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SEP 25 1992

INTERSTATE COMMERCE COMMISSION
202 347-7170

September 24, 1992

2-269A012

Recordations Unit
Room 2303
Interstate Commerce Commission
12th Street & Constitution Ave., N.W.
Washington, DC 20423

Re: Tomahawk Railway, L.P.

Dear Ms. Lee:

Enclosed for recordation in the captioned file are an original and one copy of the "Mortgage, Assignment of Rents and Security Agreement" among Tomahawk Railway, L.P., First Alabama Bank-Dothan, and the Prudential Insurance Company of America, covering the railroad rolling stock identified therein.

Also enclosed is a check for \$15.00 to cover the filing fee for this recordation.

Thank you for your attention to this matter.

Sincerely,

Donald G. Avery
Donald G. Avery

Encl.

cc: Dow Huskey, Esq.
Kathy Wellman, Esq.

Our top priority - Tomahawk Railway

SEP 25 10 04 AM '92
MOTOR OPERATING UNIT

LINCOLN COUNTY, WIS
 Received for Record the 13th
 day of July AD 19 92
8:15 o'clock A. M. and Recorded in
 Vol. 493 of RECORDS on page 30
Gene Callahan
 REGISTER OF DEEDS

THIS INSTRUMENT PREPARED BY
 AND UPON RECORDING RETURN TO:
 Albert E. Bender, Jr.
 Alston & Bird
 1201 W. Peachtree Street
 Atlanta, Georgia 30309

**MORTGAGE, ASSIGNMENT OF RENTS
 AND SECURITY AGREEMENT**

17944
 RECORDED NO. _____ FILED NO. _____
 SEP 25 1992 10:22 AM
 WISCONSIN DEPARTMENT OF REVENUE

STATE OF WISCONSIN
 COUNTY OF LINCOLN

THIS MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (hereinafter referred to as this "Mortgage"), made as of this the 30th day of June, 1992, between **TOMAHAWK RAILWAY, LIMITED PARTNERSHIP** (hereinafter referred to as "Grantor"), a Wisconsin limited partnership, as Grantor, and **FIRST ALABAMA BANK - DOTHAN**, as Collateral Agent for the benefit of **THE PRUDENTIAL INSURANCE COMPANY OF AMERICA** ("Prudential") and **FIRST ALABAMA BANK - DOTHAN** ("FAB") pursuant to an Intercreditor Agreement of even date herewith between said Collateral Agent, Prudential and FAB (hereinafter said Collateral Agent acting for the benefit of such parties is referred to as "Lender"), as Grantee, having an address of P. O. Box 6507, Dothan, Alabama 36302.

W I T N E S S E T H :

That, WHEREAS, Grantor is justly indebted to Lender in the sum of set forth below, in lawful money of the United States, and has agreed to pay the same, with interest thereon, according to the terms of the Loan Documents (as defined below);

NOW, THEREFORE, THIS MORTGAGE WITNESSETH:

That, in order to secure the payment of the Secured Indebtedness (as hereinafter defined), the payment of any and

 THIS MORTGAGE IS TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS.

THE NAMES OF THE DEBTOR AND THE SECURED PARTY, THE MAILING ADDRESS OF THE SECURED PARTY FROM WHICH INFORMATION CONCERNING THE SECURITY INTEREST MAY BE OBTAINED, THE MAILING ADDRESS OF THE DEBTOR AND A STATEMENT INDICATING THE TYPES, OR DESCRIBING THE ITEMS, OF COLLATERAL, ARE AS DESCRIBED IN PARAGRAPH 1.18 HEREOF, IN COMPLIANCE WITH THE REQUIREMENTS OF ARTICLE 9, SECTION 402 OF THE UNIFORM COMMERCIAL CODE, AS ENACTED IN THE STATE OF WISCONSIN. THIS INSTRUMENT CONVEYS A SECURITY INTEREST IN GOODS WHICH ARE OR ARE TO BECOME FIXTURES.

all other indebtedness of Grantor to Lender, of whatever nature, whether direct, indirect, or contingent, joint and/or several, whether incurred heretofore, herewith, or hereafter and to secure the performance and observance by Grantor of each and every term, covenant, agreement and condition contained herein, in the Loan Documents (as hereinafter defined), and in all other agreements between Grantor and Lender, whether now or at any time hereafter existing, and in consideration of the purchase and acceptance by Lender of the Loan Documents and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Grantor, Grantor has granted, bargained, sold, aliened, released, remised, transferred, mortgaged, conveyed, pledged, warranted, and granted a security interest in, and by these presents does hereby grant, bargain, sell, assign, alien, release, remise, transfer, mortgage, convey, pledge, grant a security interest in, and warrant and confirm unto Lender, its successors and assigns, forever, all and singular the following described properties (the "Premises"), to wit:

ALL THAT TRACT OR PARCEL OF LAND MORE PARTICULARLY DESCRIBED IN EXHIBIT A ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF (THE "LAND");

TOGETHER WITH, any and all buildings and now or hereafter erected thereon (the "Improvements");

TOGETHER WITH, all leasehold estate, right, title and interest of Grantor in and to all leases or subleases covering the Land or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Grantor thereunder, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature;

TOGETHER WITH, all rents, issues, profits, royalties, income and other benefits derived from the Land (hereinafter collectively called the "rents") subject to the right, power and authority hereinafter given to Grantor to collect and apply the rents;

TOGETHER WITH, all right, title and interest of Grantor in and to all options to purchase or lease the Land or any portion thereof or interest therein, and any greater estate in the Land now owned or hereafter acquired;

TOGETHER WITH, all right, title and interest of Grantor, now owned or hereafter acquired, in and to any land

lying within the right-of-way of any street, opened or proposed, adjoining the Land, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Land;

TOGETHER WITH, all machinery, apparatus, equipment, fittings, fixtures, whether actually or constructively attached to the Land and including all trade, domestic and ornamental fixtures, and articles of personal property of every kind and nature whatsoever conveyed to Grantor pursuant to the Asset Purchase Agreement dated December 31, 1991 between Grantor, Marinette, Tomahawk and Western Railroad Company, Packaging Corporation of America and Rail Management and Consulting Corporation (the "Purchase Agreement") (hereinafter collectively called the "Personal Property"), including, but without limiting the generality of the foregoing, all machinery, equipment, tangible assets of every kind and description owned, used or employed in the operation of Grantor's business, and other personal property, fixtures and improvements situated upon the Land or used or held for use with respect to Grantor's business, including, without limitation, all:

- A. Tracks, ties, ballast, sidings, connecting tracks, lead tracks and turnouts, trestles, bridges, culverts, pole lines, communication equipment, signals, buildings, depots, locomotive/freight car repair shops, yards and other appurtenances;
- B. Locomotives, box cars and other freight cars identified on Exhibit B attached hereto and made a part hereof;
- C. Maintenance of way and other equipment (including spare parts and tools) identified on Exhibit B attached hereto and made a part hereof;
- D. Rail, bridge and other track materials (including spare parts and tools);
- E. Automobiles, trucks and other vehicles identified on Exhibit B attached hereto and made a part hereof;
- F. Locomotive and freight car maintenance material (including spare parts and tools); and
- G. Radios, hotbox detectors and microwave equipment identified on Exhibit B attached hereto and made a part hereof;

and all replacements of all of the foregoing except with respect to replacements in the ordinary course of business (Grantor hereby agreeing with respect to all replacements to execute and deliver from time to time such further instruments as may be requested by Lender to confirm the conveyance, transfer and assignment of any of the foregoing);

TOGETHER WITH, all easements, rights-of-way, and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights;

TOGETHER WITH, all interest, estate or other claims, both in law and in equity, which Grantor now has or may hereafter acquire in the Land;

TOGETHER WITH, all the estate, right, title, interest and other claim or demand, including claims or demands with respect to the proceeds of insurance which Grantor now has or hereafter may acquire in the Land, Improvements and Personal Property, and any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of the Land and improvements thereon including without limitation any awards resulting from a change of grade of streets and award for severance damages;

TOGETHER WITH, all contracts and agreements and all permits and licenses for the utilization and operation of the Improvements, including without limitation all building permits, variances and special use permits, agreements with and letters of assurance and availability from providers of utilities, curb cut and other access permits, reports of soils exploration and testing, agreements with construction contractors, agreements with architects, and plans and specifications for Improvements;

TOGETHER WITH, all of Grantor's right, title and interest in and to all trade names, trademarks, service marks, logos and goodwill related thereto which in any way now or hereafter belong, relate or appertain to the Premises or any part thereof or are now or hereafter acquired by Grantor in connection with the operation of Grantor's business.

In no event shall the conveyance of the Premises be or constitute a conveyance of any of the aforesaid items of the Premises in excess of the conveyance made by Grantor to Marinette, Tomahawk and Western Railroad Company ("Junior Lender") pursuant to that certain Mortgage, Assignment of Rents and Security Agreement dated December 31, 1991, recorded

on January 20, 1992 in Volume 483, page 687 of the Register of Deeds, Lincoln County, Wisconsin (the "Junior Mortgage").

TO HAVE AND TO HOLD the Premises, and all parts, rights, members and appurtenances thereof, to the use, benefit and behoof of Lender and the successors and assigns of Lender, **IN FEE SIMPLE** forever; and Grantor covenants that Grantor is lawfully seized and possessed of marketable title to the Premises (as reasonably necessary to conduct Grantor's business on the Premises) as aforesaid and has good right to convey the same and that Grantor will warrant and will forever defend the title thereto as aforesaid against the claims of all persons whomsoever, except as to any title exceptions which do not interfere with the conduct of Grantor's business. In addition, the title conveyed hereby is superior to the title of the Junior Mortgage only to the extent set forth in that certain Subordination Agreement (Priority of Title or Lien) executed by Junior Lender and, as set forth therein, to the extent that this Mortgage secures any Third Priority Amount (as therein defined), this Mortgage shall be subject and subordinate to the Junior Mortgage.

THIS CONVEYANCE is intended: (i) to operate and to be construed as a mortgage encumbering the title to the Premises and is made under those provisions of the existing laws of the State of Wisconsin relating to mortgages, and (ii) to constitute a security agreement pursuant to the Uniform Commercial Code of Wisconsin, and this Mortgage is given to secure the following:

(a) a debt evidenced by that certain Guaranty Agreement of even date executed by Grantor (the "Prudential Guaranty") in favor of Prudential, which Prudential Guaranty is a guaranty of the payment and performance of Rail Partners, L.P., a Delaware limited partnership ("Borrower") under those certain Senior Promissory Notes (hereinafter collectively referred to as the "Prudential Notes"; said Prudential Notes and the Prudential Guaranty are incorporated herein by reference and to which reference is made for all purposes) issued and to be issued pursuant to that certain Note Agreement (the "Note Agreement") of even date herewith executed by Borrower and Prudential, which Prudential Notes are in the aggregate principal sum of TWENTY-FIVE MILLION AND NO/100 (\$25,000,000.00) DOLLARS; and a debt evidenced by that certain Guaranty Agreement of even date executed by Grantor (the "FAB Guaranty") in favor of FAB, which FAB Guaranty is a guaranty of the payment and performance of Borrower under that certain revolving credit note (hereinafter collectively referred to as the "FAB Note"; said FAB Note and the FAB Guaranty are

incorporated herein by reference and to which reference is made for all purposes) issued and to be issued pursuant to that certain Revolving Loan Agreement (the "Credit Agreement") dated June 26, 1992 (effective as of June 30, 1992) executed by Borrower and FAB, which FAB Note is in the maximum principal sum of FIFTEEN MILLION AND NO/100 (\$15,000,000.00) DOLLARS (the Prudential Guaranty and FAB Guaranty are referred to collectively as the "Guaranties"; the Note Agreement and the Credit Agreement are referred to herein collectively as the "Loan Agreements"; the Prudential Notes and the FAB Note are referred to collectively as the "Notes");

(b) any and all renewals, modifications, consolidations, replacements and extensions of the Guaranties and the indebtedness evidenced thereby;

(c) each and every covenant, obligation and undertaking of Grantor in this Mortgage, the Loan Agreements and in any other documents executed by Grantor in connection herewith or therewith or to further evidence or secure the Guaranties (the Guaranties, the Loan Agreements, this Mortgage and all such other documents executed in connection herewith are sometimes hereinafter referred to individually as a "Loan Document" and collectively as the "Loan Documents");

(d) any and all advances made by Lender to or on behalf of or for the account of Grantor and to protect or preserve the Premises or the security interest created hereby in the Premises, or for taxes, assessments, insurance premiums, environmental testing (as permitted under Paragraph 2.03(a)) or other charges as hereinafter provided or for performance of any of Grantor's obligations hereunder or for any other purpose provided or permitted herein or in any other Loan Document (whether or not the original Grantor remains the owner of the Premises at the time of such advances); and

(e) any and all other indebtedness now owing or which may hereafter be owing by Grantor to FAB, Prudential or Lender, however and wherever incurred and however evidenced.

All of the items referred to hereinabove in sections (a), (b), (c), (d) and (e) of this paragraph are sometimes hereinafter referred to collectively as the "Secured Indebtedness", and the Secured Indebtedness is due and payable in full, as to the FAB Guaranty, on June 30, 1994, unless otherwise extended as therein set forth, and as to the Prudential Guaranty, on June 30, 1999, unless the maturity thereof is accelerated by Lender as provided in the Loan Documents.

IF ALL AMOUNTS SECURED HEREBY SHALL BE FULLY PAID and the covenants herein contained shall be well and truly performed, then all of the Premises shall revert to Grantor and the entire estate, right, title and interest of Lender shall thereupon cease; and Lender in such case shall, upon the request of Grantor and at Grantor's cost and expense, deliver to Grantor, proper instruments acknowledging satisfaction of this instrument.

ARTICLE I

The Grantor hereby covenants with Lender as follows:

1.01 Payment of Indebtedness. Grantor shall punctually pay, or cause to be paid, all sums required to be paid hereunder or under the Guaranties, according to the terms hereof or thereof.

1.02 Maintenance of Existence; Compliance with Laws. Grantor will preserve and keep in full force and effect its existence, rights and privileges as a limited partnership under the laws of the State of Wisconsin, will comply with all laws, ordinances, governmental rules and regulations to which it is subject, and will obtain all licenses, permits, franchises or other governmental authorizations necessary to the conduct of its business and the operation of the Premises.

1.03 Records; Financial Statements. Grantor will keep all records, books of account and other materials as required by the terms of the Note Agreement or the Credit Agreement, as applicable, and shall deliver same to Lender, Prudential or FAB, as applicable, pursuant to the terms of the Note Agreement or Credit Agreement, as applicable.

1.04 Maintenance of Lien.

(a) Grantor will forever warrant and defend the title (as acquired from the grantors conveying such title to Grantor) to and possession of the Premises subject to any permitted exceptions. Grantor shall from time to time execute or cause to be executed any and further instruments (including financing statements, continuation statements and similar statements with respect to any of said documents) and perform such other acts as required by law or reasonably requested by Lender in order to preserve Lender's security interest in and to the lien on the Premises.

(b) Grantor shall cooperate with Lender in the filing of continuation statements required to be filed with respect to said documents.

(c) Except for attorneys' fees, which shall be borne by the party incurring such fees (unless otherwise provided for in the Note Agreement or Credit Agreement), Grantor will pay all taxes and fees incident to the filing, registration and recording and refiling, reregistration, rerecording of such instruments and all expenses incident to the recording of this Mortgage and any instrument of further assurance, including any financing statement, and all federal, state or municipal stamp taxes and other taxes, duties and charges arising out of or in connection with the execution and delivery of the Loan Documents, this Mortgage and such instruments of further assurance.

1.05 Payment of Obligations. Grantor will pay promptly when due, all taxes, assessments, and governmental charges or levies imposed from the Premises or in respect of its 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 by appropriate proceedings, (ii) such proceedings do not involve any material danger of the sale, forfeiture or loss of any material portion of the Premises or any material interest therein, and (iii) such charge is adequately reserved against in accordance with generally accepted accounting principles. In the event Grantor is contesting any such charge, Grantor shall give Lender written notice of all such contest.

1.06 Compliance with Contractual Obligations. Grantor will perform and comply in all material respects with material contracts and all other contractual obligations relating to the Premises.

1.07 Limitations on Dispositions of Premises. Without limiting the provisions of the Note Agreement and the Credit Agreement, as applicable, Grantor will not sell, transfer, lease or otherwise dispose of any of the Premises or attempt, offer or contract to do so, except in the ordinary course of business, without the prior written consent of Lender.

1.08 Further Identification of Premises. Grantor will furnish to Lender statements and schedules further identifying and describing the Premises and such other reports in connection with the Premises as Lender may reasonably require from time to time, all in reasonable detail.

1.09 Right of Inspection. Lender shall at all reasonable times and upon reasonable notice to the Grantor have full and free access during normal business hours to all of the

financial records of Grantor, except for such records which contain proprietary information of Grantor, to the extent such records relate to the Premises, and Lender or its representatives may examine the same, take extracts therefrom and make photocopies thereof, and Grantor agrees to render to Lender, at Grantor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. Lender 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 interest therein and subject to compliance with the Note Agreement or the Credit Agreement, as applicable.

1.10 Consolidations, Mergers and Sale of Assets.

Grantor will not merge or consolidate with any other entity or sell, lease, transfer or otherwise dispose of its property and assets except as may be permitted by the Note Agreement and Credit Agreement, as applicable.

1.11 Limitations on Distributions. Without the express written consent of Lender or otherwise as permitted in the Note Agreement and Credit Agreement, as applicable, Grantor will not, during any fiscal year of Grantor pay any salary, bonus or other compensation to any officer, employee, agent or consultant which is under the circumstances outside the ordinary course of business.

1.12 Limitations on Debt. Except as otherwise permitted by the Note Agreement and Credit Agreement, as applicable, Grantor will not, will not permit any entity controlled by it to, incur, guaranty, assume (by merger or otherwise) or otherwise become liable in respect of, any indebtedness other than (i) the Secured Indebtedness, (ii) the Note secured by the Junior Mortgage and, (iii) except to the extent otherwise limited by the Note Agreement or Credit Agreement, any other indebtedness referenced in Section 4.12 of the Junior Mortgage.

1.13 Other Negative Covenants. Except with the written consent of Lender or otherwise as permitted by the Note Agreement and Credit Agreement, as applicable, Grantor shall not (i) issue or sell any securities, or (ii) enter into any transaction outside the ordinary course of its business.

1.14 Maintenance. Grantor shall keep and maintain the Premises in good condition and repair except for normal wear and tear.

1.15 Insurance; Payments for a Loss.

(a) Grantor will maintain hazard and liability insurance in connection with the Premises in such forms, with companies and in amounts as are customary in the railway industry.

(b) Grantor shall not settle or adjust any claim for damage or destruction to the Premises in excess of \$50,000.00 under such insurance policies or agree with the insurance company or companies on the amount to be paid for any such claim without the consent of Lender.

(c) Payment for any loss under any policy of insurance covering damage or destruction to the Premises in excess of \$50,000.00 shall be payable to Lender.

1.16 Application of Casualty Insurance. Any amounts held by Lender constituting insurance proceeds received by Lender in respect of any loss or damage to, or destruction of, the Premises shall, so long as no default shall have occurred hereunder and be continuing, be disbursed to or upon the order of Grantor for the repair, restoration or replacement of the Premises so lost, damaged, destroyed, taken or purchased, as the case may be. Amounts held by Lender hereunder which constitute insurance proceeds which have not been previously disbursed as provided in the preceding sentences of this paragraph within a period of one year after the deposit thereof with Lender shall be applied in repayment of the Secured Indebtedness or otherwise by Lender in accordance with the provisions of Paragraph 2.07.

1.17 Assignment of Rents and Leases.

(a) Grantor hereby assigns and transfers to Lender all the rents, issues and profits of the Premises and hereby gives to and confers upon Lender the right, power and authority to collect such rents, issues and profits. Grantor irrevocably appoints Lender its true and lawful attorney-in-fact at the option of Lender at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions and to sue, in the name of Grantor or Lender, for all such rents, issues and profits and apply the same to the indebtedness secured hereby; provided, however, that Grantor shall have the right to collect such rents, issues and profits (but not more than thirty (30) days in advance) prior to any time there is not an event of default under any of the Loan Documents which remains uncured and continuing. The assignment of the rents, issues and profits of the Premises in this

paragraph is intended to be an absolute assignment from Grantor to Lender and not merely the passing of a security interest.

(b) Grantor agrees to assign to Lender as additional security for the payment of the Secured Indebtedness all present and future leases, upon all or any part of the Premises and to execute and deliver, at the request of Lender, all such further assurances and assignments in the Premises as Lender shall from time to time require, subject to Grantor's ability to effect an assignment thereof in favor of Lender. In the event Grantor, as additional security, has sold, transferred and assigned, or may hereafter sell, transfer and assign, to Lender, its successors and assigns, any interest of Grantor as Lessor in any Lease or Leases, Grantor expressly covenants and agrees that if Grantor, as Lessor under said Lease or Leases so assigned, shall fail to perform and fulfill any term, covenant, condition or provision in said Lease or Leases or any of them, on Grantor's part to be performed or fulfilled at the times and in the manner said Lease or Leases provided, or if Grantor shall suffer or permit to occur any breach or default under the provisions of such assignment of Lease or Leases, then in any such event, Lender may, but shall not be obligated to, pay any amounts or take any other action reasonably necessary to cure or remedy such breach or default. Any amounts expended by Lender in curing or remedying the breach or default shall be added to and become a part of the Secured Indebtedness, and shall bear interest at the applicable default rate set forth in the Loan Documents and shall be due and payable by Grantor to Lender on demand.

1.18 Security Agreement.

(a) With respect to the Personal Property, including all Proceeds thereof (as defined in the Junior Mortgage), this Mortgage is hereby made and declared to be a security agreement encumbering each and every item of such property included herein as a part of the Premises, in compliance with the provisions of the Uniform Commercial Code as enacted in the State of Wisconsin.

(b) Grantor warrants that (i) Grantor's (that is, "Debtor's") name, identity or corporate structure and residence or principal place of business are as set forth in Paragraph 1.18(c) hereof; (ii) Grantor (that is, "Debtor") has been using or operating under said name, identity or corporate structure without change for the time period set forth in Paragraph 1.18(c) hereof; and (iii) the location of the collateral is upon the Land, except as such may be removed therefrom as is otherwise in the normal course of Grantor's business. Grantor

covenants and agrees that Grantor will furnish Lender with notice of any change in the matters addressed by clauses (i) or (iii) of this Paragraph 1.18(b) within thirty (30) days of the effective date of any such change and Grantor will promptly execute any financing statements or other instruments deemed necessary by Lender to prevent any filed financing statement from becoming misleading or losing its perfected status.

(c) The information contained in this Paragraph 1.18(c) is provided in order that this Mortgage shall comply with the requirements of the Uniform Commercial Code, as enacted in the State of Wisconsin, for instruments to be filed as financing statements. The names of the "Debtor" and the "Secured Party," the identity or corporate structure and residence or principal place of business of "Debtor," and the time period for which "Debtor" has been using or operating under said name and identity or corporate structure without change, are as set forth in Schedule 1 of Exhibit C attached hereto and by this reference made a part hereof; the mailing address of the "Secured Party" from which information concerning the security interest may be obtained, and the mailing address of "Debtor," are as set forth in Schedule 2 of said Exhibit C attached hereto; and a statement indicating the types, or describing the items, of collateral is set forth hereinabove.

1.19 Limit of Validity. If from any circumstances whatsoever, fulfillment of any provision of this Mortgage or of the Guaranty, at the time performance of such provision shall be due, shall involve transcending the limit of validity presently prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible under this Mortgage or under the Guaranties that is in excess of the current limit of such validity, but such obligation shall be fulfilled to the limit of such validity. The provisions of this Paragraph 1.19 shall control every other provision of this Mortgage and of the Guaranty.

ARTICLE II

2.01 Default. A default shall have occurred hereunder if:

(a) The Grantor shall default in the payment of any amounts due under the Prudential Guaranty or the FAB Guaranty

when the same shall become due in accordance with the terms of the Prudential Guaranty or the FAB Guaranty, as applicable, beyond any grace period provided therein;

(b) Grantor fails to perform or observe any agreement contained in this Mortgage for fifteen (15) days after Grantor has become aware of such default; or

(c) Any event of default as described in Paragraph 7A of the Note Agreement shall occur and not be cured within any grace and/or notice and cure period, if any, provided in the Note Agreement; or

(d) Any event of default as described in Article VI of the Credit Agreement shall occur and not be cured within any grace and/or notice and cure period, if any, provided in the Credit Agreement.

2.02 Acceleration of Maturity. If a default shall have occurred hereunder and be continuing, then the whole amount of the Secured Indebtedness shall, at the option of Lender, become immediately due and payable without notice or demand, time being of the essence of this Mortgage and of the Guaranties secured hereby; and no omission on the part of Lender to exercise such option when entitled so to do shall be considered as a waiver of such right.

2.03 Right of Lender to Enter and Take Possession.

(a) If any default shall have occurred and be continuing, Grantor, upon demand of Lender, shall (i) allow the Lender or its agents or engineers to enter onto the Premises, without taking possession thereof, to conduct testing (including the taking of samples of the Premises and underlying Land) for the presence, if any, of Hazardous Materials (as defined in the Environmental Indemnity Agreement of even date between Grantor and Lender), the costs of which shall be added to the Secured Indebtedness, and (ii) forthwith surrender to Lender the actual possession of the Premises and if, and to the extent, permitted by law, Lender may enter and take possession of the Premises and may exclude Grantor and Grantor's agents and employees wholly therefrom.

(b) Upon every such entering and taking of possession, Lender may hold, store, use, operate, manage, control, and maintain the Premises and conduct the business thereof, and, from time to time, (i) make all necessary and proper repairs, renewals and replacements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property; (ii) insure or keep the Premises

insured; (iii) manage and operate the Premises and exercise all the rights and powers of Grantor, in its name or otherwise, with respect to the same and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted Lender; all as Lender may from time to time determine to be to its best advantage; and Lender may collect and receive all of the income, rents, profits, issues and revenues of the Premises, including those past due as well as those accruing thereafter and, after deducting (aa) all expenses of taking, holding, managing and operating the Premises (including compensation for the services of all persons employed for such purposes); (bb) the cost of all such maintenance, repairs, renewals and replacements; (cc) the cost of such insurance; (dd) such taxes, assessments and other charges prior to the title of this Mortgage as Lender may determine to pay; (ee) other proper charges upon the Premises or any part thereof and (ff) the reasonable compensation and expenses of attorneys and agents of Lender, shall apply the remainder of the money so received by Lender, first, to the payment of accrued interest on the outstanding principal balance due under the Guaranties; second, to the payment of late charges and costs of collection as provided in the Guaranties; and finally to the payment of overdue installments of principal.

(c) For the purpose of carrying out the provisions of this paragraph 2.03, Grantor hereby constitutes and appoints Lender the true and lawful attorney in fact of Grantor to do and perform, from time to time, any and all actions necessary and incidental to such purpose and does, by these presents, ratify and confirm any and all actions of said attorney in fact in the Premises.

(d) Whenever all such defaults have been cured and satisfied, Lender shall surrender possession of the Premises to Grantor and upon such surrender, Grantor shall retake possession thereof; provided that the right of Lender to take possession, from time to time, pursuant to subparagraph 2.03(a) shall exist if any subsequent default shall occur and be continuing.

2.04 Appointment of a Receiver.

(a) If a default shall have occurred hereunder and be continuing, then Lender, upon application to a court of competent jurisdiction, shall be entitled, without notice and without regard to the adequacy of any security for the Secured Indebtedness or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of

and to operate the Premises and to collect the rents, profits, issues and revenues thereof.

(b) The Grantor will pay to Lender upon demand all reasonable expenses, including receiver's fees, reasonable attorney's fees, costs and agent's compensation, incurred pursuant to the provisions contained in this paragraph 2.04; and all such expenses shall be secured by this Mortgage.

2.05 Enforcement.

(a) If a default shall have occurred and be continuing, Lender, at its option, may institute legal proceedings for the foreclosure of this Mortgage. In the event of any sale under this Mortgage by foreclosure, the Premises may be sold as an entirety or in separate parcels and in such manner or order as Lender in its sole discretion may elect, and if Lender so elects, Lender may sell the personal property covered by this Mortgage at one or more separate sales in any manner permitted by the Uniform Commercial Code of the State of Wisconsin, until the entire Premises are sold or the Secured Indebtedness is paid in full. If the Indebtedness is now or hereafter further secured by any chattel mortgages, pledges, contracts of guaranty, assignments of lease or other security instruments, Lender may at its option exhaust the remedies granted under any of said security instruments either concurrently or independently, and in such order as Lender may determine.

(b) If a default shall have occurred and be continuing, Lender may, in addition to and not in abrogation of the rights covered under Subparagraph 2.05(a) hereof, either with or without entry or taking possession as herein provided or otherwise, proceed by a suit or suits in law or in equity or by any other appropriate proceeding or remedy (i) to enforce payment of the Note or the performance of any term, covenant, condition or agreement of this Mortgage or any other right and (ii) to pursue any other remedy available to it, all as Lender at its sole discretion shall elect.

2.06 Purchase by Lender. Upon any foreclosure sale or sales of all or any portion of the Premises under foreclosure of this Mortgage, Lender may bid for and purchase the Premises and shall be entitled to apply all or any part of the Secured Indebtedness as a credit to the purchase price.

2.07 Application of the Proceeds of Sale. Upon any such sale pursuant to the aforementioned power of sale and agency, the proceeds of said sale shall be applied first to

payment of the expenses of such sale and of all proceedings in connection therewith, including reasonable attorney's fees, then to said insurance premiums, liens, assessments, taxes and charges including utility charges with accrued interest thereon and then to payment of the Secured Indebtedness, and finally, the remainder, if any, shall be paid to Grantor.

2.08 Grantor as Tenant Holding Over. In the event of any such public sale pursuant to the aforesaid power of sale and agency, Grantor shall be deemed a tenant holding over and shall forthwith deliver possession of the Premises to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of law applicable to tenants holding over.

2.09 Discontinuance of Proceedings and Restoration of the Parties. In case Lender shall have proceeded to enforce any right or remedy under this Mortgage by receiver, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to Lender, then and in every such case Grantor and Lender shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Lender shall continue as if no such proceeding had been taken.

2.10 WAIVER. GRANTOR HEREBY VOLUNTARILY, INTELLIGENTLY AND KNOWINGLY WAIVES ANY AND ALL RIGHT GRANTOR MAY HAVE TO PRIOR NOTICE AND A PRIOR JUDICIAL HEARING IN CONNECTION WITH THE EXERCISE OF ANY AND ALL RIGHTS AND REMEDIES GRANTED TO LENDER PURSUANT TO THE TERMS HEREOF, SAID REMEDIES INCLUDING, BUT NOT LIMITED TO, SELLING THE PREMISES AT PUBLIC AUCTION AT THE USUAL PLACE FOR CONDUCTING SALES AT THE COURTHOUSE IN THE COUNTY WHERE SUCH PROPERTY OR ANY PART THEREOF MAY BE LOCATED TO THE HIGHEST BIDDER FOR CASH AFTER FIRST ADVERTISING THE TIME, TERMS AND PLACE OF SUCH SALE BY PUBLISHING A NOTICE THEREOF ONCE A WEEK FOR FOUR CONSECUTIVE WEEKS IN A NEWSPAPER IN WHICH SHERIFF'S ADVERTISEMENTS ARE PUBLISHED IN SAID COUNTY, ALL OTHER NOTICE HAVING BEEN WAIVED BY GRANTOR.

2.11 Remedies Cumulative; Applicable Law. No right, power or remedy conferred upon or reserved by Lender by this

Mortgage is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity or by statute. The Grantor and Lender agree that notwithstanding that the Guaranties and all other instruments evidencing, securing or executed in connection with the Secured Indebtedness shall be governed by and construed in accordance with the Laws of the State of New York, as to the Prudential Guaranty and related documents, and the State of Alabama, as to the FAB Guaranty and related documents, the title conveyed hereby and the rights and remedies of the Lender under this Mortgage shall be construed under the laws of the State of Wisconsin.

ARTICLE III

3.01 Successors and Assigns Included in Parties.

Whenever in this Mortgage one of the parties hereto is named or referred to, the heirs, executors, legal representatives, successors and permitted assigns of such parties shall be included and all covenants and agreements contained in this indenture by or on behalf of Grantor and by or on behalf of Lender shall bind and inure to the benefit of their respective heirs, executors, legal representatives, successors and assigns, whether so expressed or not. The provisions of this paragraph 3.01 are subject to the restrictions on transfer contained elsewhere in this Mortgage. This Mortgage is assignable by Lender, and any assignment hereof by Lender shall operate to vest in the assignee all rights and powers herein conferred upon and granted to Lender.

3.02 No Partnership or Joint Venture.

The relationship of Grantor and Lender is solely and strictly that of debtor and creditor. The Grantor and Lender have not by this Mortgage, by any other Loan Documents or otherwise created a partnership or joint venture and do hereby expressly negate any intent to do so.

3.03 Headings. The headings of the sections, paragraphs and subdivisions of this Mortgage are for the convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

3.04 Invalid Provisions to Affect No Others. If fulfillment of any provision hereof or any transaction related hereto or to the Guaranty, at the time performance of such

provisions shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provisions herein contained operates or would prospectively operate to invalidate this Mortgage in whole or in part, then such clause or provision only shall be held for naught, as though not herein contained, and the remainder of this Mortgage shall remain operative and in full force and effect.

3.05 Number and Gender. Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the other.

3.06 Notice. All notices, requests, demands and other communications required or permitted to be given hereunder shall be sufficient if in writing and delivered in accordance with the notice provisions of the Note Agreement or the Credit Agreement, as applicable.

3.07 This Mortgage. Lender shall have no obligation to cancel this Mortgage or mark same "satisfied" until all obligations of Grantor under the Loan Documents have been fully performed by Grantor. Notwithstanding the foregoing sentence, Lender agrees that Lender will cancel and satisfy this Mortgage after Grantor has evidenced to Lender that the indebtedness secured by the Junior Mortgage has been paid in full and that the Junior Mortgage has been cancelled and satisfied of record and that Junior Lender holds no lien, security title, encumbrance or other interest in the Premises.

3.08 Time of the Essence. Time is of the essence with respect to each and every covenant, agreement and obligation of Grantor under this Mortgage, the Guaranties and any and all other instruments now or hereafter evidencing, securing or otherwise relating to the Secured Indebtedness.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed under seal, the day and year first above written.

TOMAHAWK RAILWAY, LIMITED
PARTNERSHIP, a Wisconsin limited partnership

By: Rail Management and Consulting Corporation, as the sole general partner thereof

By: *K. Earl Durden*
Name: K. Earl Durden
Title: President

Attest: *Dow T. Huskey*
Name: Dow T. Huskey
Title: Assistant Secretary

(AFFIX CORPORATE SEAL)

Signed, sealed and delivered in the presence of:

Michael E. Duck
Witness
J. M. Crawley
Witness

STATE OF New York
COUNTY OF New York

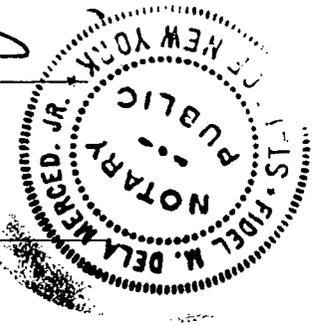
The foregoing instrument was acknowledged before me
this 30th day of June, 1992, by _____
and _____, as _____
and _____, respectively, of RAIL MANAGEMENT AND
CONSULTING CORPORATION, a corporation organized and existing
under the laws of the State of _____, on behalf of
the corporation, as the sole general partner of Tomahawk
Railway, Limited Partnership, a Wisconsin limited partnership.



NOTARY PUBLIC

My Commission Expires:

FIDEL M. DELA MERCED, JR.
Notary Public, State of New York
No. 41-4853002
(~~Notary in New York~~) County NY
Commission Expires Feb 10, 1994



LEGAL DESCRIPTION

A strip, belt or piece of land one hundred (100) feet wide, having one half of such width upon each side of the center line of the main track of the railroad of the Marinette, Tomahawk and Western Railroad Company, a Wisconsin Corporation, as now owned, used, occupied, located, established or extending over, across and through Sections Nine (9), Sixteen (16) Twenty-one (21), Twenty-eight (28), Twenty-nine (29), Thirty-two (32), Thirty-three (33), Thirty-five (35) and Thirty-six (36) in Township Thirty-five (35) North of Range Six (6) East; and Section Three (3), Four (4), Five (5), Nine (9) and Ten (10) in Township Thirty-four (34) North of Range Six (6) East.

Also all parcels of land used or occupied by said Marinette, Tomahawk and Western Railroad Company for railroad terminal purposes at the point of connection between the railroads of said Marinette, Tomahawk and Western Railroad Company and the Minneapolis, St. Paul and Sault St. Marie Railway Company sometimes called "Soo Company" in the town of Bradley in Lincoln County, Wisconsin, said parcels of land so used and occupied being in Section Nine (9) Township Thirty-five (35) North of Range Six (6) East; and also any and all other land now owned, used or occupied by Marinette, Tomahawk and Western Railroad Company, whether presently connected with the operation of its railroad or not.

That Part of the Northeast Quarter Southwest Quarter (NE $\frac{1}{4}$ SW $\frac{1}{4}$) and a part of Government Lot Seven (7) in Section Thirty-three (33), Township Thirty-five (35) North of Range Six (6) East, Lincoln County, Wisconsin, as set out in Vol. 460 of Records, page 473 as Document No. 307282.

EXCEPT THE FOLLOWING:

That part of the Southwest Quarter of the Southeast Quarter (SW $\frac{1}{4}$ SE $\frac{1}{4}$) and Government Lot Seven (7) in Section 33-35N-6E., as set out in Vol. 156 of Deeds, page 240 as Document No. 151348 and Vol. 158 of Deeds, page 491 as Document No. 151888 from Marinette, Tomahawk & Western Railroad Company to National Container Corporation of Wisconsin; that part of the Northeast Quarter of the Southwest Quarter (NE $\frac{1}{4}$ SW $\frac{1}{4}$) and Government Lot Seven (7) in Section 33-35N-6E., as set out in Vol. 290 of Records, page 552 as Document No. 222351, from Marinette, Tomahawk and Western Railroad Company to William P. Piel, Jr. and Frances Fernica Piel, d/b/a Raymond Lumber Company, Vol. 403 of Records, page 462 as Document No. 280510, from Marinette, Tomahawk & Western Railroad Company to Owens-Illinois, Inc.; and any real estate in the Northeast Quarter of the Northeast Quarter (NE $\frac{1}{4}$ NE $\frac{1}{4}$) and Northwest Quarter of the Northeast Quarter (NW $\frac{1}{4}$ NE $\frac{1}{4}$) and Government Lots One (1), Two (2) and Three (3) in Section 9-34N-6E., as set out in Vol. 460 of Records, page 474 as Document No. 307283, from Marinette, Tomahawk & Western Railroad Company to Nekoosa Packaging Corporation.

(CONTINUED ON THE NEXT PAGE)

LEGAL DESCRIPTION (CONTINUED)

EXCEPT the following easements, grantor is the MARINETTS, TORNAHAWK & WESTERN RAILROAD COMPANY:

Grantee: GENERAL TELEPHONE COMPANY OF WISCONSIN recorded in Vol. 287 of Records, page 8 as Document No. 220640, affects the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 32-35N-6E.; Grantee: GENERAL TELEPHONE COMPANY OF WISCONSIN recorded in Vol. 287 of Records, page 13 as Document No. 220641, affects the NE $\frac{1}{4}$ SW $\frac{1}{4}$ and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 33-35N-6E.; Grantee: GENERAL TELEPHONE COMPANY OF WISCONSIN recorded in Vol. 299 of Records, page 254 as Document No. 226284, affects the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 32-35N-6E.; Grantee: LINCOLN COUNTY HIGHWAY DEPARTMENT recorded in Vol. 395 of Records, page 532 as Document No. 276493 affects Section 28-35N-6E.; Grantee EUGENE J. ZIMMERMAN AND MARGARET E. ZIMMERMAN recorded in Vol. 359 of Records, page 613 as Document No. 244995, affects part of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 4-30N-6E.; Grantee: WALTER H. SCHMIDT recorded in Vol. 336 of Records, page 799 as Document No. 245332; Grantee: EVERETT LANGE recorded in Vol. 429 of Records, page 267 as Document No. 292852; Grantee: WISCONSIN PUBLIC SERVICE CORPORATION, a Wisconsin corporation, recorded in Vol. 433 of Records, page 397 as Document No. 294916, affects Government Lots 1, 2 and 3 of Section 28-35N-6E.

EXHIBIT B

Personal Property

The items described on Attachment A attached hereto and made a part hereof.

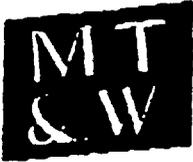
TANGIBLE PERSONAL PROPERTY

ASSET #	DESCRIPTION	YEAR ACQUIRED	BOOK COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
11-00002	RADIO EQUIPMENT	1971	5,872.64	5,872.64	0.00
11-00012	GANG CAR	1972	3,165.11	3,165.11	0.00
11-00015	HYDRAULIC POWER RIG	1978	2,743.81	2,743.81	0.00
11-00018	TAMPER SET (HAND)	1981	5,607.92	5,607.92	0.00
11-00032	HI-PRESSURE CLEANER	1980	2,150.51	1,461.14	689.37
11-00033	GANTRY CRANE	1980	7,275.86	4,938.38	2,337.48
11-00034	HYDRAULIC CART	1982	3,551.62	2,058.86	1,492.77
11-00035	AIR COMPRESSOR (QUINCY)	1981	3,582.00	2,220.78	1,361.22
11-00036	SNOWBLOWS	1982	5,088.14	4,550.55	537.59
11-00042	1977 FORD PICKUP F360	1980	4,110.00	4,110.00	0.00
11-00044	3 DRAWER FILE	1974	339.45	339.45	0.00
11-00045	4 DRAWER FILE	1974	785.41	785.41	0.00
11-00047	SANDING UNIT	1983	4,470.38	3,782.25	708.11
11-00048	FIRE PROOF FILE	1985	1,275.20	895.15	380.05
11-00050	LOCOMOTIVE #83	1983	105,368.00	81,680.51	23,707.49
11-00053	FRONT END LOADER	1983	73,900.00	73,900.00	0.00
11-00054	CREW CAB TRUCK-CHEVY	1984	14,500.00	14,500.00	0.00
11-00055	BALLAST CAR #101	1984	11,114.21	5,338.30	5,777.91
11-00058	BALLAST CAR #102	1984	11,114.21	5,338.30	5,777.91
11-00058	IBM PERSONAL COMPUTER	1984	4,475.00	4,475.00	0.00
11-00059	WHEEL TURNABLE	1985	19,530.51	5,940.74	13,589.77
11-00080	TIE INSERTER	1986	25,000.00	15,208.08	9,791.91
11-00081	BOMB TRUCK INTERNATIONAL <i>BARCO</i> LOADER	1986	7,500.00	7,500.00	0.00
11-00083	CABOOSE	1987	3,500.00	2,858.17	641.83
11-00084	DRILL PRESS	1987	4,104.11	1,868.04	2,244.07
11-00085	LOCOMOTIVE #87	1987	105,808.00	43,204.77	62,603.29
11-00087	FAX MACHINE	1987	2,948.73	1,201.35	1,747.38
11-00088	SHOP HEATING SYSTEM	1988	11,187.00	1,918.24	9,270.76
11-00089	1989 CHEVY S-19 BLAZER	1988	15,613.65	9,828.50	5,885.15
11-00080	LOCOMOTIVE #80	1980	238,144.81	238,144.81	0.00
11-01001	LAND-RIGHT OF WAY	?	3,355.08	0.00	3,355.08
11-01002	LAND-GRAVEL PIT	?	113.40	0.00	113.40
11-01003	LAND-RIGHT OF WAY	1983	1,600.00	0.00	1,600.00
11-01004	LIMBERTS YARD	1990	42,117.59	0.00	42,117.59
11-03081	GRADING-TRHO 1981	?	38,892.33	17,653.81	21,038.52
11-04081	BRIDGES & CUL-TRHO 1981	?	55,494.71	55,494.71	0.00
11-05081	TIES-TRHO 1981	?	17,458.49	7,805.91	9,650.58
11-05082	TIES-1982	1982	39,113.48	16,918.56	22,196.92
11-05084	TIES-PFIFIFTER SIDING	1984	12,304.79	2,583.84	9,720.95
11-05184	TIES-TANNEY SIDING	1984	7,392.34	1,496.88	5,895.46
11-08081	RAIL-TRHO 1981	?	182,998.55	81,827.70	101,170.85
11-08082	RAIL-1982	1982	13,005.00	5,828.14	7,378.86
11-08083	RAIL-MILW ROAD 1.5 ACRES	1983	2,580.00	2,085.50	494.50
11-08084	RAIL-PFIFIFTER SIDING	1984	8,091.53	1,886.72	6,344.81
11-08184	RAIL-TANNEY SIDING	1984	2,094.41	424.44	1,669.97
11-07081	OTHER TRACK MAT-1981	?	141,348.01	63,204.11	78,143.90
11-07082	OTHER TRACK MAT-1982	1982	33,948.78	14,695.77	19,253.01
11-07084	OTHER TRACK MAT-PFIFIFTER	1984	15,818.34	3,322.20	12,496.14
11-07184	OTHER TRACK MAT-TANNEY	1984	2,702.33	547.58	2,154.77
11-08081	BALLAST-1981	?	1,059.14	473.56	585.58
11-08082	BALLAST-1982	1982	17,192.06	7,431.96	9,760.10
11-08084	BALLAST-PFIFIFTER	1984	11,678.00	2,452.80	9,225.20

N1-08184	BALLAST-TANNERY	1984	683.18	138.51	544.67
N1-09081	TRACK LAYING & SUR-1981	?	13,743.73	6,145.83	7,597.90
N1-09082	TRACK LAYING & SUR-1982	1982	36,384.63	15,743.82	20,640.81
N1-10081	FENCE & SIGNS-1981	?	3,576.68	3,576.68	0.00
N1-10084	FENCE-SHOP AREA	1984	2,468.78	1,185.00	1,283.70
N1-10184	FENCE-INVENTORY AREA	1984	2,080.67	999.32	1,081.35
N1-11001	STATION & OFFICE	?	10,259.32	6,011.89	2,247.43
N1-13001	STEEL BUILDING	1940	1,112.98	794.03	318.93
N1-13002	FRAME BUILDING	1943	202.61	140.51	62.10
N1-13003	MACHINE SHOP	1933	2,303.69	2,023.83	279.86
N1-13004	SHOP WAREHOUSE	1949	390.44	286.82	103.62
N1-13005	BOILER ROOM ADDITION	1951	8,659.22	6,187.14	2,472.08
N1-13006	ENGINE HOUSE	1964	477.59	285.42	192.17
N1-13007	ENGINE HOUSE FRAME	1964	28,269.51	16,824.02	11,445.49
N1-13008	COMPLETE ENGINE HOUSE	1965	2,416.86	1,429.24	986.82
N1-13009	ROUND HOUSE	1980	19,855.18	8,955.22	10,899.97
N1-13010	ENG HOUSE SUMP SYSTEM	1981	4,117.56	1,814.08	2,303.48
N1-13011	WATERMAIN-SHOP & ENG HSE	1983	3,690.05	1,476.48	2,213.57
N1-15001	ELECTRIC DRAIL	1984	2,656.68	1,041.60	1,615.08
- 11-00070	1989 CUTLESS CYRA-MGRS AUTO	1989	14,385.91	5,997.13	8,388.78
11-00071	COCHRANE AIR COMPRESSOR	1989	12,225.68	1,602.69	10,622.97
11-00072	PORTABLE AIR COMPRESSOR	1990	12,396.25	761.31	11,634.94
11-00073	SWITCH TAMPER	1990	132,305.90	8,125.81	124,180.09
11-00074	SCHRAMM RAILROAD PNEUMATRACTOR	1990	132,762.25	8,153.86	124,608.39
11-00075	HUCK BOLT MACHINE	1990	9,360.88	574.97	8,785.91
- 11-00076	FORD F800 CREWCAB	1991	101,208.75	8,442.49	92,766.26
- 11-00077	V60R LIFT TRUCK	1991	17,776.75	694.75	17,082.00
- 11-00078	1991 FORD F800 PLATFORM TRUCK	1991	25,457.82	424.30	25,033.52
11-00079	BALLAST REGULATOR	1991	57,495.37	340.18	57,155.19
- 11-00080	1991 FORD F150	1991	16,758.94	279.32	16,479.62
11-00081	PARADE FLOAT-LOCOMOTIVE	1991	4,937.25	41.14	4,896.11
11-00082	PARADE FLOAT-BOXCAR	1991	4,937.25	41.14	4,896.11
11-00083	PARADE FLOAT-WOOD GONDOLA	1991	4,937.25	41.14	4,896.11
11-00084	PARADE FLOAT-CABOOSE	1991	4,937.25	41.14	4,896.11
	CONSTRUCTION IN PROGRESS-#1 FIRE BUILDING		203,160.80	717.40	202,443.40
	CONSTRUCTION IN PROGRESS-#1 FIRE BUILDING		103,048.00	346.68	102,701.34

SHOULD BE:

2,355,541.09 954,597.16 1,400,943.93



MARINETTE, TOMAHAWK & WESTERN RAILROAD COMPANY

(24)

21) Engine #80
Model SW-9 1200 HP EMD
Built 11-51 - Rebuilt 1980
Engine 12-567-BC -- Good Condition
Purchased by MTW used 1980 from Chrome Crankshaft &
Locomotive Sales Co.

Engine #83
Model SW1500 EMD 1500 HP
Built 1970 - MTW rebuilt engine 1986
Engine 645-E Condition Very Good
Purchased by MTW used 1983 form Minnesota Transfer
Railway Co.

Engine #87
Model SW1500 EMD 1500HP
Built 1968 - Rebuilt 1979-80
Engine 645-E Condition: Good - but needs ring job
Purchased by MTW used 1987 from National Railway

EXHIBIT C

SCHEDULE 1

(Description of "Debtor" and "Secured Party")

A. Debtor:

1. Name and Identity of Corporate Structure:

TOMAHAWK RAILWAY, LIMITED PARTNERSHIP, a Wisconsin Limited Partnership.

2. The principal place of business of Debtor in the State of Wisconsin is located at 310 Marinette, Tomahawk, Wisconsin.

3. Debtor has only one (1) place(s) of business in the State of Wisconsin; on the Premises and at:

310 Marinette
Tomahawk, Wisconsin

4. Debtor has been using or operating under said name and identity without change since January 1, 1992.

B. Secured Party: First Alabama Bank - Dothan, as Collateral Agent

SCHEDULE 2

(Notice Mailing Addresses of "Debtor" and "Secured Party")

A. The mailing address of Debtor is:

c/o Rail Management and Consulting Corporation
2605 Thomas Drive
Panama City, Florida 32408

B. The mailing address of Secured Party is:

First Alabama Bank - Dothan,
as Collateral Agent
P. O. Box 6507
Dothan, Alabama 36302