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February 5, 1990 10752
RECORDATION NO FILED 1423

FEB 5 1990 -3 25 PM

INTERSTATE COMMERCE COMMISSION *NOT ADMITTED IN D C

VIA HAND DELIVERY

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Room 1324
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

0-036A038

Re: Alabama & Florida Railroad Company, Inc.
Gulf & Ohio Railways, Inc., Wiregrass
Central Railroad Company, Inc. and
Mississippi Delta Equipment Co., Inc.

Dear Ms. McGee:

I have enclosed an original and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a primary document, a Security Agreement, dated as of February 5, 1990.

The names and addresses of the parties to the documents are as follows:

Debtors: Alabama & Florida Railroad Company, Inc.
401 Henley Street
Suite 5
Knoxville, Tennessee 37902

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

Handwritten signature: Jill M. Hawken

Ms. Noreta R. McGee

-2-

February 5, 1990

Wiregrass Central Railroad Company, Inc.
401 Henley Street
Suite 5
Knoxville, Tennessee 37902

Mississippi Delta Equipment Co., Inc.
401 Henley Street
Suite 5
Knoxville, Tennessee 37902

Secured Party: AmSouth Bank N.A.
P.O. Box 11007
Birmingham, Alabama 35288
Attn: National Banking Department

A description of the equipment covered by the document follows:

A secured interest in the rolling stock and other property of Alabama & Florida Railroad Company, Inc., Gulf & Ohio Railways, Inc., Wiregrass Central Railroad Company, Inc. and Mississippi Delta Equipment Company, Inc. as described in Schedule A hereto.

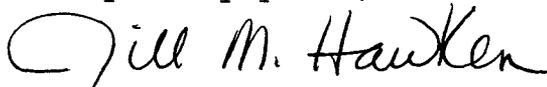
A fee of \$15.00 is enclosed, pursuant to 49 C.F.R. Section 1002.2(f)(84). Please return the originals attached to this letter, evidencing recordation to:

Jill M. Hawken
Weiner, McCaffrey, Brodsky, Kaplan & Levin, P.C.
1350 New York Avenue, N.W., Suite 800
Washington, D.C. 20005-4797

A short summary to appear in the index follows:

2/5/90 Security Agreement, covering the rolling stock and other property of Alabama & Florida Railroad Company, Inc., Gulf & Ohio Railways, Inc., Wiregrass Central Railroad Company, Inc. and Mississippi Delta Equipment Company, Inc., as listed in Exhibit D of the Security Agreement.

Very truly yours,



Jill M. Hawken

Enclosures

EXHIBIT D

(Equipment and Rolling Stock)

LOCOMOTIVE LIST

Loco Number	Last RR Owner	Present Owner	Where Located	Type
8047 ✓	ICG	MSDR	MSDR	GP-10
8068 ✓	ICG	MSDR	MSDR	GP-10
2391	L&N	MSDR	AFLR	GP-9
1223 ✓	ICG	MDEQ	AFLR	SW-7
1214 ✓	ICG	WGCR	AFLR	SW-9
6011 ✓	CSX	AFLR	AFLR	GP-9
6076 ✓	CSX	AFLR	AFLR	GP-9
6084 ✓	CSX	AFLR	AFLR	GP-9
6094 ✓	CSX	AFLR	AFLR	GP-9
1026	NCPA	AFLR	WGCR	GP-7
6226 ✓	CSX	WGCR	WGCR	GP-9
2876 ✓	SP	WGCR	WGCR	GP-9
3832 ✓	SP	WGCR	WGCR	GP-9R
3872 ✓	SP	WGCR	WGCR	GP-9R
10	NCPA	MDEQ	VGA	GP-7
1105 ✓	NS	WGCR	VGA	SW-7
7738 ✓	ICG	MDEQ	MSDR	GP-8
413 ✓	BN	MDEQ	LA	NW-2
415 ✓	BN	MDEQ	LA	NW-2
3023 ✓	ICG	MDEQ	AFLR	GP-40

Notes:

MSDR is Mississippi Delta Railroad

AFLR is Alabama & Florida Railroad

WGCR is Wiregrass Central Railroad

MDEQ is the Mississippi Delta Equipment Company

NCPA is the North Carolina Port Authority

VGA references an in-plant switching location at Valdosta, Georgia

LA references a storage location in Louisiana

 MSDR, AFLR, WGCR and MSEQ are all part of Gulf & Ohio Railways.

All unit numbers are unchanged from the last RR owner.

CAR LIST

All cars are MSDR
2000-2009 security interest held by Bell Atlantic
12076
12244
12350
12384
13167
13234
13235
55412
83000-83063 (16 cars) lease purchase, NRUC Corp.
560000-560999 (16 cars)
562354
562598
562918
764470

Interstate Commerce Commission
Washington, D.C. 20423

2/5/90

OFFICE OF THE SECRETARY

Jill M. Hawken
Weiner McCaffrey Brodsky
Kaplan & Levin
1350 New York Ave. N.W. Suite 800
Washington, D.C. 20005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on ~~2:35pm~~ at 3:35pm and assigned recordation number(s). 16752,15007 & 14874-A

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

FEB 5 1990 -3 35 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (hereinafter, with all amendments thereto, being referred to as "this Agreement") is executed as of February 5, 1990, by GULF & OHIO RAILWAYS, INC., a Tennessee corporation, ALABAMA & FLORIDA RAILROAD COMPANY, INC., an Alabama corporation, WIREGRASS CENTRAL RAILROAD COMPANY, INC., an Alabama corporation, and MISSISSIPPI DELTA EQUIPMENT CO., INC., a Tennessee corporation (together, the "Borrowers"), a mailing address of all of the Borrowers is 401 Henley Street, Suite 5, Knoxville, Tennessee 37902, in favor of AMSOUTH BANK N.A. (the "Lender"), a mailing address of which is P. O. Box 11007, Birmingham, Alabama 35288, Attention: National Banking Department.

Recitals

A. The Borrowers and the Lender have entered into a Loan Agreement dated as of February 5, 1990 (the "Loan Agreement"), pursuant to which the Lender has agreed to make available to the Borrowers a term loan in the principal amount of \$1,440,000 (the "Term Loan"), and a revolving line of credit in the maximum principal amount at any one time outstanding of \$250,000 (the "Line of Credit") (the principal amounts outstanding from time to time under the Term Loan and the Line of Credit being hereinafter sometimes together called the "Loans"). The proceeds of the Loans are to be used by the Borrowers for the purposes set forth in the Loan Agreement.

B. The Term Loan is to be evidenced by the Borrowers' promissory note in the principal amount of \$1,440,000 (the "Term Note") and the Line of Credit is to be evidenced by the Borrowers' Master Promissory Note in the principal amount of \$250,000 (the "Line of Credit Master Note") (the Term Note and the Line of Credit Master Note being hereinafter sometimes called the "Notes" or individually called a "Note" where no distinction is required). The Notes are dated of even date with the Loan Agreement, and each of the Notes bears interest as provided therein and is payable in accordance with its terms.

C. To secure the Loans and the Notes and to induce the Lender to enter into the Loan Agreement with the Borrowers and to extend credit to the Borrowers under the Loan Agreement on the strength of the security provided by this Agreement, the Borrowers have agreed to execute and deliver this Agreement to the Lender.

Agreement

NOW, THEREFORE, in consideration of the premises, and to induce the Lender to enter into the Loan Agreement and to make the Loan, and to secure the payment of Obligations (as hereinafter defined), the Borrower hereby agrees with the Lender as follows:

1. Defined Terms. As used in this Agreement the following terms shall have the respective meanings assigned to them as follows:

Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings accorded thereto in the Loan Agreement.

"Accounts" shall mean and include all Accounts Receivable, Contract Rights, Chattel Paper, Instruments and Documents.

"Assigned Agreements" shall mean and include all leases, contracts and agreements included in the Property, or in connection with which Accounts now exist or may hereafter be created, including the agreements described in Exhibit A.

"Account Receivable" shall (a) mean a right to payment (i) for goods sold or leased, (ii) for services rendered by the Borrowers (or any of them), (iii) of rentals and other monies under any of the Assigned Agreements, and (iv) of any other proceeds of any of the Property described in this Agreement, (b) include all of the foregoing whether or not evidenced by an Instrument or Chattel Paper, and (c) include a right to payment that has been earned under a Contract Right.

"Business Day" means any day other than a Saturday or Sunday or a public or bank holiday or the equivalent for banks generally under the laws of the State of Alabama and the United States.

"Chattel Paper" shall have the meaning accorded to that term under the Alabama Uniform Commercial Code.

"Contract Right" shall mean any right to payment under a contract not yet earned by performance, whether or not evidenced by an Instrument or Chattel Paper.

"Debt" of any person shall mean (i) all indebtedness, whether or not represented by bonds, debentures, notes or other securities, for the repayment of borrowed money, (ii) all deferred indebtedness for the

payment of the purchase price of property or assets purchased, (iii) all capitalized lease obligations, and (iv) all indebtedness secured by any Lien on any property of such person, whether or not indebtedness secured thereby shall have been assumed.

"Deposit Accounts" shall mean and include all bank accounts and other deposit accounts and lock boxes included in the Property.

"Documents" shall have the meaning accorded to that term under the Alabama Uniform Commercial Code.

"Guarantors" shall mean H. Peter Claussen and Linda C. Claussen.

"General Intangibles" shall mean all general intangibles as defined in the Alabama Uniform Commercial Code and all choses in action, causes of action and other intangible personal property of the Borrower of every kind and nature (other than Accounts) including corporate or other business records, inventions, designs, patents, patent applications, trademarks, trade names, trade secrets, good will, copyrights, registrations, licenses, permits, certificates of authority, franchises, tax refund claims, insurance policies and all rights thereunder (including any refunds and returned premiums) and any security now or hereafter held by or granted to the Borrowers (or any of them) to secure payment of any of the Accounts.

"Governmental Authority" means any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

"Instruments" shall have the meaning accorded to that term under the Alabama Uniform Commercial Code.

"Inventory" shall mean goods, merchandise and other personal property now or hereafter held by the Borrowers (or any of them) for sale or lease or furnished or to be furnished under contracts of service or otherwise, raw materials, parts, finished goods, work-in-process and supplies and materials used or consumed, or to be used or consumed, in the Borrowers' present or any future businesses, and all such property the sale, lease or other disposition of which has given rise to Accounts and which has been returned to or repossessed or stopped in transit by the Borrowers (or any of them).

"Liabilities" shall include the Obligations and all other indebtedness, obligations (including obligations of

performance) and liabilities of the Borrowers (or any of them) to the Lender of every kind and description whatsoever, known or unknown, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, contracted or arising, or acquired by the Lender from any source, joint or several, liquidated or unliquidated, regardless of how they arise or by what agreement or instrument they may be evidenced or whether they are evidenced by any agreement or instrument, and whether incurred as maker, endorser, surety, guarantor, general partner, drawer, tort-feasor, indemnitor, account party with respect to a letter of credit or otherwise, including obligations incurred in connection with the issuance of a letter of credit, and any and all extensions and renewals of any of the same.

"Lien" includes any mortgage, deed of trust, security deed, pledge, lien, security interest, hypothecation, claim, assignment, deposit arrangement, easement, restriction, charge or encumbrance, and any other security device or preferential arrangement of any nature whatsoever (including, without limitation, any lease, title retention agreement or financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction).

"Obligations" shall have the meaning accorded to that term in Section 2.

"Obligor" shall include any buyer or lessee of Inventory from the Borrowers (or any of them), any customer for whom services have been rendered or materials furnished by the Borrowers (or any of them) and any other Person that is now or may become obligated to the Borrower on an Account.

"Permitted Encumbrances" shall mean the matters, if any, set forth on Exhibit B attached hereto and made a part hereof.

"Person" (whether or not capitalized) includes natural persons, sole proprietorships, corporations, business trusts, unincorporated organizations, associations, companies, institutions, entities, joint ventures, partnerships, governments (whether federal, state, county, municipal or otherwise) and Governmental Authorities.

"Property" shall have the meaning accorded to that term in Section 3.

"Subsidiary" shall mean (a) any corporation more than 50% of whose shares of stock having general voting power under ordinary circumstances to elect a majority of the board of directors, managers or trustees of such corporation, irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency, is owned or controlled directly or indirectly by any Borrower or (b) any partnership 50% or more of the partnership interests of which are owned or controlled, directly or indirectly, by any Borrower and shall include entities currently or hereafter falling within the categories described in clause (a) or (b) above.

"Tangible Property" shall have the meaning accorded to that term in Section 7.

2. Obligations Secured. This Agreement is given to secure and shall secure the prompt payment of the following (hereinafter sometimes collectively referred to as the "Obligations"):

(a) the indebtedness evidenced by the Notes, and any and every extension or renewal thereof;

(b) all sums becoming due and payable by the Borrowers under the terms of this Agreement, including sums advanced by the Lender pursuant to the terms and conditions of this Agreement;

(c) all other indebtedness, obligations and liabilities of the Borrowers (or any of them) to the Lender (including obligations of performance) of every kind and description whatsoever, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, contracted or arising, or acquired by the Lender from any source, joint or several, liquidated or unliquidated, regardless of how they arise or by what agreement or instrument they may be evidenced or whether they are evidenced by agreement or instrument, and whether incurred as maker, endorser, surety, guarantor or otherwise, and any and all extensions or renewals of any of the same, including without limitation any reimbursement obligations incurred in connection with the issuance of a letter of credit; and

(d) the compliance with and performance of each and every obligation, covenant, duty, condition and agreement in this Agreement, the Notes and the Loan Agreement imposed on or agreed to by the Borrowers.

3. Property. As security for the Obligations, the Borrowers do hereby transfer, sell, assign and convey to the Lender, and grant to the Lender a security interest in, all of its right, title and interest in, to and under the following property, whether real, personal or mixed, whether now owned or hereafter acquired by the Borrowers (or any of them), and wherever located (hereinafter collectively called the "Property"):

(a) All machinery, equipment, furniture, furnishings, Inventory, materials, vehicles, supplies, fixtures, goods and other tangible personal property of the Borrowers including all locomotives, engines, tenders, tampers, cars, buses, trucks and other rolling stock and equipment including, without limitation, all such locomotives, engines, tenders, tampers, cars and other rolling stock described in Exhibit D to this Agreement (all equity therein), and all steamers and steamships, ferries, boats, barges, tugs and other floating equipment;

(b) all existing and future leases and use agreements of personal property entered into by the Borrowers as lessor with other Persons as lessees, including the right to receive and collect all rentals and other monies, including security deposits, at any time payable under such leases and agreements;

(c) any existing and future leases and use agreements of personal property entered into by the Borrower as lessee with other Persons as lessor, including the leasehold interest of the Borrowers in such property, and all options to purchase such property or to extend any such lease or agreement;

(d) any and all accessions and additions now or hereafter made or added to any of the property described in subparagraphs (a) through (c) above, any substitutions and replacements therefor, and all attachments and improvements now or hereafter placed upon or used in connection therewith, or any part thereof; and

(e) all Accounts of the Borrowers;

(f) all General Intangibles of the Borrowers;

(g) all moneys of the Borrowers and all bank accounts in which such moneys may at any time be held and all investments or securities in which such moneys may at any time be invested and all certificates, instruments and documents from time to time representing or evidencing any such moneys;

(h) all interest, dividends, proceeds, products, rents, royalties, issues and profits of any of the property described in subparagraphs (a) through (g) above and all notes, certificates of deposit, checks and other instruments from time to time delivered to or otherwise possessed by the Lender for or on behalf of the Borrowers in substitution for or in addition to any or all of said property; and

(i) all books, documents and records (whether on computer or otherwise) related to any of the items described in subparagraphs (a) through (h) above.

No submission by the Borrowers to the Lender of a schedule or other particular identification of Property shall be necessary to vest in the Lender security title to and a security interest in each and every item of Property of the Borrowers (or any of them) now existing or hereafter created and acquired, but rather such title and security interest shall vest in the Lender immediately upon the creation or acquisition of any item of Property hereafter created or acquired, without the necessity for any other or further action by the Borrowers or by the Lender.

4. General Representations and Warranties. The Borrowers represent and warrant as follows:

(a) The Borrowers are the lawful and absolute owner of the Property and have a good right to transfer, sell, assign, convey, and grant a security interest in the same under this Agreement, subject to Permitted Encumbrances; the Property is free and clear of all Liens other than ad valorem taxes, the security interest of the Lender under this Agreement and Permitted Encumbrances; and the Borrowers do hereby warrant and will forever defend the title to the Property unto the Lender, its successors and assigns, against the claims of all persons whomsoever, whether lawful or unlawful.

(b) No financing statement covering any of the Property is on file at any public office except as identified in paragraph (a) above.

(c) Each Borrower's chief place of business, chief executive office and office where it keeps its records concerning Accounts is located at the address set forth below that Borrower's name on the first page of this Agreement.

5. General Covenants and Agreements. The Borrower covenants and agrees with the Lender as follows:

(a) The Tangible Property shall be kept (or in the case of a motor vehicle, principally garaged) at the locations set forth on Exhibit C attached hereto and made a part hereof, and said locations, the locations of each Borrower's principal place of business and chief executive office and the location at which the Borrower's records concerning Accounts are kept shall not be changed without the prior written consent of the Lender.

(b) Each Borrower shall immediately advise the Lender in writing of any change in the location of its principal place of business, the location of its chief executive office, the place where records of its Accounts are kept, or the places where its Tangible Property is kept.

(c) Each Borrower is and shall remain the owner of all real estate on which any of the locations described in subparagraphs (a) and (b) next above are located; or if not, the relevant Borrower shall promptly obtain from each owner of said real estate a written waiver or subordination (in form and substance satisfactory to the Lender) of any landlord's Lien or other Lien said owner might have with respect to the Property.

(d) The Borrowers will not allow any of the Property that is not a fixture to become attached to any real estate other than the real estate, if any, described in the Mortgages in such manner as to become a fixture or a part thereof without the written consent of the Lender. However, if at any time any of the Tangible Property should be affixed to other real estate, the security interest of the Lender under this Agreement shall nevertheless attach to and include said Tangible Property. The Borrowers shall promptly furnish to the Lender a description of such real estate and the names of the record owners thereof, execute such additional financing statements and other documents as the Lender may reasonably require, attempt to obtain from the owners of such real estate and the holders of any Liens thereon such subordination agreements and other documents as the Lender may request, and take such other actions as the Lender may reasonably deem necessary or desirable in order to preserve and perfect the Lender's security interest therein as a first priority perfected security interest.

(e) The Borrowers will not, without the prior consent of the Lender, pledge or grant any security interest in any of the Property to any Person other than the Lender, or permit any Lien to attach to any of the Property or any levy to be made thereon or any financing statement (other than those of the Lender) to be on file with respect thereto.

(f) At the request of the Lender, the Borrowers will join with the Lender in executing one or more financing statements pursuant to the Uniform Commercial Code in form satisfactory to the Lender covering the Property and will pay the costs of filing the same in all public offices wherever filing is deemed necessary or prudent by the Lender. In the event that any Borrower fails or refuses to execute any such financing statement, the Lender may file an executed copy or photocopy of an executed copy of this Agreement as a financing statement in any such offices to the extent permitted by applicable law.

(g) The Borrowers will execute all documents necessary to assure the filing of a valid ICC security filing with the ICC.

(h) The Lender may correct any and all patent errors in this Agreement or any financing statements or other documents executed in connection herewith.

(i) The Borrowers shall inform the Lender in writing of any material adverse change in any of the representations and warranties of the Borrowers under this Agreement, promptly after the Borrowers shall learn of such change.

(j) Upon the reasonable request of Lender, the Borrowers shall furnish to the Lender from time to time statements and schedules further identifying and describing the Property and such other reports in connection with the Property as the Lender may reasonably request, all in reasonable detail.

(k) The Borrowers will keep and maintain at its own cost and expense satisfactory and complete records of the Property, including a record of all payments received and all credits granted with respect to the Property and all other dealings with the Property. For the further security of the Lender, the Borrowers agree that the Lender shall have a special property interest in all of the Borrowers' books and records pertaining to the Property. Upon request of the Lender such books and records will be segregated and marked by the Borrowers with the Lender's name in a manner satisfactory to the Lender. After the occurrence of an Event of Default the Borrowers shall deliver and turn over to the Lender any such books and records at any time on written demand of the Lender.

(l) The Borrowers shall promptly deliver to the Lender the certificates of title for any motor vehicles now or hereafter included in the Property that are subject to the Alabama Uniform Certificate of Title and Antitheft Act

or the title laws of any other jurisdiction and shall join with the Lender in executing any applications and other documents and taking any other actions necessary or desirable in the Lender's opinion to perfect its security interest under this Agreement in such vehicles. The Lender may retain possession of such certificates of title until this Agreement is terminated as set forth in Section 29.

6. Taxes and Assessments. The Borrowers shall pay, before delinquent, all taxes, rents, assessments and charges levied against any of the Property, or any part thereof, and all other claims that are or may become Liens against the Property, or any part thereof, and should default be made in the payment of same, the Lender, at its option, may pay them upon 1 days notice to the Borrowers, except no such notice shall be required to be given unless, in the Lender's sole opinion, the delay caused by the notice period will not adversely affect the Property or the Lender's security interest therein.

7. Insurance. The Borrowers shall keep all equipment, machinery, goods, furniture, furnishings, fixtures, supplies, tools, materials, vehicles and other tangible personal property that are part of the Property (herein property of the foregoing types being sometimes collectively called the "Tangible Property") insured against loss by fire, theft and, in the case of any vehicle, collision, in compliance with the requirements set forth in the Loan Agreement. As further security for the Obligations, the Borrowers hereby assign and pledge to the Lender, for its benefit, each and every policy of insurance covering the Property, or any part thereof, including all proceeds and returned premiums. The Borrowers agree that all certificates of insurance required by this Agreement or by other documents executed in connection herewith shall be delivered to and held by Lender and shall provide for at least 30 days' written notice to Lender prior to cancellation. If the Borrowers fail to keep the Tangible Property, or any portion thereof, insured as above specified, then (without waiving the resulting Event of Default) the Lender may, at its option, immediately insure the Tangible Property, or any portion thereof for its own benefit. The loss, injury or destruction of the Property, or any part thereof, shall not abate, satisfy or release any of the Obligations; and the proceeds of such insurance, if collected, less the cost of collecting the same, shall be credited on the Obligations secured hereby in such order as the Lender shall elect, or, at the election of the Lender, may be used in repairing or replacing the Tangible Property.

8. Advances by Lender for Insurance, Taxes, etc. All amounts expended by the Lender for insurance, taxes or to satisfy in whole or in part any prior Lien on the

Property, or any part thereof, shall become a debt due of the Borrowers, jointly and severally, to the Lender, additional to the Obligations hereby specially secured, and shall be secured hereby, and such amounts shall be payable within two (2) days of demand therefor. If payment is not received within said time period, such amounts shall bear interest until paid at three percentage point(s) (300 basis points) in excess of the rate of interest provided for in the Notes, or the highest rate permitted by law, whichever shall be less.

9. Care of Tangible Property; Notice of Loss, etc.. The Borrowers shall: (a) take good care of the Tangible Property; (b) not commit or permit any waste thereon; (c) keep all Tangible Property in good repair; (d) at all times will maintain the same in as good condition as it is now in, reasonable wear and tear alone excepted; (e) not use, or permit the Tangible Property to be used, in violation of any statute, law or ordinance; and (f) notify the Lender immediately in writing of any event causing material loss or depreciation in value of any of the Property, and of the amount of such loss or depreciation (other than depreciation in the Tangible Property resulting from ordinary wear and tear).

10. Records. The Borrowers shall at all times keep accurate and complete records of the Property, and the Lender or its agents shall have the right to call, at all reasonable times, at the Borrowers' places of business (or any other place where any of the Property is located) to inspect and examine the Property and to inspect, audit, check and make abstracts from the books, records, journals, orders, receipts, correspondence and other data relating to the Property or to any other transactions between the Borrowers and the Lender.

11. Filing Fees and Taxes. The Borrowers agree, to the extent they may lawfully do so, to pay all recording and filing fees, revenue stamps, taxes or other expenses and charges payable in connection with the execution and delivery to the Lender of this Agreement, or on the recording, filing, satisfaction, continuation or release of any financing statements or other instruments filed or recorded in connection herewith.

12. Use of Tangible Property. The Borrowers agree (a) to perform or comply with the terms of any lease covering the premises wherein the Tangible Property is located and all orders, ordinances or laws of any Governmental Authority concerning such premises or the conduct of business therein; (b) not to conceal or abandon the Tangible Property; and (c) not to lease or hire any of

the Tangible Property to any Person or permit the same to be leased or used for hire otherwise than pursuant to any Permitted Encumbrances.

13. Collection of Accounts. The Borrowers covenant and agree that until the occurrence of an Event of Default hereunder, the Borrowers will, at their sole expense, collect from the Obligor on each Account all amounts due thereon as and when the same shall become due; and in the event of any default by any Obligor justifying such action, the Borrowers shall have the authority, at their sole expense, to repossess any goods covered by any such Account in accordance with the terms thereof and any applicable law and to take such other action with respect to any such Account or the goods covered thereby as the Borrowers, in the absence of instructions from the Lender, may deem advisable. It is distinctly understood and agreed that no court action or other legal proceedings for garnishment, attachment, repossession of property, detinue or any attempt to repossess any goods covered by any Account otherwise than through legal proceedings, shall be done or attempted to be done by the Borrowers except by or under the direction of competent legal counsel. The Borrowers agree, jointly and severally, to indemnify and hold the Lender harmless from any loss or liability of any kind or character which may be asserted or sought to be asserted against the Lender by virtue of any suit filed, process issued or any repossession or attempted repossession done or attempted by the Borrowers or at the Borrowers' direction or any endeavors that the Borrowers may make to collect or enforce any Accounts or repossess any goods covered by any Account.

14. Assigned Agreements. The Borrowers shall diligently perform all of their obligations under each and every Assigned Agreement, strictly in accordance with the terms thereof and will not commit or permit any breach on the part of the Borrowers in connection therewith. The Borrowers shall not without Lender's consent (a) cancel or terminate any Assigned Agreement or consent to or accept any cancellation or termination thereof; (b) amend or otherwise modify any Assigned Agreement or give any consent, waiver or approval thereunder; (c) waive any default or breach of any Assigned Agreement; or (d) take any other action in connection with any Assigned Agreement that would materially impair the value of the interests or rights of the Borrowers thereunder or that would materially impair the interests or rights of the Lender under this Agreement and the other Loan Documents.

15. Underlying Documentation. The Borrowers will, upon the request therefor by the Lender, promptly deliver possession to the Lender of any or all of the Instruments,

Documents and Chattel Paper that constitute a part of the Property. At the request of the Lender the Borrowers shall deliver to the Lender all original and other documents evidencing, and relating to, the sale and delivery of Inventory or the performance of any labor or service relating to the creation of the Accounts, including all Chattel Paper, orders, invoices, Documents, delivery receipts and credit memoranda. The Borrowers shall notify the Lender promptly in writing of any matters affecting the value, enforceability or collectibility of any Account including material customer disputes, offsets, defenses, counterclaims, returns and rejections and all reclaimed or repossessed merchandise or goods.

16. Defeasance. If the Borrowers shall: (a) have paid and performed in full all of the Obligations (as defined herein), including (i) the indebtedness evidenced by the Notes, and any and every extension and renewal thereof; (ii) all sums becoming due and payable by the Borrowers under the terms of this Agreement, including sums advanced by the Lender pursuant to the terms and conditions of this Agreement; and (iii) all other indebtedness, obligations and liabilities of the Borrowers (or any of them) to the Lender (including obligations of performance) of every kind and description whatsoever, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, contracted or arising, or acquired by the Lender from any source, joint or several, liquidated or unliquidated, regardless of how they arise or by what agreement or instrument they may be evidenced or whether they are evidenced by agreement or instrument, and whether incurred as maker, endorser, surety, guarantor or otherwise, and any and all extensions or renewals of any of the same, including any reimbursement obligations incurred in connection with the issuance of a letter of credit; and (b) have kept and performed each and every obligation, covenant, duty, condition and agreement herein imposed on or agreed to by the Borrowers; then this Security Agreement and conveyance shall become null and void; otherwise, this Agreement shall remain in full force and effect.

17. Events of Default. Upon the occurrence of any Event of Default under this Agreement or at any time thereafter, all of the Obligations, with interest thereon, shall at once become due and payable at the option of the Lender. As used in this Agreement, the term "Event of Default" shall mean the occurrence or happening of any one or more of the following events, circumstances or conditions:

(a) any representation or warranty made in this Agreement or in any of the other Loan Documents shall prove to be false or misleading in any material respect; or

(b) any report, certificate, financial statement or other instrument furnished in connection with this Agreement, or the borrowings under this Agreement or any of the other Loan Documents shall prove to be false or misleading in any material respect; or

(c) default shall be made in the payment of the principal of, interest on, or any other amount provided for in, either of the Notes or any of the other Loan Documents, as and when due and payable, and such default shall continue unremedied for five days; or

(d) default shall be made with respect to any Liabilities (other than those provided in the Loan Documents) of any Borrower, or of any Subsidiary to the Lender; or

(e) default shall be made with respect to any Debt (other than the Liabilities) of any Borrower, or of any Subsidiary when due or the performance of any other obligation incurred in connection with any Debt of any Borrower, or of any Subsidiary, if the effect of such default is to accelerate the maturity of such Debt or to permit the holder thereof to cause such Debt to become due prior to its stated maturity and such default shall continue unremedied for 20 days; or

(f) default shall be made in the due observance or performance of any covenant, condition or agreement on the part of the Borrowers to be observed or performed pursuant to the terms of this Agreement and such default shall continue unremedied for 20 days after written notice by the Lender to the Borrowers; or

(g) any Borrower or any Subsidiary shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or other custodian of it or any of its properties or assets (including the Property), (ii) fail or admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors, (iv) suffer or permit an order for relief to be entered against it in any proceeding under the federal Bankruptcy Code, or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or statute, or if corporate action shall be taken by any Borrower or any Subsidiary for the purpose of causing any of the foregoing; or

(h) a petition shall be filed, without the application, approval or consent of any Borrower or any Subsidiary, in any court of competent jurisdiction, seeking bankruptcy, reorganization, rearrangement, dissolution or liquidation of such Borrower or such Subsidiary or of all or a substantial part of the properties or assets of such Borrower or such Subsidiary, or seeking any other relief under any law or statute of the type referred to in clause (v) of paragraph (g) above against such Borrower or such Subsidiary, or the appointment of a receiver, trustee, liquidator or other custodian of such Borrower or such Subsidiary or of all or a substantial part of the properties or assets of such Borrower or such Subsidiary, and such petition shall not have been dismissed within 30 days after the filing thereof; or

(i) final judgment for the payment of money, in an aggregate amount greater than \$50,000, shall be rendered against any Borrower or any Subsidiary and the same shall remain undischarged for a period of 30 days during which execution shall not be effectively stayed; or

(j) the insolvency, dissolution, liquidation or suspension of business of any Borrower or any Subsidiary or a writ of execution, attachment or garnishment shall be issued against the assets of any Borrower or any Subsidiary and such writ of execution, attachment or garnishment shall not be dismissed, discharged or quashed within 30 days of issuance; or

(k) any Borrower shall materially default under any agreement material to the operation of such Borrower's business as now conducted or proposed to be conducted and such default shall continue unremedied for 20 days; or

(l) any Guarantor shall terminate or attempt to terminate the Guarantor's obligations under the relevant Guaranty Agreement or any of the events described in (g), (h), (i) or (j) of this Section 17 shall occur with respect to any Guarantor; or

(m) H. Peter Claussen shall die; or

(n) default shall be made in the due observance or performance of any covenant, condition or agreement on the part of any Guarantor to be observed or performed pursuant to the terms of any guaranty agreement or if any other default or event of default shall occur thereunder (after giving effect to any notice, grace or cure periods provided for therein); or

(o) the loss, theft, damage, sale, destruction or encumbrance of any uninsured material portion of the Property, or the sale or encumbrance or the issuance of any execution or the making of any levy, seizure or attachment thereof or thereon; or

(p) any other event of default shall occur under any of the other Loan Documents (after giving effect to any applicable notice, grace or cure periods provided for therein).

18. Repossession of the Property; Care and Custody of the Property; etc. The Borrowers agree to give the Lender notice in the manner set forth in Section 32 below within 24 hours of the date of repossession of the Property, or any part thereof, by the Lender as to any other property of the Borrowers alleged to have been left on, upon or in the repossessed Property at the time of repossession; and such notice shall be an express condition precedent to any action or suit for loss or damages in connection therewith. The Borrowers further agree that the Lender may hold any such property of the Borrowers without liability for a reasonable time after any such notice is received, and that the Lender will have a reasonable time to notify the Borrowers as to where the Borrowers can collect such property. The Borrowers agree that if the Lender shall repossess the Property, or any part thereof, at a time when no Event of Default shall have occurred hereunder, and the repossessed Property is thereafter returned to the Borrowers, the damages therefor, if any, shall not exceed the fair rental value of the repossessed Property for the time it was in the Lender's possession. The Borrowers hereby expressly and irrevocably consent to, and to the extent that the Borrowers may lawfully do so, invite the Lender and its agents to come upon any premises on which the Property, or any part thereof, is now or hereafter located for any and all purposes related to the Property including repossession of the Property, of any part thereof. To the extent that the Borrowers may lawfully do so, the Borrowers further covenant and warrant that (a) any entry by the Lender and its agents upon such premises for the purpose of repossessing the Property, or any part thereof, shall not be a trespass upon such premises and (b) any such repossession shall not constitute conversion of the Property, or any part thereof. The Borrowers further agree to indemnify and hold the Lender harmless against, and hereby release the Lender from any actions, costs, liabilities or expenses arising directly, indirectly or remotely from any attempt to enter such premises and repossess the Property, or any part thereof. The Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Property in its possession if it takes such reasonable

actions for that purpose as the Borrowers shall request in writing, but the Lender shall have sole power to determine whether such actions are reasonable. Any omission to do any act not requested by the Borrowers shall not be deemed a failure to exercise reasonable care. The Borrower shall at all times be responsible for the preservation of the Property and shall be liable for any failure to realize upon, or to exercise any right or power with respect to, the Property, or for any delay in so doing, whether or not the Property is in any Borrower's possession.

19. Remedies Regarding Accounts. Upon the occurrence of an Event of Default or at any time thereafter:

(a) The Lender shall have the right (i) to collect all Accounts in the Lender's or the Borrowers' names (or in the name of any of them) and take control of any cash or non-cash proceeds of Property; (ii) to enforce payment of any Accounts; (iii) to prosecute any action or proceeding with respect to Accounts; (iv) to extend the time of payment of any and all Accounts; (v) to make allowances and adjustments with respect thereto and to issue credits in the name of the Lender or in the names of Borrowers (or in the name of any of them); (vi) to settle, compromise, extend, renew or release, in whole or in part, any Account or deal with the same as the Lender may deem advisable; and (vii) to require the Borrower to open all mail only in the presence of a representative of the Lender, who may take therefrom any remittance on Property.

(b) Upon demand by the Lender, all checks and other forms of remittance received by the Borrowers as proceeds of Property shall be (i) held in trust for the Lender separate and apart from and not commingled with any other property of the Borrowers, (ii) kept capable of identification as the property of the Lender, and (iii) delivered not less often than daily (or at such other intervals as may be mutually agreed upon in writing) to the Lender in the identical form received, with appropriate endorsements, and accompanied by a report prepared by the Borrowers in such form as the Lender shall require. All payments received by the Borrowers under or in connection with any Assigned Agreement or Account or otherwise in respect of the Property shall be received in trust for the benefit of the Lender, shall be segregated from other funds of the Borrowers, and shall forthwith be paid over to the Lender in the same form as so received (with any necessary endorsement). Promptly upon the Lender's request, the Borrowers shall do any or all of the following: (A) give written notice of the Lender's security interest in the Accounts to the Obligors in such form and at such times as the Lender may require; (B) open and maintain at the

Borrowers' expense a lock box with the Lender for the receipt of all remittances with respect to Property and execute an agreement with the Lender in form and substance satisfactory to the Lender governing such lock box; and (C) notify the Obligors to make payments on the Accounts directly to the Lender or to said lock box.

20. Attorney-in-Fact After Default. Each Borrower hereby constitutes and appoints the Lender, or any other Person whom the Lender may designate, as the attorney-in-fact of the Borrower, at the Borrower's sole cost and expense, to exercise at any time without notice to the Borrowers after the occurrence of any Event of Default hereunder, all or any of the following powers, all of which powers, being coupled with an interest, shall be irrevocable until the Lender's security interest shall have been terminated in writing as set forth in Section 29 of this Agreement: (a) to receive, take, endorse, assign and deliver in the Lender's name or in the name of such Borrower any and all checks, notes, drafts and other instruments relating to Accounts; (b) to receive, open and dispose of all mail addressed to such Borrower and to notify postal authorities to change the address for the delivery thereof to such address as the Lender may designate; (c) to transmit to Obligors notice of the Lender's interest in the Accounts and to demand and receive from such Obligors at any time, in the name of the Lender or of such Borrower or of the designee of the Lender, information concerning the Accounts and the amounts owing thereon; (d) to notify Obligors to make payments on the Accounts directly to the Lender or to a lock box designated by the Lender; (e) to take or to bring, in the name of such Borrower, all steps, action, suits or proceedings deemed by the Lender necessary or desirable to effect collection of the Accounts; (f) to exercise all of such Borrower's rights and remedies with respect to the collection of the Accounts; (g) to settle, adjust, compromise, extend, renew, discharge, terminate, or release the Accounts and the Assigned Agreements in whole or in part; (h) to sell or assign the Accounts upon such terms, for such amounts and at such time or times as the Lender deems advisable; (i) to take control, in any manner, of any item of payment on, or proceeds of, Property; (j) to use the information recorded on or contained in any data processing equipment and computer hardware and software relating to any of the Property to which such Borrower has access; (k) to obtain and adjust insurance proceeds required to be paid to the Lender pursuant to Section 7; and (l) to do all acts and things necessary, in the Lender's sole judgment, to carry out the purposes of this Agreement. All acts of such attorney-in-fact or designee taken pursuant to this Section 20 are hereby ratified and approved by the Borrower and said

attorney or designee shall not be liable for any acts or omissions nor for any error of judgment or mistake of fact or law.

21. Other Rights and Remedies Upon Default. Upon the occurrence of an Event of Default, or at any time thereafter, the whole or any part of the Obligations secured hereby shall become immediately due and payable at the option of the Lender, and the Lender shall have all the rights and remedies of a secured party upon default under the Uniform Commercial Code, as well as all rights and remedies under any other applicable law and under the terms of this Agreement, all of which shall be cumulative. Without limiting the generality of the foregoing rights and remedies, the Lender may exercise any or all of the following rights, remedies and powers after default:

(a) The Lender may require the Borrowers to assemble the Property, or any part thereof, and to make it available to the Lender at any convenient place designated by the Lender.

(b) The Lender may send any written notice to the Borrowers required by law or this Agreement in the manner set forth in Section 32 of this Agreement; and any notice sent by the Lender in such manner at least 10 calendar days (counting the day of sending) prior to the date of a proposed disposition of the Property shall be deemed to be reasonable notice.

(c) The Lender may, without notice to the Borrowers except as required by law and at any time or from time to time, charge, set-off and otherwise apply all or any part of the Obligations against the Deposit Accounts, or any part thereof.

(d) The Lender may exercise any and all rights and remedies of the Borrowers under or in connection with any Assigned Agreement or otherwise in respect of the Property, including any and all rights of the Borrowers to demand or otherwise require payment of any amount under, or performance of any provision of, any Assigned Agreement.

(e) The Lender, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below in this subparagraph of a proposed disposition of the Property) to or upon the Borrowers or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived, to the extent permitted by applicable law), may forthwith collect, receive, appropriate and realize upon the Property, or any part thereof, and may forthwith sell,

lease, assign, give option or options to purchase, or sell or otherwise dispose of and deliver the Property (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange broker's board or at any of the Lender's offices or elsewhere at such prices as the Lender may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Lender shall have the right upon any such public sale or sales, and to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Property so sold, free of any right or equity of redemption, which equity of redemption the Borrowers hereby releases. To the extent permitted by applicable law, the Borrowers waive all claims, damages, and demands against the Lender arising out of the repossession, retention or sale of the Property. The Borrowers agree that the Lender need not give more than 10 days' notice as set forth in subparagraph (b) above of the time and place of any public sale or of the time after which a private sale may take place.

22. Lender May Perform. If the Borrowers fail to perform any agreement contained herein, the Lender may itself perform, or cause performance of, such agreement, and the expenses of the Lender incurred in connection therewith shall be payable by the Borrowers under Section 23.

23. Indemnity and Expenses. The Borrowers agree, jointly and severally, to indemnify the Lender from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including enforcement of this Agreement), except claims, losses or liabilities resulting from the Lender's gross negligence or wilful misconduct. The Borrowers shall upon demand reimburse the Lender for any expenses incurred by the Lender in perfecting, protecting or enforcing or attempting to perfect, protect or enforce any of its rights and remedies under this Agreement, including all expenses of filing and recording this Agreement or any financing statements executed in connection with this Agreement, and all expenses of taking possession, holding, preparing for disposition, and disposing of the Property, including reasonable attorneys' fees.

24. Application of Proceeds. The net cash proceeds resulting from the exercise of any of the rights and remedies of the Lender under this Agreement, after deducting all charges, expenses, costs and attorneys' fees relating thereto, including any and all costs and expenses incurred in securing the possession of Property, moving, storing, repairing or finishing the manufacture of Property, and preparing the same for sale, shall be applied by the

Lender to the payment of the Obligations, whether due or to become due, in such order and in such proportions as the Lender may elect.

25. Further Assurances. The Borrowers, at Borrowers' expense, will execute and deliver all such instruments and take all such action as the Lender may reasonably request from time to time and as may be reasonably necessary or proper in order to carry out the intention of this Agreement or to facilitate the performance of the terms hereof.

26. Severability, etc. In case any one or more of the provision contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby, and if any one or more of such provisions shall be invalid, illegal or unenforceable in any respect in any one jurisdiction, then, to the full extent permitted by applicable law, the validity, legality and enforceability of such provisions and of any remaining provisions shall not be affected or impaired thereby in other jurisdictions.

27. Remedies Cumulative. The rights and remedies of the Lender under this Agreement are cumulative and not exclusive of any other rights or remedies now or hereafter existing at law or in equity.

28. Non-Waiver. No delay in exercising any right or option given or granted hereto to the Lender shall be construed as a waiver thereof; nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. The Lender may permit the Borrowers to remedy any default without waiving the default so remedied, and the Lender may waive any default without waiving any other subsequent or prior default by the Borrowers.

29. Termination. This Agreement shall remain in full force and effect until written termination statements executed by a duly authorized officer of the Lender shall be filed for record in the office or offices in which financing statement should be filed in order to perfect a security interest in the Property. The Borrowers agree that this Agreement shall secure all Obligations, whether now existing or hereafter incurred, contracted for or arising. Payment in full of the Obligations outstanding at any one time shall not, in the absence of the execution and recordation of written instruments of termination as aforesaid, terminate this Agreement.

30. Borrowers Remain Liable. Anything in this Agreement to the contrary notwithstanding, (a) the Borrowers shall remain liable under the Assigned Agreements to perform all of their duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Lender of any of the rights hereunder shall not release the Borrowers from any of their duties or obligations under the Assigned Agreements, and (c) the Lender shall not have any obligation or liability under the Assigned Agreements by reason of this Agreement or the receipt by the Lender of any payment hereunder, nor shall the Lender be obligated to perform any of the obligations or duties of the Borrowers under the Assigned Agreements, to take any action to collect, file or enforce any claim for payment assigned to the Lender hereunder, or to make any inquiry as to the nature or sufficiency of any payment received by it or the sufficiency of any performance by any party thereunder.

31. Costs. Borrowers, jointly and severally, shall promptly reimburse the Lender for any and all costs and expenses, including but not limited to, the reasonable fees and disbursements of counsel to the Lender, which the Lender may incur in connection with (a) the enforcement of the rights of the Lender in connection with the Obligations, (b) the protection or perfection of the Lender's rights and interests hereunder, (c) the exercise by or for the Lender of any of the rights or powers herein conferred upon the Lender, and (d) the prosecution or defense of any action or proceeding by or against the Lender, the Borrowers or any Obligor, or any of them, concerning any matter arising out of, connected with or related to this Agreement, or any of the Property, or any of the Obligations.

32. Notices. Any notice shall be conclusively deemed to have been received by a party hereto and be effective on the day on which delivered to such party at the address set forth below (or at such other address as such party shall specify to the other parties in writing), or, if sent by registered or certified mail, on the third Business Day after the day on which mailed, addressed to such party at said address:

(a) if to the Lender, at P. O. Box 11007, Birmingham, Alabama 35288; Attention: National Banking Department; and

(b) if to the Borrowers, at 401 Henley Street, Suite 5, Knoxville, Tennessee 37902; Attention: H. Peter Claussen.

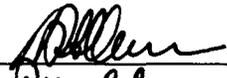
34. Miscellaneous. Plural or singular words used herein to designate the Borrowers shall be construed to refer to the maker or makers of this Agreement, jointly and severally, whether one or more persons, associations, partnerships or corporations, and the successors and assigns of such party or parties; and all covenants and agreements herein made by the Borrowers shall survive the execution and delivery of this Agreement, the Notes and the other Loan Documents, and shall bind the heirs, personal representatives, executors, administrators, successors and assigns of the undersigned, and every option, right and privilege herein reserved or secured to the Lender shall inure to the benefit of, or may be exercised by, its successors and assigns. Each of the undersigned hereby acknowledges receipt of a duplicate copy of this Agreement. The Borrowers hereby waive presentment, demand, protest or any notice (to the extent permitted by applicable law) of any kind in connection with this Agreement or any Property. No modification, amendment or waiver of any provision of this Agreement, the Notes, or any of the other Loan Documents, or consent to any departure by the Borrowers therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrowers in any case shall entitle the Borrowers to any other or further notice or demand in the same, similar or other circumstances. The headings and captions in this Agreement are for convenience of reference only and shall in no way restrict or modify any of the terms hereof. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument. This Agreement shall be governed by the laws of the State of Alabama.

35. The Mortgage. In the event that any of the Property is also subject to a valid and enforceable Lien under the terms of any Mortgage and the terms of the Mortgage are inconsistent with the terms of this Agreement, then with respect to such Property the terms of the Mortgage shall be controlling in the case of fixtures, leases, licenses, contracts and agreements relating to real property, and the terms of this Agreement shall be controlling in the case of all other Property.

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed by a duly authorized officer of the day and year first above written.

BORROWERS:

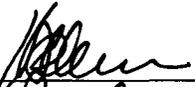
GULF & OHIO RAILWAYS, INC.

By 
Its President

ALABAMA & FLORIDA RAILROAD
COMPANY, INC.

By 
Its President

WIREGRASS CENTRAL RAILROAD
COMPANY, INC.

By 
Its President

MISSISSIPPI DELTA EQUIPMENT
CO., INC.

By 
Its President

State of Alabama
County of Jefferson ss:

On this 5th day of February, 1990 before me personally appeared, H. Peter Clausen, to me personally known, who being by me duly sworn, says that (s)he is the President of Alabama Florida Railroad Company, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

Stephanie A. Meads
Signature of Notary Public

My Commission expires: _____

My Commission Expires July 1, 1991

EXHIBIT A

(Existing Assigned Agreements)

1. Lease Agreement between CSX Transportation Company, Inc. and Alabama & Florida Railroad Company, Inc. dated July 25, 1986.
2. Land and Track Agreement between Mississippi Delta Equipment Co., Inc. and Illinois Central & Gulf Railroad Company dated December 30, 1985 as of September 16, 1985 for approximately 30 miles of track.
3. Land and Track Agreement between Mississippi Delta Equipment Co., Inc. and Delta Oil Mill dated as of December 30, 1985 and recorded in Book 574, page 582 in the Coahoma County, Mississippi Chancery Clerk's Office for approximately 10 miles of track.
4. Lease and Tracking Rights Agreement between Alabama & Florida Railroad Company, Inc. and Andalusia & Conecuh dated September 23, 1986 for 2 miles of track.
5. Interchange Agreement between Gulf & Ohio Railways, Inc. and Illinois Central Gulf Railroad Company, dated as of September 16, 1985.
6. Interchange Agreement between Alabama & Florida Railroad Company, Inc. and CSX Transportation, Inc. dated July 24, 1986.
7. Interchange Agreement between Wiregrass Central Railroad Company, Inc. and CSX Transportation, Inc. effective as of December 11, 1987.

EXHIBIT B

(Permitted Encumbrances)

1. Security Agreement between Bell Atlantic and Gulf & Ohio Railways, Inc. d/b/a Mississippi Delta Railroad dated Jan 3, 1990.
2. Lease Purchase Agreement between Gulf & Ohio Railways, Inc. and NRUC Corp. dated March 20, 1988.
3. Security Agreement for a Nissan 300ZX automobile with Nissan Motor Credit.

EXHIBIT C

(Locations of Tangible Property)

1. 401 Henley Street
Knoxville, TN 37902
2. Mississippi Delta Equipment Co., Inc.
Clarksdale, Mississippi.
3. Alabama & Florida Railroad Company, Inc.
Opp, Alabama
4. Wiregrass Central Railroad Company, Inc.
Enterprise, Alabama
5. Mississippi Delta Equipment Co., Inc.,
Archer Daniels Midland Company
Valdosta, Georgia
6. Mississippi Delta Equipment Co., Inc. location in
Sterlington, Louisiana

EXHIBIT D

(Equipment and Rolling Stock)

LOCOMOTIVE LIST

Loco Number	Last RR Owner	Present Owner	Where Located	Type
8047	ICG	MSDR	MSDR	GP-10
8068	ICG	MSDR	MSDR	GP-10
2391	L&N	MSDR	AFLR	GP-9
1223	ICG	MDEQ	AFLR	SW-7
1214	ICG	WGCR	AFLR	SW-9
6011	CSX	AFLR	AFLR	GP-9
6076	CSX	AFLR	AFLR	GP-9
6084	CSX	AFLR	AFLR	GP-9
6094	CSX	AFLR	AFLR	GP-9
1026	NCPA	AFLR	WGCR	GP-7
6226	CSX	WGCR	WGCR	GP-9
2876	SP	WGCR	WGCR	GP-9
3832	SP	WGCR	WGCR	GP-9R
3872	SP	WGCR	WGCR	GP-9R
10	NCPA	MDEQ	VGA	GP-7
1105	NS	WGCR	VGA	SW-7
7738	ICG	MDEQ	MSDR	GP-8
413	BN	MDEQ	LA	NW-2
415	BN	MDEQ	LA	NW-2
3023	ICG	MDEQ	AFLR	GP-40

Notes:

MSDR is Mississippi Delta Railroad
AFLR is Alabama & Florida Railroad
WGCR is Wiregrass Central Railroad
MDEQ is the Mississippi Delta Equipment Company
NCPA is the North Carolina Port Authority
VGA references an in-plant switching location at
Valdosta, Georgia
LA references a storage location in Louisiana

MSDR, AFLR, WGCR and MSEQ are all part of Gulf & Ohio
Railways.

All unit numbers are unchanged from the last RR owner.

CAR LIST

All cars are MSDR

2000-2009 security interest held by Bell Atlantic

12076

12244

12350

12384

13167

13234

13235

55412

83000-83063 (16 cars) lease purchase, NRUC Corp.

560000-560999 (16 cars)

562354

562598

562918

764470

AFFIDAVIT

I, Jill M. Hawken, being first duly sworn upon oath, deposes and says that I have compared the document attached, a copy of the Release of a Mortgage, Deed of Trust and Security Agreement dated as of February 5, 1990 between General Electric Credit Corporation and Gulf & Ohio Railways, Inc., with the original document and that the copy is complete and identical in all respects to the original document.

Dated this 5th day of February, 1990.

Jill M. Hawken
Jill M. Hawken

*Washington
District of Columbia*

SUBSCRIBED AND SWORN to before me, a Notary Public, this 5th day of February, 1990.

Mary Pines
Notary Public

My Commission Expires May 14, 1990



JMH/lr/6018X/7280