

*Counterparts - Interchange*

WILLIAM L. SLOVER  
C. MICHAEL LOFTUS  
DONALD G. AVERY  
JOHN H. LE SEUR  
KELVIN J. DOWD  
ROBERT D. ROSENBERG  
FRANK J. PERGOLIZZI

SLOVER & LOFTUS  
ATTORNEYS AT LAW  
1224 SEVENTEENTH STREET, N. W.  
WASHINGTON, D. C. 20036

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SEP 25 1992 10 04 AM  
INTERSTATE COMMERCE COMMISSION

September 24, 1992

202 347-7170

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

2-269A013

SEP 25 10 04 AM '92  
NOTICE CALLING UNIT

Re: Valdosta Railway, L.P.

Dear Ms. Lee:

Enclosed for recordation in the captioned file are an original and one copy of the "Deed to Secure Debt and Security Agreement" among Valdosta 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.

060080 903269

*GA*

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RECORDATION NO. FILED 1425

SEP 25 1992 10:10 AM

DEED TO SECURE DEBT AND SECURITY AGREEMENT

STATE OF GEORGIA

COUNTY OF LOWNDES

THIS DEED TO SECURE DEBT AND SECURITY AGREEMENT INTERESTED PARTIES COMMISSION

(hereinafter referred to as this "Deed"), made as of this the 30th day of June, 1992, between **VALDOSTA RAILWAY, L.P.** (hereinafter referred to as "Grantor"), a Georgia 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 FOR AND IN CONSIDERATION OF** the sum of TEN AND NO/100 DOLLARS (\$10.00) in hand paid by Lender to Grantor and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged by Grantor, and in order to secure the indebtedness and the other obligations of Grantor hereinafter set forth, Grantor does hereby bargain, sell, grant, convey, assign, transfer, pledge and set over to Lender and the successors, successors-in-title and assigns of Lender, all of the following described land, interests in land,

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THIS DEED IS TO BE FILED AND INDEXED IN THE REAL ESTATE RECORDS AND IS ALSO 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, SECTION 11-9-402 OF THE OFFICIAL CODE OF GEORGIA ANNOTATED.

estates, easements, rights, appurtenances, buildings, improvements, fixtures, furniture and appliances and other personal property (hereinafter sometimes collectively referred to as 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, Valdosta Southern 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 Valdosta Southern Railroad Company ("Junior Lender") pursuant to that certain Deed to Secure Debt, Assignment of Rents and Security Agreement dated December 31, 1991, recorded in Deed Book 863, Page 57, Lowndes County, Georgia records (the "Junior Security Deed").

**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 Security Deed 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 Deed secures any Third Priority Amount (as therein defined), this Deed shall be subject and subordinate to the Junior Security Deed.

**THIS CONVEYANCE** is intended: (i) to operate and to be construed as a deed passing the title to the Premises to Lender and is made under those provisions of the existing laws of the State of Georgia relating to deeds to secure debt, and not as a mortgage, and (ii) to constitute a security agreement pursuant to the Uniform Commercial Code of Georgia, and this Deed 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 Deed, 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 Deed 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.

**SHOULD THE SECURED INDEBTEDNESS BE PAID** according to the tenor and effect thereof when the same shall become due and payable and should Grantor assume all obligations of Lender, if any, which are undertaken or incurred by Lender with respect to the Premises pursuant to the rights and remedies of Lender under this Deed and the Loan Documents, then this Deed shall be cancelled and surrendered.

#### 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 Georgia, 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 Deed 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 Deed 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 Security Deed 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 Security Deed.

**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) **Assignment.** 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 Security Deed), this Deed 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 Georgia.

(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 Deed shall comply with the requirements of the Uniform Commercial Code, as enacted in the State of Georgia, 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 Deed 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 Deed 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 Deed 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 Deed 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 Deed 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 Deed 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 Deed.

**2.05 Power of Sale.** If an event of default shall occur hereunder and, as a result thereof, the Secured Indebtedness is accelerated and is due and payable in full, Lender, at its option, may sell the Premises or any part of the Premises at public sale or sales before the door of the courthouse of the County in which the Premises or any part of the Premises is situated, to the highest bidder for cash, in order to pay the Secured Indebtedness and insurance premiums, liens, assessments, taxes and charges, including utility

charges, if any, with accrued interest thereon, and all expenses of the sale and of all proceedings in connection therewith, including reasonable attorney's fees, if incurred, after advertising the time, place and terms of sale once a week for four (4) weeks immediately preceding such sale (but without regard to the number of days) in a newspaper in which Sheriff's sales are advertised in said County. The foregoing notwithstanding, Lender may sell, or cause to be sold, any tangible or intangible personal property, or any part thereof, and which constitutes a part of the security hereunder, in the foregoing manner, or as may otherwise be provided by law. The Lender may bid and purchase at any such sale and may satisfy Lender's obligation to purchase pursuant to Lender's bid by cancelling an equivalent portion of any indebtedness then outstanding and secured hereby.

**2.06 Authority to Convey.** At any such sale, Lender may execute and deliver to the purchaser a conveyance of the Premises or any part of the Premises in fee simple with warranties of title (as herein set forth) and to this end, Grantor hereby constitutes and appoints Lender the agent and attorney in fact of Grantor to make such sale and conveyance, and thereby to divest Grantor of all right, title and equity that Grantor may have in and to the Premises and to vest the same in the purchaser or purchasers at such sale or sales, and all the acts and doings of said agent and attorney in fact are hereby ratified and confirmed and any recitals in said conveyance or conveyances as to facts essential to a valid sale shall be binding on Grantor. The aforesaid power of sale and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise, are granted as cumulative of the other remedies provided by law for collection of the indebtedness secured hereby and shall not be exhausted by one exercise thereof but may be exercised until full payment of all sums secured hereby.

**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 Deed 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 Deed 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 Deed shall be construed under the laws of the State of Georgia.

ARTICLE III

**3.01 Successors and Assigns Included in Parties.**

Whenever in this Deed 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 Deed. This Deed 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 Deed, 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 Deed 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 Deed 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 Deed 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

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with the notice provisions of the Note Agreement or the Credit Agreement, as applicable.

3.07 This Deed. Lender shall have no obligation to cancel this Deed 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 this Deed and reconvey the Premises to Grantor after Grantor has evidenced to Lender that the indebtedness secured by the Junior Security Deed has been paid in full and that the Junior Security Deed 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 Deed, 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.

VALDOSTA RAILWAY, L.P., a Georgia limited partnership

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

By: [Signature]  
Name: K. EARL DURDEN  
Title: President

Attest: [Signature]  
Name: Dow T. Huskey  
Title: Assistant Secretary

(AFFIX CORPORATE SEAL)

Signed, sealed and delivered in the presence of:

[Signature]  
Unofficial Witness  
[Signature]  
Notary Public

(NOTARY SEAL)

My Commission Expires:

FIDEL M. DELA MERCED, JR.  
Notary Public, State of New York  
No. 41-4853002  
Qualified in New York County 94  
Commission Expires Feb 10, 1994

EXHIBIT "A"  
Legal Description  
Georgia

THAT PORTION OF THE FOLLOWING REAL PROPERTY AND REAL PROPERTY INTERESTS LOCATED IN LOWNDES COUNTY, GEORGIA:

The real property and real property interests acquired by Valdosta Southern Railroad Company by virtue of the February 23, 1954 deed (the "1954 Receiver's Deed") from Alfred W. Jones As Receiver for Georgia & Florida Railroad, a corporation organized and existing under the laws of the States of Georgia and South Carolina (hereinafter sometimes called the "Receiver"), as party of the first part and grantor, to Valdosta Southern Railroad, a corporation organized and existing under the laws of the State of Florida (being one and the same as Valdosta Southern Railroad Company), as party of the second part and grantee, which 1954 Receiver's Deed is recorded in Deed Book 7X, Page 537, Lowndes County, Georgia Superior Court records, and in Deed Book 82, Page 245A, in the Office of the Clerk of the Circuit Court of Madison County, Florida, which real property and real property interests were described in the 1954 Receiver's Deed as follows:

[Beginning of description in 1954 Receiver's Deed] All of the rights, title, interests claims and demands of said party of the first part in and to the following described property, which is located partly in Lowndes County, Georgia, and partly in Madison County, Florida, together with all the rights, members and appurtenances to said land in anywise appertaining or belonging, to-wit:

All those lots, tracts and parcels of land consisting of the railroad right-of-way hereinafter described or designated and all lands located along the sides thereof and adjacent thereto owned by said Receiver or in which said Receiver has a right or interest, except as hereinafter specified, together with the ties, tracks, switches, devices, structures and other improvements thereon, and all easements, franchises, licenses, rights, powers, privileges, titles and interest of said Receiver, or in which said Receiver has a right or interest, pertaining to or affecting said right-of-way or said other lands or pertaining to or affecting the use thereof, except as hereinafter specified; said right-of-way being described and identified as follows:

The center line of said right-of-way is the center line of the present main line tracks of the Georgia & Florida Railroad; the northern terminus of said right-of-way is at a point on said center line one hundred (100) feet southerly from the center of the grade crossing of the Georgia Southern & Florida Railway Company, Palatka Branch, by the Georgia & Florida Railroad, main line, (measured along the center line of the main line tracks of the Georgia & Florida Railroad) in the City of Valdosta, Georgia;

said point being further described as being at or near Mile Post 27.44 or Valuation Station 1450 + 02; and the southern terminus of said right-of-way is at the end of the present tracks and right-of-way of the Georgia & Florida Railroad in or south of the City of Madison, Florida, at a point one thousand seven hundred seventy-three (1,773) feet south of the Mile Post 0.0 or Valuation Station 0 + 00; and said right-of-way extends from said northern terminus to said southern terminus, varying in width as follows: At said Northern terminus said right-of-way is one hundred fifty (150) feet wide and extends southerly of even width (150 Feet) along the course of said main line tracks to the north line or boundary of the South half (S $\frac{1}{2}$ ) of the Northeast quarter (NE $\frac{1}{4}$ ) of Section 1, Township 1 North (T1N), Range 9 East (R9E) in Madison County, Florida; thence said right-of-way extends southerly having a width of one hundred (100) feet along the course of said main line tracks to the north line or boundary of Section 13, Township 1 North (T1N), Range 9 East (R9E) in Madison County, Florida; thence said right-of-way extends southerly having a width of one hundred fifty (150) feet along the course of said main line tracks to the north line or boundary of Section 23, Township 1 North (T1N), Range 9 East (R9E) in Madison County, Florida; thence said right-of-way extends southerly having a width of one hundred (100) feet along the course of said main line tracks to the point where said main line tracks cross the east line or boundary of the Northwest quarter (NW $\frac{1}{4}$ ) of the Southeast quarter (SE $\frac{1}{4}$ ) of Section 22, Township 1 North (T1N), Range 9 East (R9E) in Madison County, Florida; thence said right-of-way extends southerly having a width of Sixty (60) feet along the course of said main line tracks to the North margin of the Old Columbus Road (U.S. Highway No. 90); thence said right-of-way extends southerly having a width of eighty (80) feet along the course of said main line tracks to the Madison, Florida, Depot Lot (Parcel No. 11, Map V-1-Fla. S-1); thence said right-of-way extends southerly having a width of forty-four (44) feet along the course of said main line tracks through said Depot Lot and continuing southerly along the course of said main line tracks to the south margin of Bunker Street in the City of Madison, Florida; thence said right-of-way extends southerly having a width of twenty-five (25) feet along the course of said main line tracks to the strip of land formerly belonging to John L. Inglis and which was condemned by the Georgia & Florida Railway as shown by the minutes of the Circuit Court of Madison County, Florida, appearing in Minute Book "H" at pages 137 and 138 in the office of the Clerk of said Court, and said right-of-way between said Bunker Street and said land which formerly belonging to John L. Inglis also includes the side tracks and wye tracks connecting therewith and rights-of-way for and along said side and wye tracks twenty-five (25) feet in width and extending twelve and one-half (12 $\frac{1}{2}$ ) feet on each side of the

center line of each of such side and wye tracks; thence said right-of-way extends southerly having a width of thirty (30) feet along the course of said main line tracks, from the north margin of said Inglis property to a point five hundred seventy (570) feet (measured along the center line of said main line tracks) southerly from the south margin of said Inglis property; thence said right-of-way extends southerly having a width of forty (40) feet along the course of said main line tracks for a distance of one hundred sixty (160) feet; thence said right-of-way extends southerly having a width of twenty (20) feet along the course of said main line tracks to the south margin of the right-of-way of the Seaboard Airline Railway; thence extending southerly said right-of-way consists of a tract of land which was conveyed to the Georgia & Florida Railway by H. V. Morrow and his wife Ida M. Morrow and L. L. Peek and his wife Ella Peek by deed dated February 14, 1908, and recorded upon the deed records of Madison County, Florida, in Book 28 at page 107; and thence said right-of-way extends southerly, having a width of one hundred (100) feet along the course of said main line tracks to its southern terminus aforesaid.

The lands, properties, easements and franchises conveyed hereby include, but are not limited to the following:

(a) All of those lands, properties, easements, franchises and rights of the Receiver described in the various deeds and other documents listed in the exhibit entitled "Land, Easements, Franchises; Itemized" attached to and recorded with the 1954 Receiver's Deed;

(b) The properties at Madison, Florida, commonly referred to by said Receiver as the Burnett Gin Lot, the Madison Lumber Company Lot, the Sinclair Oil and others Lot, the two Section Houses and Lots, the Seaboard Oil Lot, and the Madison Section Building and Lot, and also the Pinetta Depot and 1 Acre Lot at Pinetta, Florida;

(c) All railroad tracks, sidings, team tracks, track-ties, switches, interlockers, turn-outs, fences, crossings, bridges, trestles, culverts, crossing signs, signalling equipment, station buildings, station equipment and facilities, water-tanks and other railroad parts and facilities constituting the lines of railroad upon the above described right-of-way or constituting appurtenances thereof.

Nevertheless, there is excepted and excluded from this conveyance, and reserved by said Receiver, any and all turn-outs or side or spur tracks connecting with the main line of railroad upon said right-of-way between Mile Post 27.44 and Mile Post

24.5, and this conveyance does not include any railroad locomotive, railroad cars, cabooses, hand-cars, motor cars, tools or unapplied construction and maintenance materials or supplies. [End of description in 1954 Receiver's Deed]

LESS AND EXCEPT therefrom, however, the following real property and real property interests:

(a) Title to those parcels and interests conveyed or released subsequent to February 23, 1954 by Valdosta Southern Railroad Company to third parties, which in the State of Georgia include all parcels and interests lying south of Mile Post 18 in Clyattsville, Lowndes County, Georgia near the site of the mill initially owned by Owens-Illinois, Inc. and now operated by Packaging Corporation of America; and which in the State of Florida include all parcels and interests lying south of the City of Pinetta, Florida, and north of the City of Madison, Florida. There is no trackage on the Florida parcels conveyed hereby. Such conveyances and releases by Valdosta Southern Railroad Company are evidenced in part by the deeds and instruments identified in items (b) through (k) following this item (a).

(b) Title to the Lowndes County, Georgia property conveyed by \_\_\_\_\_, 1969 Corporation Quitclaim Deed from Valdosta Southern Railroad Company to Loyce W. Turner and Nelson Mathis.

(c) Title to the Lowndes County, Georgia property conveyed by \_\_\_\_\_, 1969 Corporation Quitclaim Deed from Valdosta Southern Railroad Company to Mrs. Margaret Cothron Peace.

(d) Title to the property conveyed by March 27, 1972 Quitclaim Deed from Valdosta Southern Railroad Company to W. C. Copeland, Jr., recorded in Deed Book 63, Page 421, Lowndes County, Georgia Superior Court records.

(e) Title to the property conveyed by the March 27, 1972 Quitclaim Deed from Valdosta Southern Railroad Company to Seaboard Coast Line Railroad Company, a Virginia corporation, recorded in Deed Book 63, Page 577, in the Office of the Clerk of the Circuit Court of Madison County, Florida.

(f) Title to the Lowndes County, Georgia property conveyed by May 4, 1972 Warranty Deed from Valdosta Southern Railroad Company to Owens-Illinois, Inc., an Ohio corporation.

(g) Title to the property conveyed by the March 20, 1973 Special Warranty Deed from Valdosta Southern Railroad Company to James T. Hinton, Jr. and Stephen F. Hinton, recorded in Deed Book

69, Page 159, in the Office of the Clerk of the Circuit Court of Madison County, Florida.

(h) Title to the property conveyed by the April 16, 1973 Special Warranty Deed from Valdosta Southern Railroad Company to The City of Madison, Florida, a municipal corporation, recorded in Deed Book 69, Page 24, in the Office of the Clerk of the Superior Court of Madison County, Florida.

(i) Title to the Madison County, Florida property conveyed by the September 18, 1975 Quitclaim Deed from Valdosta Southern Railroad Company to State of Florida for the benefit of the Florida Department of Transportation.

(j) Title to the Madison County, Florida property conveyed by the July 25, 1986 Quitclaim Deed from Valdosta Southern Railroad Company to J. B. Davis, Jr.

(k) Title to the property conveyed by the June 1, 1988 Quitclaim Deed from Valdosta Southern Railroad Company to Florida Department of Transportation, recorded in Deed Book 192, Page 647, in the Office of the Clerk of the Circuit Court of Madison County, Florida.

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EXHIBIT B

Personal Property

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

DEC 27 1991 18:25 FROM PACKAGING CORP 1111

VALDOSTA SOUTHERN RR TEL NO. 912-559-7015

DEC 26 1991 15:29 No.003 P.02

## ATTACHMENT A

Page 1 of 2

## VALDOSTA SOUTHERN RAILROAD - ASSETS AS OF 12/31/91

ACCT NO	DESCRIPTION	AMOUNT	TOTAL
1	LAND - GEORGIA		9,679.07
4	LAND - FLORIDA		893.00
1	ENGINEERING		2,827.35
3	GRADING		39,873.69
6	CULVERTS		7,406.87
8	CROSS TIES		57,451.50
9	RAIL		501,459.38
10	OTHER TRACK MATERIAL		285,464.51
11	BALLAST		59,612.23
12	TRACK LAYING & SURFACING		282,252.41
13	FENCES & SIGNS		1,952.27
17	ROADWAY BUILDINGS		14,458.14
	FOREMANS HOUSE	6,787.91	
	STORAGE HOUSE	1,650.00	
	PUMP HOUSE	200.00	
	GARAGE BUILDING	5,820.23	
26	COMMUNICATIONS		8,812.24
	1 BASE UNIT		
	1 BASE TOWER		
	5 PORTABLE UNITS		
	1 MOBILE UNIT		
	1 LOCOMOTIVE UNIT		
27	SIGNALS - GA HIGHWAY 31		13,900.00
37	ROADWAY MACHINES		24,596.32
	FORD TRACTOR	7,700.00	
	TRACK WRENCH	3,864.08	
	TIE MACHINE	9,878.51	
	PUSH CARS	250.00	
	RAIL SAW	647.54	
	TAMPING MACHINE	2,258.08	
38	SMALL TOOLS - MISC		2,077.27
39	PUBLIC IMPROVEMENT		72.37
53	FREIGHT CARS		12,564.65
	CABOOSE 102		

903294

12-25-1992 14:40

2057947292

DDW BUSKEY ATTORNEY

P.04

DEC 27 '91 18:26

FROM PACKAGING CORP 171H F

Page 2 of 2

58 MISC EQUIPMENT		87,677.02
1984 GMD M OF WAY TRUCK	69,895.00	
1981 FORD PICKUP	7,783.36	
1984 CHEVROLET IMPALA CAR	9,998.66	
71 GENERAL EXPEN.		14,740.78
115 OFFICE EQUIPMENT		24,808.68
3 CALCULATORS	2,372.64	
6 ADDING MACHINES	1,641.13	
6 TYPEWRITERS	2,382.86	
10E MACHINE	999.00	
DITTO MACHINE	427.43	
NOR ACCT MACHINE	7,079.55	
THERMO FAX MACHINE	429.00	
38 CHAIRS	858.14	
8 DESKS	1,103.34	
5 CREDENZAS	708.96	
3 TABLES	240.28	
1 CABINET	37.97	
8 TRASH CANS	23.79	
8 DESK TRAYS	24.11	
1 CHECK PROTECTOR	185.33	
1 WALL CLOCK	14.94	
1 VACUUM CLEANER	158.30	
1 FLOOR WAXER	89.88	
1 PAPER CUTTER	22.15	
1 STEP LADDER	13.75	
13 FILE CABINETS	1,057.42	
1 WATER COOLER	186.65	
1 IBM PC-AT	4,751.90	
216 STATION & OFFICE BUILDINGS		114,368.82
POLE LOADING PLATFORM	825.44	
FILL IN STATION GROUNDS	240.90	
WASH HOUSE	39.51	
GENERAL OFFICE BLDG	29,995.64	
OLD TRACK SCALES	18,150.74	
IN-MOTION TRACK SCALES	65,136.59	
352 LOCOMOTIVE 184		40,174.00
452 LOCOMOTIVE 1284		69,000.00
TOTAL ASSETS		1,871,942.27

=====

DEC 27 '91 18:26

FROM PACKAGING CORP.

DOW HUSKEY ATTORNEY

2057847892

P. 05

903295

# VSO. VALDOSTA SOUTHERN RAILROAD COMPANY

P. O. BOX 1147

VALDOSTA, GEORGIA 31603-1147

TELEPHONE  
888-7884/888-8804  
AREA 918

## Locomotives

ENGINE # 184

EMD GP 7 Built 1951  
16 Cylinders 6458C Motor  
1500 HP

ENGINE #1284

EMD GP 10 Built 1955  
16 Cylinders 567C Motor  
1850 HP

## CABOOSE

CUPOLA Type

VALCOSTA SOUTHERN RAILROAD - COMPUTER HARDWARE AND SOFTWARE

EQUIPMENT OWNED

- 1. 1 IBM PC-AT - 2.5 MB RAM, 1.2 MB & 360 X FLOPPY DRIVES, 71 MB HARD DRIVE, MONO MONITOR
- 2. 1 IBM MODEL 70 - 2 MB RAM, 1.44 MB FLOPPY, 120 MB HARD DRIVE, VGA COLOR MONITOR
- 3. 1 TOSHIBA P3351 PRINTER
- 4. 1 EPSON 2550 PRINTER
- 5. 1 HEWLETT PACKARD 7475A PLOTTER
- 6. 3 DATASHIELD 7300A U.P.S
- 7. 1 MATES 1200 B INTERNAL MODEM

EQUIPMENT LEASED

- 1. 1 EICL 4224 6GS - 1 MB RAM, 1.2 MB & 1.44 MB FLOPPY DRIVES, 40 MB HARD DRIVE, VGA COLOR MONITOR
- 2. 1 EPSON FX 630 PRINTER
- 3. 1 MATES 2400 INTERNAL MODEM
- 4. 1 IBM 3177 TERMINAL WITH IBM 5274 CONTROLLER
- 5. 1 IBM 5224 PRINTER
- 6. 1 IBM 4224 PRINTER
- 7. 1 SOUTHERN BELL LOCAL AREA DATA SET TRUNK

*Items 1, 2 & 3 are owned by Southern Railway and are not for lease to perform the Railroad EDC function.*

*Special equipment to connect and validate mill's AP400.*

SOFTWARE OWNED

- 1. 2 LUTHE 123 RELEASE 3.0
- 2. 2 FASTBACK PLUS
- 3. 2 PC TOOLS DELUXE
- 4. 1 BRASS FOR DOS
- 5. 1 BRASS COMPILER
- 6. 1 ACT 1 FILE ACCOUNTING PACKAGE
- 7. 1 ACT 1 INTEGRATED RAILROAD CONTROL SYSTEM WITH CAR CONTROL MODULE
- 8. 1 ACT 1 RAILROAD CONTROL SYSTEM FOR 1985

903297

- 9. 1 MOREOK SOUTHERN CUSTOMER LINK
- 10. 1 GREAT ELECTRONIC DATA INTERCHANGE
- 11. 1 PROCOMM PLUS
- 12. 1 HATES SMARTCOM II
- 13. 1 WESTERN UNION EASTLINK INSTANT MAIL MANAGER

EXPERIENCE REQUIRED  
 -----

ADVANCED KNOWLEDGE OF LOTUS 123 RELEASE 3 AND R5ASE IS REQUIRED TO MAINTAIN PROGRAMS  
 GENERAL COMPUTER EXPERIENCE, ACCOUNTING EXPERIENCE, AND RAILROAD EXPERIENCE IS  
 REQUIRED TO USE ALL OTHER SOFTWARE

EXHIBIT C

SCHEDULE 1

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

A. Debtor:

1. Name and Identity of Corporate Structure:

Valdosta Railway, L.P., a Georgia Limited Partnership.

2. The principal place of business of Debtor in the State of Georgia is located at 200 Madison Highway, Clyattville, Ga. 31601.

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

200 Madison Highway, Clyattville, Ga. 31601.

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

10:15am  
July 8 1992 M, Recorded July 9 1992  
Desa Book 903 Page 209 Sara K. Crow Clerk