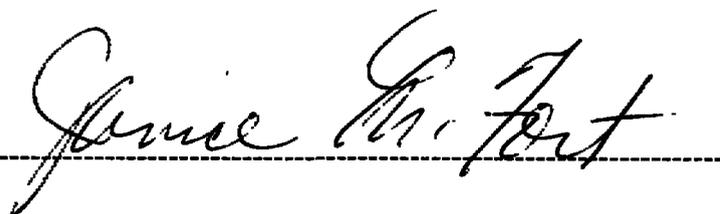
Vernon A. Williams

Enclosure(s)

\$26.00

\$-----The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid. In the event of an error or any questions concerning this fee, you will receive a notification after the Surface Transportation Board has an opportunity to examine your document.

Signature



AUG 12 '98

1-07PM

**AMENDED, RESTATED AND CONSOLIDATED SECURITY AGREEMENT**

**AMENDED, RESTATED AND CONSOLIDATED SECURITY AGREEMENT**  
(this "Security Agreement"), dated as of July 31, 1998, made by **GULF & OHIO RAILWAYS HOLDING CO., INC.**, a Tennessee corporation ("Borrower"); **GULF & OHIO RAILWAYS, INC.**, a Tennessee corporation ("G&O"); **WIREGRASS CENTRAL RAILROAD COMPANY, INC.**, an Alabama corporation ("Wiregrass"); **PIEDMONT & ATLANTIC RAILROAD CO., INC.**, a Tennessee corporation ("P&A"); **ROCKY MOUNT & WESTERN RAILROAD CO., INC.**, a Tennessee corporation ("RMWR"); **ALBANY BRIDGE COMPANY, INC.**, a Georgia corporation ("Albany"); **GEORGIA & FLORIDA RAILROAD CO., INC.**, a Georgia corporation ("GFRR"); **LIVE OAK, PERRY & GEORGIA RAILROAD COMPANY, INC.**, a Tennessee corporation ("Live Oak"); **LEXINGTON & OHIO RAILROAD CO., INC.**, a Tennessee corporation ("LORR"); **KNOXVILLE & HOLSTON RIVER RAILROAD CO., INC.**, a Tennessee corporation ("KHRR"); **KNOXVILLE LOCOMOTIVE WORKS, INC.**, a Tennessee corporation ("Knoxville Locomotive") and **LAURINBURG & SOUTHERN RAILROAD CO., INC.**, a Tennessee corporation ("Laurinburg") (hereinafter, the Borrower, G&O, Wiregrass, P&A, RMWR, Albany, GFRR, Live Oak, LORR, KHRR and Knoxville Locomotive are referred to collectively as the "Original Grantors," and the Original Grantors, together with Laurinburg, are referred to collectively as the "Grantors"), to **NATIONSBANK OF TENNESSEE, N.A.**, a national banking association (the "Bank"), pursuant to the terms of the Amended and Restated Credit Agreement dated as of March 13, 1998 by and among the Original Grantors, the Bank and H. Peter Claussen and wife, Linda C. Claussen, Tennessee residents (collectively, the "Individual Guarantors") (hereinafter, as the same may from time to time be amended, supplemented or otherwise modified, the "Credit Agreement", and except as otherwise may be defined herein, all capitalized terms herein shall have the meanings set forth in the Credit Agreement):

**WITNESSETH:**

WHEREAS, pursuant to the terms of the Original Credit Agreement, the Bank agreed to make (a) the Original 1994 Acquisition Loan in the original principal amount of \$5,100,000, evidenced by the Original 1994 Acquisition Note, (b) the Original Revolving Credit Facility in the original principal amount of \$500,000, evidenced by the Original Revolving Credit Note and (c) the Original 1995 Equipment Loan in the original principal amount of \$750,000, evidenced by the Original 1995 Equipment Note, for the purposes described in the Original Credit Agreement (hereinafter the Original 1994 Acquisition Loan, the Original Revolving Credit Facility and the Original 1995 Equipment Loan, as modified, amended or restated as described below, are referred to collectively as the "First Loans", and the Original 1994 Acquisition Note,

the Original Revolving Credit Note and the Original 1995 Equipment Note, as modified, amended or restated as described below, are referred to collectively as the "First Notes"); and

WHEREAS, pursuant to the terms of the 1995 Credit Agreement, the Bank agreed to (a) amend and restate the First Loans, and (b) make the 1995 Acquisition Loan to the Individual Guarantors in the original principal amount of up to \$2,400,000 for the purpose of funding (i) additional locomotive acquisitions and repair and overhaul costs related thereto and (ii) the acquisition of certain railroad properties located in Georgia and Florida to be operated by Live Oak (hereinafter the First Loans and the 1995 Acquisition Loan are referred to collectively as the "1995 Loans"); and

WHEREAS, the 1995 Acquisition Loan was evidenced by the 1995 Acquisition Note (hereinafter the First Notes and the 1995 Acquisition Note are referred to collectively as the "1995 Notes"); and

WHEREAS, pursuant to the terms of the 1996 Credit Agreement, the Bank agreed to (i) continue funding the 1995 Loans, excepting the Original Revolving Credit Facility which was amended and restated in the maximum principal amount of \$1,000,000 (as amended, modified or restated, the "1996 Revolving Credit Facility") and (ii) make (A) the 1996 Equipment Loan to G&O in the original principal amount of up to \$2,525,000 for the purposes set forth in the 1996 Credit Agreement and (B) the 1996 Capital Project Loan to the Individual Guarantors in the original principal amount of up to \$727,000 for the purposes set forth in the 1996 Credit Agreement (hereinafter, the 1995 Loans, the 1996 Revolving Credit Facility, the 1996 Equipment Loan, and the 1996 Capital Project Loan, are referred to collectively as the "1996 Loans"); and

WHEREAS, the 1996 Equipment Loan was assigned to and assumed by GFRR pursuant to the terms of an Assignment and Assumption Agreement dated as of September 24, 1996 (the "1996 Equipment Loan Assignment");

WHEREAS, the 1996 Revolving Credit Facility was evidenced by the 1996 Revolving Credit Note; the 1996 Equipment Loan was evidenced by the 1996 Equipment Note; and the 1996 Capital Project Loan was evidenced by the 1996 Capital Project Note (hereinafter, the 1995 Notes (as such may have been previously amended, restated or modified, including the 1996 Revolving Credit Note), the 1996 Equipment Note (as assumed by GFRR pursuant to the 1996 Equipment Loan Assignment) and the 1996 Capital Project Note are referred to collectively as the "1996 Notes"); and

WHEREAS, pursuant to the terms of the 1997 Equipment Note, the Bank agreed to lend to G&O the 1997 Equipment Loan in the original principal amount of up to \$925,000 for the purpose of providing financing to G&O for its acquisition of additional railroad rolling stock; and

WHEREAS, the 1996 Loans and the 1997 Equipment Loan are hereinafter referred to collectively as the "Prior Loans", and the 1996 Notes and the 1997 Equipment Note are hereinafter referred to collectively as the "Prior Notes"; and

WHEREAS, pursuant to the terms of the Credit Agreement, the Bank has made the new Revolving Credit Facility in the maximum principal amount of \$14,500,000 to the Borrower to

be evidenced by the new Revolving Credit Note in such principal amount, in part for the purpose of refinancing the Prior Loans evidenced by the Prior Notes and for the other purposes set forth in the Credit Agreement; and

WHEREAS, Laurinburg is a newly formed, wholly-owned subsidiary of the Borrower; and

WHEREAS, the Bank has agreed to continue to make loans to the Borrower under the Credit Agreement, but only upon the condition, among others, that the Grantors shall have executed and delivered to the Bank this Security Agreement; and

WHEREAS, this Security Agreement amends, restates and consolidates (i) the Amended and Restated Security Agreement dated as of March 13, 1998 by and among the Original Grantors and the Bank (the "Prior Security Agreement") and (ii) any and all Security Agreements executed by any or all Grantors in favor of the Bank prior to the Prior Security Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. The following terms shall have the following meanings when used herein, unless the context otherwise requires (such meanings to be equally applicable to the singular and plural):

"Accounts": any "Account", as such term is defined in Section 9-106 of the Code.

"Account Debtor": the party who is obligated on an Account.

"Chattel Paper": "chattel paper" as such term is defined in Section 9-105 of the Code.

"Code": the Uniform Commercial Code as the same may from time to time be in effect in the State of Tennessee.

"Collateral": the meaning assigned to it in Section 2 of this Security Agreement.

"Collateral Account": the meaning assigned to it in Section 3 of this Security Agreement.

"Contracts": all contracts, instruments, undertakings, documents or other agreements in or under which any Grantor may now or hereafter have any right, title or interest.

"Documents": any "documents", as such term is defined in Section 9-105 of the Code.

"Equipment": any "equipment", as such term is defined in Section 9-109(2) of the Code, including, without limitation, the railroad rolling stock described on Exhibit A attached hereto and incorporated herein by reference.

"Event of Default": any of the events specified in Section 9 of this Security Agreement.

"Fixtures": all goods that are or become "fixtures" as defined in Section 9-313(1)(a) of the Code, located on the real property more particularly described in the Deeds of Trust.

"General Intangibles": any "general intangibles", as such term is defined in Section 9-106 of the Code.

"Instrument": any "instrument" as such term is defined in Section 9-105 of the Code.

**"Inventory"**: any "inventory", as such term is defined in Section 9-109(4) of the Code.

**"Proceeds"**: any "proceeds", as such term is defined in Section 9-306 of the Code.

**"Security Agreement"**: this Amended, Restated and Consolidated Security Agreement, as the same may be further amended, restated, supplemented or otherwise modified from time to time.

Section 2. **Grant of Security Interest**. As collateral security for the prompt and complete payment and performance when due of all the Obligations and in order to induce the Bank to make the Revolving Credit Facility available to the Borrower, each of the Grantors hereby sells, assigns, conveys, mortgages, pledges, hypothecates and transfers to the Bank, a security interest and lien in, all such Grantor's rights, titles and interests in, to and under the following, whether now existing or hereafter acquired (all of which being hereinafter collectively called the **"Collateral"**):

- (i) all Accounts, Contracts and contract rights and General Intangibles;
- (ii) all Equipment and Fixtures;
- (iii) all Inventory;
- (iv) all other personal property of each such Grantor, including, without limitation, all rolling stock, locomotives, railcars, boxcars, hopper cars and all machinery, tools, implements and other railroad related appliances, fixtures, apparatus and facilities, material and supplies used in connection with or pertaining to any railroad lines owned, leased and/or operated by each such Grantor, including, without limitation, all (A) such property described in the Deeds of Trust and (B) the rolling stock, boxcars and locomotives listed on **Exhibit A** attached hereto and which by this reference are incorporated herein as if fully set forth herein;
- (v) all Documents, Instruments and Chattel Paper;
- (vi) all leases, rental contracts, rents and income from all that certain property described in the Deeds of Trust;
- (vii) all of each such Grantor's books of account, records, ledger sheets and documents relating to the foregoing; and
- (viii) to the extent not otherwise included, all Proceeds and products of any or all of the foregoing (hereinafter, the items described in (ii), (iii), (iv), (v) and (vii) above are referred to collectively sometimes as the **"Personal Property"**).

Section 3. **Rights of the Bank; Limitations on Bank's Obligations; Sales and Collections**.

(a) If required by the Bank at any time after the occurrence of an Event of Default, any Proceeds, when collected by any Grantor, shall be promptly deposited by such Grantor in precisely the form received, except for its endorsement when required, in a special bank account

maintained by the Bank (the "Collateral Account"), subject to withdrawal by the Bank only, as hereinafter provided, and until so turned over, shall be deemed to be held in trust by such Grantor for and as the Bank's property and shall not be commingled with such Grantor's other funds. Such Proceeds, when deposited, shall continue to be collateral security for all of the Obligations and shall not constitute payment thereof until applied as hereinafter provided. If an Event of Default shall have occurred and be continuing, the Bank shall, at such intervals as it shall determine, apply all or any part of the funds on deposit in the Collateral Account on account of the principal of and/or interest on any of the Obligations, the order and method of such application to be in the discretion of the Bank and any part of such funds which the Bank elects not so to apply and deems not required as collateral security for the Obligations shall be paid over from time to time by the Bank to the applicable Grantor. If an Event of Default shall not be continuing, funds deposited in the Collateral Account from any particular Grantor shall be released immediately to such Grantor.

(b) The Bank may at any time notify Account Debtors that the Accounts have been assigned to the Bank and, upon an Event of Default, that payments shall be made directly to the Bank. Copies of such notification shall be delivered promptly to the applicable Grantor by the Bank. Upon the request of the Bank at any time, each Grantor will so notify its Account Debtors. Further, the Bank from time to time in its sole discretion, may in its own name or in the name of others communicate with such Account Debtors in order to verify with them to the Bank's satisfaction the existence, amount and terms of any Accounts.

(c) The Bank shall have the right to make test verifications of the Accounts in any reasonable manner and through any medium it considers advisable no more than twice per year, except in the event of an Event of Default hereunder, in which case the Bank's right to make test verifications of the Accounts shall not be limited in any respect. Each of the Grantors agrees to furnish all such assistance and information as the Bank may require in connection therewith. Each of the Grantors at its expense will cause independent public accountants reasonably satisfactory to the Bank to furnish promptly to the Bank from time to time according to the first sentence in this subparagraph (c), the following reports: (i) reconciliation of all Accounts, (ii) an aging of all Accounts, (iii) trial balances, and (iv) a test verification of such Accounts as the Bank may request.

Section 4. Representations and Warranties. Each Grantor hereby represents and warrants that:

(a) This Security Agreement constitutes a valid obligation of such Grantor, legally binding upon it and enforceable in accordance with its terms. No consent of any other party (including, without limitation, shareholders and creditors of such Grantor) and no consent, license, approval or authorization of, or registration or declaration with, any Governmental Authority, except for (a) filings of UCC-1 and/or UCC-3 Financing Statements in the appropriate filing offices, (b) compliance with applicable certificate laws with respect to motor vehicles and (c) filing of this Security Agreement with the STB in accordance with applicable law, rules or regulations, is required in connection with the execution, delivery, performance, validity or

enforceability of this Security Agreement with respect to Collateral in existence on the date hereof.

(b) Except for the security interest granted to the Bank pursuant to this Security Agreement, the Grantors are (or, in the case of after-acquired property, will be) the owners of the Collateral, having good and marketable title thereto, free and clear of any and all Liens except for Permitted Liens.

(c) No security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral is on file or of record in any public office, except such as may have been filed by the Grantor in favor of the Bank.

(d) This Security Agreement creates a valid and continuing Lien on the Collateral, and once (i) this Security Agreement is filed with the STB and (ii) all UCC Financing Statements referred to herein are filed in the proper UCC filing offices, this Security Agreement will evidence a perfected security interest in the Collateral in which a security interest can be perfected by the filing of UCC Financing Statements, in favor of the Bank, which Lien and security interest will be prior to all other Liens, encumbrances, security interests and rights of others (except for Permitted Liens) once such UCC Financing Statements referred to above are filed. The Lien of this Security Agreement is enforceable as such as against creditors of and purchasers from such Grantor. All action necessary or desirable to protect and perfect such security interest in each item of the Collateral has been duly taken, or, concurrently with the execution and filing of this Security Agreement and applicable UCC Financing Statements, will be duly taken.

(e) The Grantors' principal places of business and chief executive offices and the places where their records concerning the Collateral are kept are described on Exhibit B attached hereto, and the Grantors will not change such principal places of business or remove such records without the express prior written consent of the Bank.

(f) The amount represented by any Grantor to the Bank from time to time as owing by each Account Debtor or by all Account Debtors in respect of the Accounts will at such time be, to the best of such Grantor's knowledge, the correct amount actually and unconditionally owing by such Account Debtors to such Grantor thereunder.

(g) The only names under which the Collateral is owned, used or sold are the names of the Grantors as described in Exhibit C to this Security Agreement.

(h) Each Exhibit or Schedule hereto contains true and complete information with respect to the subject matter covered thereby.

(i) Each of the Grantors except Albany and Knoxville Locomotive is a "transmitting utility" as defined in Article 9 of the Uniform Commercial Code as adopted in each state in which it operates (except for the states of North Carolina and Georgia).

Section 5. Covenants. The Grantors covenant and agree with the Bank that from and after the date of this Security Agreement and until the Obligations are fully satisfied:

(a) Further Documentation: Pledge of Instruments. From time to time, upon the reasonable written request of the Bank, and at the sole expense of the Grantors, the Grantors will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Bank may reasonably deem desirable in obtaining the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any jurisdiction with respect to the Liens and security interests granted hereby, conveying the Grantors' interests in the Collateral to the Bank and using their best efforts to obtain waivers from landlords and mortgagees. The Grantors also hereby authorize the Bank to file any such financing or continuation statement without the signature of such Grantors to the extent permitted by applicable law.

(b) Maintenance of Records. The Grantors will keep and maintain at their own cost and expense satisfactory and complete records of the Collateral including, without limitation, a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. The Grantors will mark their books and records pertaining to the Collateral to evidence this Security Agreement and the security interests granted hereby. For the Bank's further security, the Grantors agree that the Bank shall have a special property interest in all of such Grantors' books and records pertaining to the Collateral, and the Grantors shall make available to the Bank or its representatives such books and records at any time on reasonable demand of the Bank.

(c) Indemnification. In any suit, proceedings or action brought by the Bank relating to the Collateral, the Grantors will jointly and severally save, indemnify and keep the Bank harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the obligor thereunder, arising out of a breach by any Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligor or its successors from any Grantor, and all such obligations of any Grantor shall be and remain enforceable against and only against such Grantor(s) and shall not be enforceable against the Bank.

(d) Compliance with Laws, etc. The Grantors will comply, in all material respects, with all acts, rules, regulations, orders, decrees and directions of any Governmental Authority or any court applicable to the Collateral or any part thereof or to the operation of the Grantors' businesses.

(e) Payment of Obligations. The Grantors will pay promptly when due, all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of the income or profits therefrom, as well as all claims of any kind (including claims for labor, materials and supplies), except that no such charge need be paid if (i) the validity thereof is being contested in good faith (ii) such proceedings or negotiations do not involve any danger of the

sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against on the books of such Grantor(s) in accordance with Generally Accepted Accounting Principles.

(f) Limitation on Liens on Collateral. Except as may otherwise be provided in the Credit Agreement, the Grantors will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral except Permitted Liens and will defend the right, title and interest of the Bank in and to any of the Grantors' rights to the Collateral and in and to the Proceeds and products thereof against the claims and demands of all Persons whomsoever.

(g) Limitations on Modifications of Material Contracts, Licenses, Accounts: No Waivers; Extensions. Except as may otherwise be provided in the Credit Agreement and except as in the ordinary course of business, the Grantors will not (i) amend, modify, terminate or waive any provision of any material Contract or license in any manner which might materially adversely affect the value of such Contract or license as Collateral, (ii) fail to exercise promptly and diligently each and every material right which it may have under each material Contract and license (other than any right of termination) or (iii) fail to deliver to the Bank a copy of each material demand, notice or document received by it relating in any way to any material Contract or license. Except as may otherwise be provided in the Credit Agreement, the Grantors will not, without the Bank's prior written consent, grant any material extension of the time of payment of any of the Accounts or any amounts due under any material Contract or license, compromise, compound or settle the same for substantially less than the full amount thereof, release, wholly or partly, any Person liable for the payment thereof, or allow any credit or discount whatsoever thereon other than trade or other customary discounts granted in the normal course of business.

(h) Maintenance of Insurance. The Grantors will maintain with financially sound and reputable companies, insurance policies (i) insuring the Personal Property of the Grantors (excepting rolling stock, locomotives, boxcars, hopper cars or other railcars which, the Grantors hereby covenant to self-insure in amounts reasonable and customary in the railroad industry) against loss by fire, explosion, theft and such other casualties as are usually insured against by companies engaged in the same or similar businesses and (ii) insuring the Grantors against liability for personal injury and property damage relating to the use, operation or maintenance of such Personal Property of the Grantors, such policies to be in such form and in such amounts and coverage as may be reasonably satisfactory to the Bank, with losses payable to the Grantors and the Bank as their respective interests may appear. The Grantors shall, if so requested by the Bank, deliver to the Bank as often as the Bank may reasonably request a report of a reputable insurance broker with respect to the insurance on the Personal Property. All insurance with respect to the Personal Property shall (i) provide that no cancellation, reduction in amount or change in coverage thereof shall be effective until at least 10 days after receipt by the Bank of written notice thereof, and (ii) be reasonably satisfactory in all material respects to the Bank.

(i) Limitations on Dispositions of Collateral. The Grantors will not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so except to the extent, if any, permitted by the terms of the Credit Agreement.

(j) Further Identification of Collateral. The Grantors will furnish to the Bank from time to time all such statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Bank may reasonably request pursuant to the terms of the Credit Agreement and this Security Agreement, and all in reasonable detail.

(k) Notices. Except as may otherwise be provided in the Credit Agreement or the Deeds of Trust, the Grantors will advise the Bank promptly, in reasonable detail, (i) of any Lien asserted or claim made against any of the Collateral securing Indebtedness in excess of \$50,000, (ii) of any material change in the composition of the Collateral, and (iii) of the occurrence of any other event which would have a Material Adverse Effect.

(l) Right of Inspection. Upon prior notice to the Grantors, the Bank shall at all times have full and free access during normal business hours to all the books, correspondence and records of the Grantors, and the Bank or its representatives may examine the same, take extracts therefrom and make photographs or photocopies thereof, and the Grantors agree to render to the Bank, at the Grantors' cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto without hindrance or delay. The Bank and its representatives shall at all times also have the right to enter into and upon any premises where any of the Personal Property is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein without hindrance or delay.

(m) Maintenance of Personal Property and Premises. The Grantors will keep and maintain each item of Personal Property and the premises of Grantors in good operating condition, ordinary wear and tear excepted, and the Grantors will provide all maintenance and service and all repairs necessary for such purpose.

(n) Continuous Perfection. The Grantors will not change their respective names, identities or corporate structures in any manner which might make any financing or continuation statement filed hereunder, or previously filed in favor of the Bank, seriously misleading within the meaning of Section 9-402(7) of the Code (or any other then applicable provision of the Code) unless the applicable Grantor shall have given the Bank at least 60 days' prior written notice thereof or shall have delivered to the Bank acknowledgment copies of UCC-3 financing statements (and any other security document amendments) duly executed and duly filed in each jurisdiction in which UCC-1 filings (or such other security document filings) were and are required in order to perfect the security interest and lien granted by this Security Agreement and the Deeds of Trust in the Collateral (and including also in any realty) and shall have taken all action (or made arrangements to take such action substantially simultaneously with such change if it is impossible to take such action in advance) necessary or reasonably requested by the Bank to amend such financing statement, continuation statement or other filed security document so that it is not seriously misleading.

#### Section 6. Bank's Appointment as Attorney-in-Fact.

(a) The Grantors hereby irrevocably constitute and appoint the Bank and any officer or agent thereof, with full power of substitution, as their true and lawful attorney-in-fact with full

irrevocable power and authority in the place and stead of each Grantor and in the name of each Grantor or in the Bank's own name, from time to time in the Bank's discretion, for the purpose of carrying out the terms of this Security Agreement, including, but not limited to, (i) furnishing documents or information about the Revolving Credit Facility to any potential purchaser of the Collateral (such authorization provided by the Grantors for the purposes of complying with Tenn. Code Ann. § 45-10-103, and all amendments thereof), and (ii) taking any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, provided, however, that this right will become effective only upon the occurrence of an Event of Default. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) The powers conferred on the Bank hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Bank shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Grantors for any act or failure to act, except for the Bank's own gross negligence, willful misconduct or unlawful act.

Section 7. Performance by Bank of Grantors' Obligations. If the Grantors fail to perform or comply with any of their agreements contained herein or in any other Loan Document and the Bank, as provided for by the terms of this Security Agreement or such other Loan Document, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Bank incurred in connection with such performance or compliance, together with interest thereon at the highest rate provided for in respect of the Revolving Credit Facility made under the Credit Agreement, shall be payable by the Grantors to the Bank on demand and shall constitute Obligations secured hereby.

Section 8. Events of Default. Each of the following shall constitute an "Event of Default" under this Security Agreement:

(a) Failure of the Borrower to pay any Obligation to the Bank when the same shall become due and payable, whether at maturity, as a result of the Bank's demand for payment or otherwise, and the expiration of all grace periods with respect thereto; or

(b) Failure of any Grantor to perform or observe any covenant set forth herein and ten (10) days shall have elapsed after the Bank has provided written notice to such Grantor or the Borrower of such default, provided, however, that this requirement of notice and cure provided herein shall not apply to any of the covenants set forth in Section 5(f)(g)(i)(l) and (n) hereof; or

(c) Discovery by the Bank that any representation or warranty made by any Grantor herein, or any statement or representation made in any certificate, report or opinion delivered pursuant hereto or in connection herewith was materially untrue or is breached in any material respect; or

(d) The occurrence of an Event of Default, under or with respect to the Credit Agreement, the Revolving Credit Note, or any other Loan Document or other agreement,

document or instrument executed in connection with any existing or future Obligations, and the expiration of all applicable grace or cure periods with respect thereto.

**Section 9. Remedies; Rights Upon Default.**

(a) If an Event of Default shall occur and be continuing:

(i) All payments received by any Grantor under or in connection with any of the Collateral shall be held by such Grantor in trust for the Bank, shall be segregated from other funds of such Grantor and shall forthwith upon receipt by such Grantor, be turned over to the Bank, in the same form as received by such Grantor (duly indorsed by such Grantor to the Bank, if required); and

(ii) Any and all such payments so received by the Bank (whether from any Grantor or otherwise) may, in the sole discretion of the Bank, be held by the Bank as collateral security for, and/or then or at any time thereafter applied in whole or in part by the Bank, against all or any part of the Obligations (including, without limitation, the Revolving Credit Note) in such order as the Bank shall elect. Any balance of such payments held by the Bank and remaining after payment in full of all the Obligations shall be paid over to such Grantor or to whomsoever may be lawfully entitled to receive the same.

(b) The Bank may exercise in addition to all other rights and remedies granted to it in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code.

(c) The Grantors hereby authorize the Bank to take whatever marketing activities are deemed reasonable by the Bank to sell the Collateral and agree to cooperate with the Bank or its representative in such marketing efforts, including but not limited to entering into a marketing or sale agreement for the marketing, sale or lease of the Collateral satisfactory to the Bank in its sole judgment.

(d) The Grantors also agree to pay all costs of the Bank, including reasonable attorneys' fees, arbitration costs, etc. incurred with respect to the collection of any of the Obligations and the enforcement of any of its rights hereunder.

(e) The Grantors hereby waive presentment, demand, protest or any notice (to the extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral, except as otherwise provided herein or in the Credit Agreement.

(f) The Bank shall give the Grantors ten (10) days prior written notice of (i) any public sale of any Collateral and (ii) the date after which any private sale of any Collateral may be made, except as otherwise required by applicable law.

**Section 10. Limitation on Bank's Duty in Respect of Collateral.** Beyond the safe custody thereof, the Bank shall not have any duty as to any Collateral in its possession or control or in the

possession or control of any agent or nominee of it or any income thereon or as to the preservation of rights against prior or other parties or any other rights pertaining thereto.

Section 11. Notices. All notices hereunder to any party hereto shall be delivered in the manner and according to the terms set forth in the Credit Agreement.

Section 12. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 13. No Waiver; Cumulative Remedies; Amendments. The Bank and each Grantor shall not by any act, delay, omission or otherwise be deemed to have waived any of its or their rights or remedies hereunder and no waiver shall be valid unless in writing, signed by the parties to be charged, and then only to the extent therein set forth. A waiver by the Bank or any Grantor of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such party would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of the Bank or any Grantor, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by the parties hereto.

Section 14. Successors and Assigns; Governing Law. This Security Agreement and all obligations of the Grantors hereunder shall be binding upon the successors and assigns of the Grantors and inure to the benefit of the Bank and its successors and assigns. This Security Agreement shall be governed by, and be construed and interpreted in accordance with, the laws of the State of Tennessee except as may otherwise be required by applicable federal law.

Section 15. Counterparts. This Security Agreement may be signed in any number of counterparts with the same effect as if the signatures hereto and thereto were upon the same instrument.

Section 16. ARBITRATION.

(a) GENERAL PROVISION. ANY CONTROVERSY OR CLAIM BETWEEN OR AMONG THE PARTIES HERETO INCLUDING, BUT NOT LIMITED TO, THOSE ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT, THE CREDIT AGREEMENT, THE REVOLVING CREDIT NOTE OR ANY OTHER LOAN DOCUMENT OR ANY OTHER INSTRUMENT, INCLUDING ANY CLAIM BASED ON OR ARISING FROM AN ALLEGED TORT, SHALL BE DETERMINED BY BINDING ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT (OR IF NOT APPLICABLE,

THE APPLICABLE STATE LAW), THE RULES OF PRACTICE AND PROCEDURE FOR THE ARBITRATION OF COMMERCIAL DISPUTES OF J.A.M.S./ENDISPUTE ("J.A.M.S.") AND THE "SPECIAL RULES" SET FORTH BELOW. IN THE EVENT OF ANY INCONSISTENCY, THE SPECIAL RULES SHALL CONTROL. JUDGMENT UPON ANY ARBITRATION AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. ANY PARTY TO THIS SECURITY AGREEMENT MAY BRING AN ACTION, INCLUDING A SUMMARY OR EXPEDITED PROCEEDING, TO COMPEL ARBITRATION OF ANY CONTROVERSY OR CLAIM TO WHICH THIS SECURITY AGREEMENT APPLIES IN ANY COURT HAVING JURISDICTION OVER SUCH ACTION.

(b) SPECIAL RULES. THE ARBITRATION SHALL BE CONDUCTED IN THE CITY OF THE BORROWER'S DOMICILE AT THE TIME OF THIS SECURITY AGREEMENT'S EXECUTION AND ADMINISTERED BY J.A.M.S. WHO WILL APPOINT AN ARBITRATOR. IF J.A.M.S. IS UNABLE OR LEGALLY PRECLUDED FROM ADMINISTERING THE ARBITRATION, THEN THE AMERICAN ARBITRATION ASSOCIATION WILL SERVE. ALL ARBITRATION HEARINGS WILL BE COMMENCED WITHIN 90 DAYS OF THE DEMAND FOR ARBITRATION. FURTHER, THE ARBITRATOR SHALL ONLY, UPON A SHOWING OF CAUSE, BE PERMITTED TO EXTEND THE COMMENCEMENT OF SUCH HEARING FOR AN ADDITIONAL 60 DAYS.

(c) RESERVATION OF RIGHTS. NOTHING IN THIS SECURITY AGREEMENT, THE CREDIT AGREEMENT, THE REVOLVING CREDIT NOTE OR ANY LOAN DOCUMENT SHALL BE DEEMED TO (i) LIMIT THE APPLICABILITY OF ANY OTHERWISE APPLICABLE STATUTES OF LIMITATION OR REPOSE AND ANY WAIVER CONTAINED IN THIS SECURITY AGREEMENT, THE CREDIT AGREEMENT, THE REVOLVING CREDIT NOTE OR ANY LOAN DOCUMENT OR (ii) BE A WAIVER BY THE BANK OF THE PROTECTION AFFORDED TO IT BY 12 U.S.C. §91 OR ANY SUBSTANTIALLY EQUIVALENT STATE LAW, OR (iii) LIMIT THE RIGHT OF THE BANK HERETO (A) TO EXERCISE SELF HELP REMEDIES SUCH AS (BUT NOT LIMITED TO) SETOFF, OR (B) TO FORECLOSURE AGAINST ANY REAL OR PERSONAL PROPERTY COLLATERAL, OR (C) TO OBTAIN FROM A COURT PROVISIONAL OR ANCILLARY REMEDIES SUCH AS (BUT NOT LIMITED TO) INJUNCTIVE RELIEF, WRIT OF POSSESSION OR THE APPOINTMENT OF A RECEIVER. THE BANK MAY EXERCISE SUCH SELF HELP RIGHTS, FORECLOSURE UPON SUCH PROPERTY, OR OBTAIN SUCH PROVISIONAL OR ANCILLARY REMEDIES BEFORE, DURING OR AFTER THE PENDENCY OF ANY ARBITRATION PROCEEDING BROUGHT PURSUANT TO THIS SECURITY AGREEMENT, THE CREDIT AGREEMENT, THE REVOLVING CREDIT NOTE OR ANY LOAN DOCUMENT. NEITHER THE EXERCISE OF SELF HELP REMEDIES NOR THE INSTITUTION OR MAINTENANCE OF AN ACTION FOR FORECLOSURE OR PROVISIONAL OR ANCILLARY REMEDIES SHALL CONSTITUTE A WAIVER OF THE RIGHT OF ANY PARTY, INCLUDING THE CLAIMANT IN SUCH ACTION, TO ARBITRATE THE MERITS OF THE CONTROVERSY OR CLAIM OCCASIONING RESORT TO SUCH REMEDIES.

Section 17. FINAL AGREEMENT. THIS SECURITY AGREEMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE BANK AND THE GRANTORS.

Section 18. Conflicting Terms. If any term or provision of this Security Agreement conflicts with any term or provision of the Credit Agreement, such term or provision of the Credit Agreement shall take precedence and be deemed to apply, except as such term or provision of the Credit Agreement may be limited by applicable law, in which case the terms and provisions of this Security Agreement in such instance shall be deemed to apply.

Section 19. Amendment, Restatement and Consolidation. This Security Agreement amends, restates and consolidates (i) the Prior Security Agreement and (ii) any and all Security Agreements executed by any or all Grantors and/or the Individual Guarantors in favor of the Bank prior to the Prior Security Agreement.

IN WITNESS WHEREOF, the Grantors and the Bank have caused this Security Agreement to be executed by their duly authorized officers as of the date first set forth above.

**GRANTORS:**

GULF & OHIO RAILWAYS HOLDING CO.,  
INC.

By:   
H. Peter Claussen  
Title: Chief Executive Officer

GULF & OHIO RAILWAYS, INC.

By:   
H. Peter Claussen  
Title: Chief Executive Officer

WIREGRASS CENTRAL RAILROAD  
COMPANY, INC.

By:   
H. Peter Claussen  
Title: Chief Executive Officer

PIEDMONT & ATLANTIC RAILROAD  
CO., INC.

By:  \_\_\_\_\_  
H. Peter Claussen  
Title: Chief Executive Officer

ROCKY MOUNT & WESTERN RAILROAD  
CO., INC.

By:  \_\_\_\_\_  
H. Peter Claussen  
Title: Chief Executive Officer

ALBANY BRIDGE COMPANY, INC.

By:  \_\_\_\_\_  
H. Peter Claussen  
Title: Chief Executive Officer

GEORGIA & FLORIDA RAILROAD  
CO., INC.

By:  \_\_\_\_\_  
H. Peter Claussen  
Title: Chief Executive Officer

LIVE OAK, PERRY & GEORGIA  
RAILROAD COMPANY, INC.

By:   
H. Peter Claussen  
Title: Chief Executive Officer

LEXINGTON & OHIO RAILROAD CO.,  
INC.

By:   
H. Peter Claussen  
Title: Chief Executive Officer

KNOXVILLE & HOLSTON RIVER RAILROAD  
CO., INC.

By:   
Name: H. Peter Claussen  
Title: Chief Executive Officer

KNOXVILLE LOCOMOTIVE WORKS, INC.

By:   
Name: H. Peter Claussen  
Title: Chief Executive Officer

LAURINBURG & SOUTHERN RAILROAD CO.,  
INC.

By:   
Name: H. Peter Claussen  
Title: Chief Executive Officer

**BANK:**

NATIONSBANK OF TENNESSEE, N.A.

By:   
John M. Hall  
Title: Senior Vice President

STATE OF TENNESSEE  
COUNTY OF KNOX

On this 31<sup>st</sup> day of July, 1998 before me personally appeared H. Peter Claussen, to me personally known, who being by me duly sworn, says that he is Chief Executive Officer of Gulf & Ohio Railways Holding Co., Inc., a Tennessee corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

William D. Hood  
Notary Public

My Commission Expires: 1/3/2001

STATE OF TENNESSEE  
COUNTY OF KNOX

On this 31<sup>st</sup> day of July, 1998 before me personally appeared H. Peter Claussen, to me personally known, who being by me duly sworn, says that he is Chief Executive Officer of Gulf & Ohio Railways, Inc., a Tennessee corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

William D. Hood  
Notary Public

My Commission Expires: 1/3/2001

STATE OF TENNESSEE  
COUNTY OF KNOX

On this 31<sup>st</sup> day of July, 1998 before me personally appeared H. Peter Claussen, to me personally known, who being by me duly sworn, says that he is Chief Executive Officer of Wiregrass Central Railroad Company, Inc., an Alabama corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

William Dagg Keedy.  
Notary Public

My Commission Expires: 1/5/2001

STATE OF TENNESSEE  
COUNTY OF KNOX

On this 31<sup>st</sup> day of July, 1998 before me personally appeared H. Peter Claussen, to me personally known, who being by me duly sworn, says that he is Chief Executive Officer of Piedmont & Atlantic Railroad Co., Inc., a Tennessee corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

William Dagg Keedy.  
Notary Public

My Commission Expires: 1/5/2001

STATE OF TENNESSEE  
COUNTY OF KNOX

On this 31<sup>st</sup> day of July, 1998 before me personally appeared H. Peter Claussen, to me personally known, who being by me duly sworn, says that he is Chief Executive Officer of Rocky Mount & Western Railroad Co., Inc., a Tennessee corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

William D. Hoyle  
Notary Public

My Commission Expires: 1/5/2001

STATE OF TENNESSEE  
COUNTY OF KNOX

On this 31<sup>st</sup> day of July, 1998 before me personally appeared H. Peter Claussen, to me personally known, who being by me duly sworn, says that he is Chief Executive Officer of Georgia & Florida Railroad Co., Inc., a Georgia corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

William D. Hoyle  
Notary Public

My Commission Expires: 1/5/2001

STATE OF TENNESSEE  
COUNTY OF KNOX

On this 31<sup>st</sup> day of July, 1998 before me personally appeared H. Peter Claussen, to me personally known, who being by me duly sworn, says that he is Chief Executive Officer of Live Oak, Perry & Georgia Railroad Company, Inc., a Tennessee corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

William Barry Hooper  
Notary Public

My Commission Expires: 1/5/2001

STATE OF TENNESSEE  
COUNTY OF KNOX

On this 21<sup>st</sup> day of July, 1998 before me personally appeared H. Peter Claussen, to me personally known, who being by me duly sworn, says that he is Chief Executive Officer of Lexington & Ohio Railroad Co., Inc., a Tennessee corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

William Barry Hooper  
Notary Public

My Commission Expires: 1/5/2001

STATE OF TENNESSEE  
COUNTY OF KNOX

On this 31<sup>st</sup> day of July, 1998 before me personally appeared H. Peter Claussen, to me personally known, who being by me duly sworn, says that he is Chief Executive Officer of Knoxville & Holston River Railroad Co., Inc., a Tennessee corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

William Barry Hood  
Notary Public

My Commission Expires: 1/5/2001

STATE OF TENNESSEE  
COUNTY OF KNOX

On this 31<sup>st</sup> day of July, 1998 before me personally appeared H. Peter Claussen, to me personally known, who being by me duly sworn, says that he is Chief Executive Officer of Knoxville Locomotive Works, Inc., a Tennessee corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

William Barry Hood  
Notary Public

My Commission Expires: 1/5/2001

STATE OF TENNESSEE  
COUNTY OF KNOX

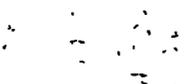
On this 31<sup>st</sup> day of July, 1998 before me personally appeared H. Peter Claussen, to me personally known, who being by me duly sworn, says that he is Chief Executive Officer of Laurinburg & Southern Railroad Co., Inc., a Tennessee corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
William D. Hood  
Notary Public

My Commission Expires: 1/5/2001

STATE OF TENNESSEE  
COUNTY OF KNOX

On this 31<sup>st</sup> day of July, 1998 before me personally appeared John M. Hall, to me personally known, who being by me duly sworn, says that he is the Senior Vice President of NationsBank of Tennessee, N.A., a national banking association organized under the laws of the United States, and that he as such Senior Vice President, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by personally signing the name of the Bank by himself as such Senior Vice President.

  
William D. Hood  
Notary Public

My Commission Expires: 1/5/2001

# GULF & OHIO RAILWAYS HOLDING CO., INC.

## LOCOMOTIVE LISTING

Item	Owner	Number	Serial Number	Model	Date Acquired
1	HSRR	110		GP-7-R	7/1/92
2	HSRR	119		SW-1	
3	YVRR	201	17048	GP-7	3/9/94
4	YVRR	202	17039	GP-7	3/9/94
5	YVRR	203	18051	GP-7	3/9/94
6	YVRR	204	22930	GP-9	3/9/94
7	YVRR	205	20344	GP-9	3/9/94
8	YVRR	206	22781	GP-9	3/9/94
9	YVRR	207	24825	GP-9	3/9/94
10	YVRR	208	24848	GP-9	3/9/94
11	GORR	345		GP-9	3/20/97
12	GFRR	1007		SW-1	3/12/96
13	GFRR	1012		SW-1	3/12/96
14	WGCR	1026		CP-7	8/30/90
15	WGCR	1051		SW-9	7/1/92
16	AGLF	2313		SW1500	5/19/97
17	AGLF	2318		SW1500	5/19/97
18	YVRR	2391		GP-9	12/1/85
19	WGCR	2876		GP-9	3/25/88
20	GFRR	2881	78952	GP-38	7/1/95
21	GFRR	2882	79251	GP-38	7/1/95
22	GFRR	2883	79252	GP-38	7/1/95
23	GFRR	2886	79373	GP-38	7/1/95
24	WGCR	3832		GP-9-R	3/25/88
25	WGCR	3872		GP-9-R	3/25/88
26	WGCR	6226		GP-9	4/5/88
27	LXOH	7738	18410	GP-8	3/27/89
28	RMWR	7913	18419	GP-8	2/29/92
29	GFRR	8006	20794	GP-10	4/14/95
30	MSDR	8047	19382	GP-10	1/1/86
31	GFRR	8050	25026	GP-10	4/14/95
32	WGCR	8056	19898	GP-10	2/18/92
33	GFRR	8067	22328	GP-10	4/14/95
34	MSDR	8068	20147	GP-10	1/1/86
35	AGLF	8090	20757	GP-10	1/1/92
36	GFRR	8092		GP-10	10/30/95
37	H&S	8104	20283	GP-10	1/1/92
38	RMWR	8136	23858	GP-10	4/14/95
39	GFRR	8220		GP-10	10/30/95
40	AGLF	8265	22336	GP-10	8/1/94
41	GFRR	8274	19764	GP-10	4/14/95
42	GFRR	8302	19213	GP-10	8/1/94
43	GFRR	8309		GP-10	1/16/96
44	AGLF	8311	19231	GP-10	5/4/93
45	AGLF	8314	19264	GP-10	5/4/93
46	GFRR	8330		GP-10	4/14/95
47	RMWR	8331	23855	GP-10	9/1/94
48	AGLF	8395	20840	GP-10	6/25/93
49	GFRR	8396		GP-10	1/16/96

**EXHIBIT**  
A

# GULF & OHIO RAILWAYS HOLDING CO., INC.

## LOCOMOTIVE LISTING

Page 2

Item	Owner	Number	Serial Number	Model	Date Acquired
50	WGCR	8420	15851	GP-8	12/10/90
51	AGLF	8421		GP-7-R	12/31/90
52	AGLF	9525		SW1500	5/6/97
53	AGLF	9528		SW1500	5/19/97
54	AGLF	9573		SW1500	5/6/97
55	RMWR	203		STEAM	9/1/95
56	GFRR	8174		GP-10	1/15/96
57	KXHR	HBT52			4/30/98
58	LRS	151		GE 25 ton	7/30/98
59	LRS	116		EMD SW-1	7/30/98
60	LRS	134		EMD NW-2	7/30/98
61	LRS	138		EMD SW-9	7/30/98

# GULF & OHIO RAILWAYS HOLDING CO., INC.

## EQUIPMENT

Item	Owner	Number	AAR Type	Date Acquired
1	MSDR	MSDR 12076	A332	3/1/86
2	MSDR	MSDR 12244	A332	3/1/86
3	MSDR	MSDR 12350	A332	3/1/86
4	MSDR	MSDR 12384	A332	3/1/86
5	MSDR	MSDR 55412	A332	3/1/86
6	MSDR	MSDR 560000	A332	3/1/86
7	MSDR	MSDR 560145	A332	3/1/86
8	MSDR	MSDR 560391	A332	3/1/86
9	MSDR	MSDR 560394	A332	3/1/86
10	MSDR	MSDR 560485	A332	3/1/86
11	MSDR	MSDR 560511	A332	3/1/86
12	MSDR	MSDR 560714	A332	3/1/86
13	MSDR	MSDR 560733	A332	3/1/86
14	MSDR	MSDR 562354	A332	3/1/86
15	MSDR	MSDR 562598	A332	3/1/86
16	MSDR	MSDR 562918	A332	3/1/86
17	GFRR	MSDR 764470	C113	11/8/95
18	GFRR	MSDR 764471	C113	11/8/95
19	GFRR	MSDR 764472	C113	11/8/95
20	GFRR	AGLF 500	C113	11/8/95
21	GFRR	AGLF 501	C113	11/8/95
22	GFRR	AGLF 290851	C113	11/8/95
23	GFRR	AGLF 290850	C113	11/8/95
24	GFRR	AGLF 290852	C113	11/8/95
25	GFRR	AGLF 290854	C113	11/8/95
26	GFRR	AGLF 290855	C113	11/8/95
27	GFRR	AGLF 290858	C113	11/8/95
28	GFRR	AGLF 290859	C113	11/8/95
29	GFRR	AGLF 290860	C113	11/8/95
30	GFRR	AGLF 290861	C113	11/8/95
31	GFRR	AGLF 290863	C113	11/8/95
32	GFRR	AGLF 290865	C113	11/8/95
33	GFRR	AGLF 290868	C113	11/8/95
34	GFRR	AGLF 290869	C113	11/8/95
35	GFRR	AGLF 290870	C113	11/8/95
36	GFRR	AGLF 290872	C113	11/8/95
37	GFRR	AGLF 141072	L027	11/8/95
38	GFRR	AGLF 141142	L027	11/8/95
39	GFRR	AGLF 141157	L027	11/8/95
40	GFRR	AGLF 141164	L027	11/8/95
41	GFRR	AGLF 141200	L027	11/8/95
42	GFRR	AGLF 141218	L027	11/8/95
43	GFRR	AGLF 141252	L027	11/8/95
44	GFRR	AGLF 141255	L027	11/8/95
45	GFRR	AGLF 141280	L027	11/8/95
46	GFRR	AGLF 131952	K140	12/8/95
47	GFRR	AGLF 131953	K140	12/8/95
48	GFRR	AGLF 131955	K140	12/8/95
49	GFRR	AGLF 131960	K140	12/8/95
50	GFRR	AGLF 131972	K140	12/8/95
51	GFRR	AGLF 131977	K140	12/8/95
52	GFRR	AGLF 131922	K140	12/8/95
53	GFRR	AGLF 131996	K140	12/8/95
54	GFRR	AGLF 131956	K140	12/8/95
55	GFRR	AGLF 131959	K140	12/8/95

# GULF & OHIO RAILWAYS HOLDING CO., INC.

## EQUIPMENT

Page 2

Item	Owner	Number	AAR Type	Date Acquired
56	GFRR	AGLF 131976	K140	12/8/95
57	GFRR	AGLF 131982	K140	12/8/95
58	GFRR	AGLF 131983	K140	12/8/95
59	GFRR	AGLF 132500	K140	12/8/95
60	GFRR	AGLF 132501	K140	12/8/95
61	GFRR	AGLF 132504	K140	12/8/95
62	GFRR	AGLF 132508	K140	12/8/95
63	GFRR	AGLF 132509	K140	12/8/95
64	GFRR	AGLF 132512	K140	12/8/95
65	GFRR	AGLF 132514	K140	12/8/95
66	GFRR	AGLF 132515	K140	12/8/95
67	GFRR	AGLF 132516	K140	12/8/95
68	GFRR	AGLF 132517	K140	12/8/95
69	GFRR	AGLF 132518	K140	12/8/95
70	GFRR	AGLF 132519	K140	12/8/95
71	GFRR	AGLF 132521	K140	12/8/95
72	GFRR	AGLF 132522	K140	12/8/95
73	GFRR	AGLF 132523	K140	12/8/95
74	GFRR	AGLF 132524	K140	12/8/95
75	GFRR	AGLF 132525	K140	12/8/95
76	GFRR	AGLF 132526	K140	12/8/95
77	GFRR	AGLF 132527	K140	12/8/95
78	GFRR	AGLF 132528	K140	12/8/95
79	GFRR	AGLF 132529	K140	12/8/95
80	GFRR	AGLF 132531	K140	12/8/95
81	GFRR	AGLF 132532	K140	12/8/95
82	GFRR	AGLF 132533	K140	12/8/95
83	GFRR	AGLF 132534	K140	12/8/95
84	GFRR	AGLF 132535	K140	12/8/95
85	GFRR	AGLF 132536	K140	12/8/95
86	GFRR	AGLF 132537	K140	12/8/95
87	GFRR	AGLF 132538	K140	12/8/95
88	GFRR	AGLF 132539	K140	12/8/95
89	GFRR	AGLF 132540	K140	12/8/95
90	GFRR	AGLF 132541	K140	12/8/95
91	GFRR	AGLF 132542	K140	12/8/95
92	GFRR	AGLF 132543	K140	12/8/95
93	GFRR	AGLF 132502	K140	12/8/95
94	GFRR	AGLF 132503	K140	12/8/95
95	GFRR	AGLF 132505	K140	12/8/95
96	GFRR	AGLF 132506	K140	12/8/95
97	GFRR	AGLF 132507	K140	12/8/95
98	GFRR	AGLF 132511	K140	12/8/95
99	GFRR	GFRR 162	K140	12/8/95
100	GFRR	GFRR 166	K140	12/8/95
101	GFRR	GFRR 167	K140	12/8/95
102	GFRR	GFRR 171	K140	12/8/95
103	GFRR	GFRR 178	K140	12/8/95
104	GFRR	GFRR 187	K140	12/8/95
105	GFRR	GFRR 188	K140	12/8/95
106	GFRR	GFRR 199	K140	12/8/95
107	GFRR	GFRR 200	K140	12/8/95
108	GFRR	GFRR 236	K140	12/8/95
109	GFRR	GFRR 239	K140	12/8/95
110	GFRR	GFRR 241	K140	12/8/95

# GULF & OHIO RAILWAYS HOLDING CO., INC.

## EQUIPMENT

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Item	Owner	Number	AAR Type	Date Acquired
111	GFRR	GFRR 245	K140	12/8/95
112	GFRR	GFRR 199830	K140	12/8/95
113	GFRR	GFRR 199831	K140	12/8/95
114	GFRR	GFRR 199832	K140	12/8/95
115	GFRR	GFRR 199841	K140	12/8/95
116	LRS	LRS 7221	40-Plate B	7/30/98
117	LRS	LRS 7222	40-Plate B	7/30/98
118	LRS	LRS 7224	40-Plate B	7/30/98
119	LRS	LRS 7225	40-Plate B	7/30/98
120	LRS	LRS 7226	40-Plate B	7/30/98
121	LRS	LRS 7227	40-Plate B	7/30/98
122	LRS	LRS 7229	40-Plate B	7/30/98
123	LRS	LRS 7230	40-Plate B	7/30/98
124	LRS	LRS 7231	40-Plate B	7/30/98
125	LRS	LRS 7232	40-Plate B	7/30/98
126	LRS	LRS 7233	40-Plate B	7/30/98
127	LRS	LRS 7234	40-Plate B	7/30/98
128	LRS	LRS 7235	40-Plate B	7/30/98
129	LRS	LRS 7236	40-Plate B	7/30/98
130	LRS	LRS 7238	40-Plate B	7/30/98
131	LRS	LRS 7240	40-Plate B	7/30/98
132	LRS	LRS 7241	40-Plate B	7/30/98
133	LRS	LRS 7242	40-Plate B	7/30/98
134	LRS	LRS 7243	40-Plate B	7/30/98
135	LRS	LRS 7244	40-Plate B	7/30/98
136	LRS	LRS 7245	40-Plate B	7/30/98
137	LRS	LRS 7246	40-Plate B	7/30/98
138	LRS	LRS 7248	40-Plate B	7/30/98
139	LRS	LRS 7249	40-Plate B	7/30/98
140	LRS	LRS 7250	40-Plate B	7/30/98
141	LRS	LRS 7251	40-Plate B	7/30/98
142	LRS	LRS 7252	40-Plate B	7/30/98
143	LRS	LRS 7254	40-Plate B	7/30/98
144	LRS	LRS 7255	40-Plate B	7/30/98
145	LRS	LRS 7257	40-Plate B	7/30/98
146	LRS	LRS 7260	40-Plate B	7/30/98
147	LRS	LRS 7261	40-Plate B	7/30/98
148	LRS	LRS 7262	40-Plate B	7/30/98
149	LRS	LRS 7263	40-Plate B	7/30/98
150	LRS	LRS 7264	40-Plate B	7/30/98
151	LRS	LRS 7265	40-Plate B	7/30/98
152	LRS	LRS 7266	40-Plate B	7/30/98
153	LRS	LRS 7267	40-Plate B	7/30/98
154	LRS	LRS 7268	40-Plate B	7/30/98
155	LRS	LRS 7269	40-Plate B	7/30/98
156	LRS	30000	ABBX	7/30/98
157	LRS	30001	ABBX	7/30/98
158	LRS	30002	ABBX	7/30/98
159	LRS	30003	ABBX	7/30/98
160	LRS	30004	ABBX	7/30/98
161	LRS	NW 92533	RBL	7/30/98
162	LRS	NW 92602	RBL	7/30/98
163	LRS	NW 92914	RBL	7/30/98
164	LRS	NW 92944	RBL	7/30/98
165	LRS	NW 92950	RBL	7/30/98

# GULF & OHIO RAILWAYS HOLDING CO., INC.

## EQUIPMENT

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<u>Item</u>	<u>Owner</u>	<u>Number</u>	<u>AAR Type</u>	<u>Date Acquired</u>
166	LRS	NW 93021	RBL	7/30/98
167	LRS	NW 93039	RBL	7/30/98
168	LRS	NW 93283	RBL	7/30/98
169	LRS	CSXT 802651	COAL	7/30/98
170	LRS	CSXT 813920	COAL	7/30/98
171	LRS	LRS 3900	GONDOLA	7/30/98
172	LRS	LRS 3905	GONDOLA	7/30/98
173	LRS	LRS 3910	GONDOLA	7/30/98
174	LRS	LRS 3912	GONDOLA	7/30/98
175	LRS	LRS 3913	GONDOLA	7/30/98
176	LRS	LRS 3917	GONDOLA	7/30/98
177	LRS	LRS 3918	GONDOLA	7/30/98
178	LRS	LRS 3922	GONDOLA	7/30/98
179	LRS	LRS 3925	GONDOLA	7/30/98
180	LRS	LRS 3926	GONDOLA	7/30/98
181	LRS	LRS 3928	GONDOLA	7/30/98
182	LRS	LRS 3930	GONDOLA	7/30/98
183	LRS	LRS 3931	GONDOLA	7/30/98
184	LRS	LRS 3932	GONDOLA	7/30/98
185	LRS	LRS 3933	GONDOLA	7/30/98
186	LRS	LRS 3934	GONDOLA	7/30/98
187	LRS	LRS 3935	GONDOLA	7/30/98
188	LRS	LRS 3936	GONDOLA	7/30/98
189	LRS	LRS 3940	GONDOLA	7/30/98
190	LRS	LRS 3941	GONDOLA	7/30/98
191	LRS	LRS 3947	GONDOLA	7/30/98
192	LRS	LRS 3949	GONDOLA	7/30/98

## **EXHIBIT B**

### **List of Grantors' Principal Places of Business and Chief Executive Offices:**

#### **Principal Places of Business**

Wiregrass Central Railroad  
812 North Main Street  
Enterprise, Alabama 36330

Gulf & Ohio Railways, Inc., d/b/a  
Atlantic and Gulf Railroad  
1019 Coastline Avenue  
Albany, Georgia 31706

Gulf & Ohio Railways, Inc., d/b/a  
Mississippi Delta Railroad  
421 Fourth Street  
Clarksdale, Mississippi 38614

Albany Bridge Company  
1019 Coastline Avenue  
Albany, Georgia 31105

Rocky Mount & Western Railroad Co., Inc.  
Depot Building, Main Street  
Spring Hope, North Carolina 27882

Piedmont & Atlantic Railroad Co., Inc.  
8301 Second Street  
Rural Hall, North Carolina 27045

Georgia & Florida Railroad Co., Inc.  
1019 Coastline Avenue  
Albany, Georgia 31706  
Employer ID No. 58-2168994

Live Oak, Perry & Georgia Railroad Company, Inc.  
1019 Coastline Avenue  
Albany, Georgia 31705

Lexington & Ohio Railroad Co., Inc.  
433-C Lexington Road  
Versailles, Kentucky 40383

Gulf & Ohio Railways, Inc.  
401 Henley Street, Suite 5  
Knoxville, Tennessee 37902

Gulf & Ohio Railways Holding Co., Inc.  
401 Henley Street, Suite 5  
Knoxville, Tennessee 37902

Knoxville & Holston River Railroad Co., Inc.  
401 Henley Street, Suite 5  
Knoxville, Tennessee 37902

Knoxville Locomotive Works, Inc.  
401 Henley Street, Suite 5  
Knoxville, Tennessee 37902

Laurinburg & Southern Railroad Co., Inc.  
204 Railroad Street  
Laurinburg, North Carolina 28353

Chief Executive Offices

For all above:

401 Henley Street, Suite 5  
Knoxville, Tennessee 37902

## EXHIBIT C

### Names of Grantors under which Collateral is Owned, Used or Sold:

- (A) Albany Bridge Company
- (B) Albany Bridge Company, Inc.
- (C) Atlantic & Gulf Railroad
- (D) Wiregrass Central Railroad
- (E) Wiregrass Central Railroad Company, Inc.
- (F) Mississippi Delta Railroad
- (G) Gulf & Ohio Railways, Inc.
- (H) Nash County Railroad
- (I) Yadkin Valley Railroad
- (J) Piedmont & Atlantic Railroad Co., Inc.
- (K) Rocky Mount & Western Railroad Co., Inc.
- (L) Georgia & Florida Railroad Co., Inc.
- (M) Live Oak, Perry & Georgia Railroad Company, Inc.
- (N) Lexington & Ohio Railroad Co., Inc.
- (O) Gulf & Ohio Railways, Inc., d/b/a Atlantic & Gulf Railroad
- (P) Gulf & Ohio Railways, Inc., d/b/a Mississippi Delta Railroad
- (Q) Gulf & Ohio Railways Holding Co., Inc.
- (R) Knoxville & Holston River Railroad Co., Inc.
- (S) Knoxville Locomotive Works, Inc.
- (T) Laurinburg & Southern Railroad Co., Inc.