

OPPENHEIMER WOLFF DONNELLY & BAYH LLP

1350 Eye Street N.W.
Suite 200
Washington, D.C. 20005-3324

(202) 312-8000
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RECORDATION NO. 21908 FILED
DEC 29 '98 3-40PM

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December 29, 1998

VIA MESSENGER

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

Attn: Recordations Office - Ms. Janice Fort (Room 704)

Dear Secretary Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. section 11301 is one original and one counterpart, executed and acknowledged under Kentucky law, of a Security Agreement dated December 24, 1998. The enclosed document is a primary document as defined in the Board's Rules for Recordation of Documents under 49 C.F.R. section 1177.1(a).

The names and addresses of the parties executing the above-referenced document are:

Lender: Central Bank & Trust Co.
300 West Vine Street
Lexington, Kentucky 40507

Borrower: R.J. Corman Railroad Construction, LLC
One Jay Station
P.O. Box 788
Nicholasville, Kentucky 40356

Guarantors: Richard J. Corman
R.J. Corman Railroad Company/Memphis Line
R.J. Corman Railroad Company/Material Sales
R.J. Corman Railroad Company/Cleveland Line
R.J. Corman Railroad Company/Western Ohio Line
R.J. Corman Railroad Company/Pennsylvania Lines
R.J. Corman Railroad Company/Allentown Lines
R.J. Corman Restaurant Corporation
R.J. Corman Railroad Corporation
R.J. Corman Real Estate, LLC

OPPENHEIMER WOLFF DONNELLY & BAYH LLP

Mr. Vernon A. Williams
December 29, 1998
Page 2

whose addresses are:

One Jay Station
P.O. Box 788
Nicholasville, Kentucky 40356

A description of the equipment covered by the Security Agreement is attached thereto as Schedule 2.

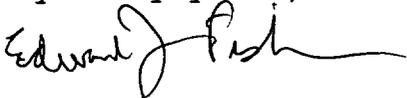
Enclosed is a check in the amount of \$26 payable to the order of the Surface Transportation Board for the recordation of this document.

A short summary of the document to appear in the index follows:

Security Agreement, dated 12/24/98, by and between Central Bank & Trust Co. ("Lender"), R.J. Corman Railroad Construction, LLC ("Borrower") and Richard J. Corman, R.J. Corman Railroad Company/Memphis Line, R.J. Corman Railroad Company/Material Sales, R.J. Corman Railroad Company/Cleveland Line, R.J. Corman Railroad Company/Western Ohio Line, R.J. Corman Railroad Company/Pennsylvania Lines, Inc., R.J. Corman Railroad Company/Allentown Lines, Inc., R.J. Corman Restaurant Corporation, R.J. Corman Railroad Corporation, and R.J. Corman Real Estate LLC ("Guarantors"), covering the rolling stock and other railroad equipment identified in the Security Agreement and Schedule 2 thereto.

Kindly stamp the extra copy of the enclosed Security Agreement and return it to the carrier of this letter.

Very truly yours,



Edward J. Fishman

Enclosures

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

OFFICE OF THE SECRETARY

Date: 12/29/98

Edward J. Fishman
Oppenheimer Wolff Donnelly & Bayh LLP
1350 Eye Street, NW., Ste. 200
Washington, DC., 20005-3324

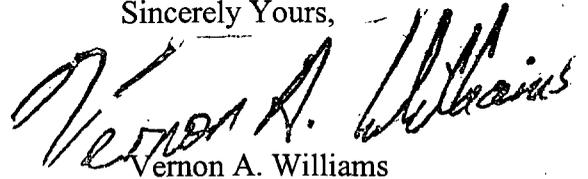
Dear Sir

The enclosed document(s) was recorded pursuant to the provisions of 49 U.S.C. 11301

and 49 CFR 1177.3(c), on 12/29/98 at 3:40 PM , and

assigned recordation number(s). 21908.

Sincerely Yours,



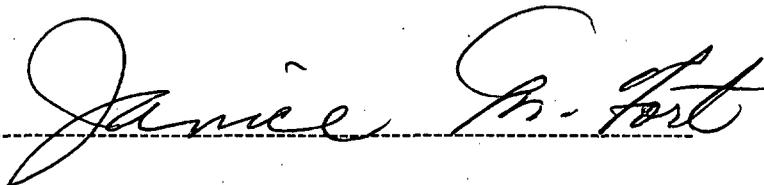
Vernon A. Williams

Enclosure(s)

26.00

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

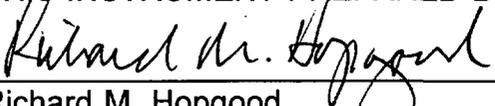
Signature



RECORDATION NO. 21908 FILED

DEC 29 '98 3-40PM

THIS INSTRUMENT PREPARED BY:


Richard M. Hopgood
Brown, Todd & Heyburn, PLLC
2700 Lexington Financial Center
Lexington, Kentucky 40507
(606) 244-3218

SECURITY AGREEMENT

dated as of December 24, 1998

between

CENTRAL BANK & TRUST CO.
as the Lender

and

- R.J. CORMAN RAILROAD COMPANY/MEMPHIS LINE;
- R.J. CORMAN RAILROAD COMPANY/MATERIAL SALES;
- R.J. CORMAN RAILROAD COMPANY/CLEVELAND LINE;
- R.J. CORMAN RAILROAD COMPANY/WESTERN OHIO LINE;
- R.J. CORMAN RAILROAD COMPANY/PENNSYLVANIA LINES, INC.;
- R.J. CORMAN RAILROAD COMPANY/ALLENTOWN LINES, INC.;
- R.J. CORMAN RESTAURANT CORPORATION;
- R.J. CORMAN RAILROAD CORPORATION;
- R.J. CORMAN REAL ESTATE, LLC;
- RICHARD J. CORMAN
- R.J. CORMAN RAILROAD CONSTRUCTION, LLC

DEC 29 '98

3-40PM

SECURITY AGREEMENT

This is a Security Agreement dated as of December 24, 1998 (this "Agreement"),
between:

CENTRAL BANK & TRUST CO.,
a Kentucky banking corporation
300 West Vine Street
Lexington, Kentucky 40507

(the "Lender"),

and

RICHARD J. CORMAN, individually
R.J. CORMAN RAILROAD COMPANY/MEMPHIS LINE,
a Kentucky corporation;
R.J. CORMAN RAILROAD COMPANY/MATERIAL SALES,
a Kentucky corporation;
R.J. CORMAN RAILROAD COMPANY/CLEVELAND LINE,
an Ohio corporation;
R.J. CORMAN RAILROAD COMPANY/WESTERN OHIO LINE,
an Ohio corporation;
R.J. CORMAN RAILROAD COMPANY/PENNSYLVANIA LINES, INC.,
a Pennsylvania corporation;
R.J. CORMAN RAILROAD COMPANY/ALLENTOWN LINES, INC.,
a Pennsylvania corporation;
R.J. CORMAN RESTAURANT CORPORATION,
a Kentucky corporation;
R.J. CORMAN RAILROAD CORPORATION
a Kentucky corporation; and
R.J. CORMAN REAL ESTATE, LLC,
a Kentucky limited liability company (the "Guarantors")

R.J. CORMAN RAILROAD CONSTRUCTION, LLC,
a Kentucky limited liability company (the "Borrower")

whose addresses are:

One Jay Station
P.O. Box 788
Nicholasville, Kentucky 40356

Recitals

A. The Guarantors, the Borrower and the Lender are entering into a Loan Agreement dated as of the date of this Agreement (the "Loan Agreement"), pursuant to which, among other things, the Lender has agreed to provide the Borrower with the Revolving Credit (as that term is defined in the Loan Agreement) and, pursuant to the terms of the Loan Agreement, the Guarantors have agreed to guarantee the Revolving Credit pursuant to a Guaranty Agreement (as defined in the Loan Agreement). The Borrower and the Guarantors are collectively referred to herein as the "Debtors". The Borrower Documents and the Guarantors Documents are collectively referred to herein as the "Debtors Documents".

B. The Debtors are entering into this Agreement to secure their obligations under the Debtors Documents.

C. This Agreement is being entered into concurrently with the extension of the Revolving Credit, and the Lender is extending the Revolving Credit in reliance on the Guarantors' and the Borrower's obligations evidenced by this Agreement.

NOW, THEREFORE, the Debtors and the Lender agree as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings given them in the Loan Agreement. In addition, the following terms shall have the following meanings, and the meanings assigned to all capitalized terms used herein shall be equally applicable to both the singular and plural forms of the terms defined:

"Collateral" shall mean any or all of the property in which the Debtors grant to the Lender a security interest under Section 2 of this Agreement.

"Event of Default" shall have the meaning given that term in Section 8 of this Agreement.

"Person" shall have the meaning given that term in the Loan Agreement.

"Revolving Credit Loan" shall have the meaning given that term in the Loan Agreement.

"Revolving Credit Notes" shall have the meaning given that term in Section 3.

"Secured Obligations" shall mean all of the obligations secured by this Agreement as set forth in Section 3 of this Agreement.

"Tangible Property" shall mean all of the Debtor's right title and interest in and to all of the following, whether owned or held on December 24, 1998, or acquired thereafter: all railroad cars, locomotives, or other rolling stock, or accessories used on such railroad cars, locomotives or other rolling stock (including superstructures and tracks) including but not limited to all of the rolling stock and railroad equipment and machinery described on Schedule 2 attached hereto (collectively "Rolling Stock") or other tangible personal property used in Debtors' railroad business.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in the Commonwealth of Kentucky.

"Unmatured Default" shall mean the happening of any event or occurrence which, together with the giving of any required notice or the passage of any required period of time, or both, would constitute an Event of Default.

2. Grant of Security Interests.

(a) The Debtors grant to the Lender a security interest in the following property:

(1) all of the Debtors' right title and interest in and to the Debtors' Tangible Property, including but not limited to the Rolling Stock and other railroad equipment described in Schedule 2;

(2) any and all property which the Debtors, are or may hereafter become entitled, to receive on account of any sale, exchange, transfer or other disposition of the Collateral, or any part thereof; and

(b) The Debtors grant a further security interest to the Lender in the proceeds and products of any sale, exchange, collection or other disposition of the Collateral or any part thereof.

3. Obligations Secured. The security interests granted by the Debtors hereby secure the payment and performance of all of the following Secured Obligations: (a) any and all indebtedness of the Borrower under two (2) promissory notes of even date herewith one in the original principal amount of Seventeen Million Dollars (\$17,000,000.00) and one in the original principal amount of Thirty-Two Million Five Hundred Thousand Dollars (\$32,500,000.00) ("Revolving Credit Notes") (b) the Guarantors' obligations to the Lender evidenced by the Guaranty Agreement, (c) any and all of the representations, warranties, obligations, agreements, covenants and promises of the the Borrower and the Guarantors contained in the Loan Agreement, this Agreement and the other Debtors Documents, whether or not now or hereafter evidenced by any note, instrument or other writing; and (d) any and all indebtedness,

obligations and liabilities of the Debtors to the Lender, however evidenced, whether now existing or hereafter arising, direct or indirect, absolute or contingent, or acquired by the Lender, including without limitation, any and all other indebtedness, liabilities and obligations of Borrower to the Lender that exist on the date of this Agreement, or arise or are created or acquired after the date of this Agreement, regardless of whether they are of the same or of a different class or type as the indebtedness evidenced by the Loan Agreement, the Guaranty Agreement and/ or the other Debtors Documents, and whether or not the creation thereof was reasonably foreseeable or would be naturally contemplated by the Debtors or the Lender as of the date of this Agreement.

4. Representations and Warranties. To induce the Lender to enter into this Agreement, any and all of the representations and warranties made by the Debtors in the Loan Agreement and the other Debtors Documents are incorporated by reference, and the Debtors further represent, warrant and agree as follows:

(a) The Debtors have full right, power, authority and capacity to enter into and perform this Agreement; and this Agreement has been duly entered into and delivered and constitutes a legal, valid and binding obligation of the Debtors enforceable in accordance with its terms.

(b) The Debtors have good and marketable title to the Debtors' Collateral, and the Collateral is not subject to any lien, charge, pledge, encumbrance, claim or security interest other than the security interests created by this Agreement.

(c) The Debtors' chief place of business is located at One Jay Station, Nicholasville, Jessamine County, Kentucky 40356.

(d) The registered office of the Debtors' registered agent in Kentucky is located in One Jay Station, Nicholasville, Jessamine County, Kentucky, 40356

(e) Within the five (5) consecutive years last preceding the date of this Agreement, the Debtors have not conducted business under, or otherwise used, any name other than as set forth in the caption hereof.

(f) The Debtors understand and acknowledge that the Lender is extending the Revolving Credit in reliance upon the security interests granted by the Debtors evidenced by this Agreement. The Debtors intend to induce the Lender to extend the Revolving Credit, recognizing that such inducement results in this Agreement becoming legally valid and enforceable.

5. Duration of Security Interests. The Lender, its successors and assigns, shall hold the security interests created hereby upon the terms of this Agreement, and this Agreement shall continue until the Revolving Credit Notes have been paid in full,

the other Secured Obligations have been performed, executed, or satisfied in their entirety, and no commitment to lend or extend credit which is intended to be secured hereby remains outstanding. After payment of any part of the Secured Obligations, the Lender may, at its option, retain all or any portion of the Collateral as security for any remaining Secured Obligations and retain this Agreement as evidence of such security. The security interests granted hereunder shall not be impaired or affected by any renewals or extensions of time for payment of any of the Secured Obligations, or by release of any party liable on the Secured Obligations; by any acquisition, release or surrender of other security, collateral or guaranty; by delay in enforcement of payment of any of the Secured Obligations; or by delay in enforcement of any security.

6. Certain Notices. The Debtors shall notify the Lender of any and all changes of location of: the Debtors' chief place of business of the registered office of the Debtors' registered agent in Kentucky at least sixty (60) days prior to effecting any such change.

7. Covenant Not to Dispose of or Impair Collateral. The Debtors shall not, without the prior written consent of the Lender, sell, transfer or otherwise dispose of the Collateral except as otherwise permitted by the Debtors Documents. The Debtors shall not permit any of the Collateral to be levied upon under any legal process, nor permit anything to be done that may impair the value of the Collateral or the security intended to be provided by this Agreement.

8. Default. The occurrence of an Event of Default under the Loan Agreement shall constitute a default under this Agreement (an "Event of Default").

9. Loan Remedies. Upon any Event of Default, the Lender may at its option declare any and all of the Revolving Credit Loans and the other Secured Obligations to be immediately due and payable; and, in addition to that right, and in addition to exercising all other rights or remedies, the Lender may proceed to exercise with respect to the Collateral all rights, options and remedies of a secured party upon default as provided for under the Uniform Commercial Code. The rights of the Lender upon an Event of Default shall include, without limitation, any and all rights and remedies in any and all other documents, instruments, agreements and other writings between the Lender and the Debtors, all rights and remedies as provided by law, in equity or otherwise, and in addition thereto, the following:

(a) The right to require the Debtors to assemble the Collateral at a place or places to be designated by the Lender which is reasonably convenient to the Debtors and the Lender.

(b) The right to require the Debtors to store all or any part of the Collateral, at the Debtors' own cost and risk, on behalf of the Lender, after the Lender

has taken possession of such Collateral. Storage shall be in such manner as to prevent any deterioration of such Collateral, and shall be for a reasonable time pending the sale or other disposition of such Collateral.

(c) The right to sell the Collateral at public or private sale in one or more lots in accordance with Uniform Commercial Code. The Lender may bid upon and purchase any or all of the Collateral at any public sale thereof, and shall be entitled to apply the unpaid portion of the Secured Obligations as a credit against the purchase price. The Lender's purchase of all or any of the Collateral shall extinguish the Debtors' rights under section 9-506 of the Uniform Commercial Code upon application of the unpaid portion of the Secured Obligations. The Lender shall be entitled to apply the proceeds of any such sale to the satisfaction of the Secured Obligations and to expenses incurred in realizing upon the Collateral in accordance with the Uniform Commercial Code.

(d) The right to recover the reasonable expenses of taking possession of any of the Collateral that may be reduced to possession, preparing the Collateral for sale, selling the Collateral and other like expenses.

(e) The right to recover all of the Lender's expenses of collection, including, without limitation, court costs and reasonable attorneys' fees and disbursements incurred in realizing upon the Collateral or enforcing, or attempting to enforce any provision of this Agreement.

(f) The right to retain the Collateral and become the owner thereof, in accordance with the provisions of the Uniform Commercial Code.

(g) The right to proceed by appropriate legal process at law or in equity to enforce any provision of this Agreement or in aid of the execution of any power of sale, or for foreclosure of the security interests of the Lender, or for the sale of the Collateral under the judgment or decree of any court.

(h) The right to enter any premises where any Collateral may be located for the purpose of taking possession or removing the same.

10. Cumulative Remedies. The rights and remedies of the Lender shall be deemed to be cumulative, and any exercise of any right or remedy shall not be deemed to be an election of that right or remedy to the exclusion of any other right or remedy. Notwithstanding the foregoing, the Lender shall be entitled to recover by the cumulative exercise of all remedies no more than the sum of (a) the Secured Obligations at the time of exercise of remedies, plus (b) the costs, fees and expenses the Lender is otherwise entitled to recover.

11. Waivers. The Debtors acknowledge that this Agreement involves the grant of multiple security interests, and the Debtors hereby waive, to the extent permitted by applicable law, (a) any requirement of marshaling assets or proceeding against Persons or assets in any particular order, and (b) any and all notices of every kind and description which may be required to be given by any statute or rule of law and any defense of any kind which the Debtors may now or hereafter have with respect to the rights of the Lender with respect to the Collateral under this Agreement.

12. Special Collection Procedure. Upon the Lender's demand at any time when the Lender may exercise remedies under Section 9 of this Agreement, the Debtors shall forthwith, upon receipt of all checks, drafts, cash and other remittances in payment or on account of the sale of Collateral by the Debtors, deposit the same in a special bank account maintained with the Lender over which the Lender alone, to the exclusion of the Debtors, has the power of withdrawal. The funds in such account shall be held by the Lender for application toward the Secured Obligations.

13. Insurance. The Debtors hereby assign to the Lender all sums which become payable under any insurance covering the Collateral, direct any insurer to pay all such proceeds to the Lender (except that the Debtors may receive proceeds which are Fifty Thousand Dollars (\$50,000.00) or less in the aggregate from one incident or occurrence that generated a claim), and authorize the Lender to act as the Debtors' attorney in obtaining, adjusting, settling, compromising and canceling such insurance and endorsing any drafts drawn to the Debtors pursuant to such insurance. If an Unmatured Default or an Event of Default exists at the time the Lender receives the insurance proceeds, the Lender may apply those proceeds as a prepayment under Section 4.01 of the Loan Agreement at the Lender's discretion; or if the Lender chooses, it may remit the insurance proceeds to the Debtors. If no Unmatured Default or Event of Default exists at the time the Lender receives the insurance proceeds, the Lender shall remit the insurance proceeds to the Debtors.

14. Certain Obligations Regarding Collateral.

(a) The Debtors shall keep and maintain the Collateral in good condition and repair and under adequate condition of storage to prevent its deterioration or depreciation in value.

(b) The Debtors shall keep the Collateral free and clear of any and all liens, other than the security interests created in favor of the Lender under this Agreement or permitted by the Debtors Documents, and shall declare and pay any and all fees, assessments, charges and taxes allocable to the Collateral, or which might result in a lien against the Collateral if left unpaid unless the Debtors, at the Debtors' own expense, are contesting the validity or amount thereof in good faith, by an appropriate proceeding, timely instituted, which shall operate to prevent the collection

or satisfaction of the lien or amount so contested. If the Debtors fail to pay such amount and is not contesting the validity or amount thereof in accordance with the preceding sentence, the Lender may, but is not obligated to, pay such amount, and such payment shall be deemed conclusive evidence of the legality or validity of such amount. The Debtors shall promptly reimburse the Lender for any and all payments made by the Lender in accordance with the preceding sentence, and until reimbursement, such payments shall be part of the Secured Obligations.

(c) If the Debtors fail to provide insurance pursuant to the Loan Agreement, the Lender may, but is not obligated to, pay for such insurance after first notifying the Debtors of the Lender's intent to pay it. The Debtors shall promptly reimburse the Lender for any payments made pursuant to this subparagraph, and until reimbursement, such payments shall be a part of the Secured Obligations.

15. Use and Inspection of Collateral. The Debtors shall not use the Collateral in violation of any statute or ordinance, and the Lender shall have the right, at reasonable hours, to inspect the Collateral at the premises of the Debtors or wherever the Collateral may be located.

16. Notice.

(a) Any requirement of the Uniform Commercial Code or other applicable law of reasonable notice shall be met if such notice is given at least five (5) business days before the time of sale, disposition or other event or thing giving rise to the requirement of notice.

(b) All notices and other communications under this Agreement shall be delivered in accordance with and subject to Section 12.16 of the Loan Agreement.

17. Further Assurance. The Debtors shall sign, from time to time, such financing statements and other documents and instruments and take such other actions as the Lender may request from time to time to more fully create, perfect, continue, maintain or terminate the security interests in the Collateral intended to be created in this Agreement.

18. Miscellaneous.

(a) Failure by the Lender to exercise any right shall not be deemed a waiver of that right, and any single or partial exercise of any right shall not preclude the further exercise of that right. Every right of the Lender shall continue in full force and effect until such right is specifically waived in writing signed by the Lender.

(b) If any part, term or provision of this Agreement is held by any court to be prohibited by any law applicable to this Agreement, the rights and obligations of the parties shall be construed and enforced with that part, term or provision and enforced to the greatest extent allowed by law, or if it is totally unenforceable, as if this Agreement did not contain that particular part, term or provision.

(c) The headings in this Agreement have been included for ease of reference only, and shall not be considered in the construction or interpretation of this Agreement.

(d) This Agreement shall inure to the benefit of the Lender, its successors and assigns, and all obligations of the Debtors shall bind the Debtors' successors and assigns.

(e) To the extent allowed under the Uniform Commercial Code, this Agreement shall in all respects be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

(f) This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof. No change, modification, addition or termination of this Agreement shall be enforceable unless in writing and signed by the party against whom enforcement is sought.

(g) This Agreement may be signed by each party upon a separate copy, and in such cases one counterpart of this Agreement shall consist of enough of such copies to reflect the signature of each party.

(h) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms thereof to produce or account for more than one such counterpart.

(i) The Debtors consent to one or more actions being instituted and maintained in the Fayette County, Kentucky, Circuit Court to enforce this Agreement and/or one or more of the other Debtors Documents, and waives any objection to any such action based upon lack of personal or subject matter jurisdiction or improper venue. The Debtors agree that any process or other legal summons in connection with any such action or proceeding may be served by mailing a copy thereof by certified mail, or any substantially similar form of mail, addressed to the Debtors as provided in Section 16 above.

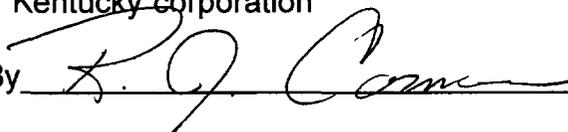
(j) The Debtors acknowledge that the Debtors have received a copy of this Agreement and each of the other Debtors Documents, as fully executed by

the parties thereto. The Debtors acknowledge that the Debtors (a) HAVE READ THIS AGREEMENT AND THE OTHER Debtors DOCUMENTS OR HAS CAUSED SUCH DOCUMENTS TO BE EXAMINED BY THE Debtors', Debtors' REPRESENTATIVES OR ADVISORS; (b) is thoroughly familiar with the transactions contemplated in this Agreement and the other Debtors Documents; and (c) has had the opportunity to ask such questions to representatives of the Lender, and receive answers thereto, concerning the terms and conditions of the transactions contemplated in this Agreement and the other Debtors Documents as the Debtors deem necessary in connection with the Debtors' decision to enter into this Agreement.

IN WITNESS WHEREOF, the Debtors and the Lender have executed and delivered this Agreement as of the date set out in the preamble hereto, but actually on the dates set forth below.

Debtors

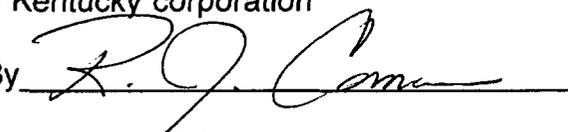
R.J. CORMAN RAILROAD COMPANY/MEMPHIS LINE,
a Kentucky corporation

By  _____

Its: President

Date: December 24, 1998

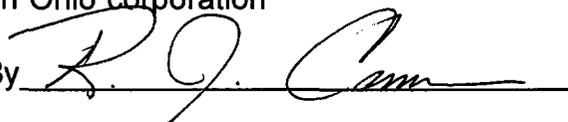
R.J. CORMAN RAILROAD COMPANY/
MATERIAL SALES,
a Kentucky corporation

By  _____

Its: President

Date: December 24, 1998

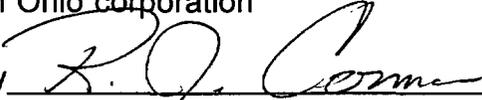
R.J. CORMAN RAILROAD COMPANY/
CLEVELAND LINE,
an Ohio corporation

By  _____

Its: President

Date: December 24, 1998

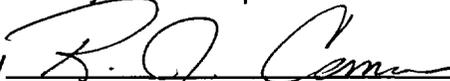
R.J. CORMAN RAILROAD COMPANY/
WESTERN OHIO LINE,
an Ohio corporation

By 

Its: President

Date: December 24, 1998

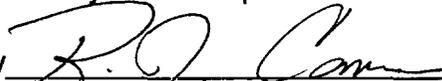
R.J. CORMAN RAILROAD COMPANY/
PENNSYLVANIA LINES, INC.,
a Pennsylvania corporation

By 

Its: President

Date: December 24, 1998

R.J. CORMAN RAILROAD COMPANY/
ALLENTOWN LINES, INC.,
a Pennsylvania corporation

By 

Its: President

Date: December 24, 1998

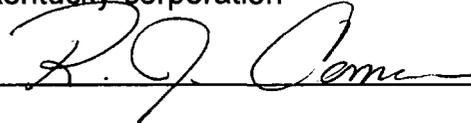
R.J. CORMAN RESTAURANT CORPORATION,
a Kentucky corporation

By 

Its: President

Date: December 24, 1998

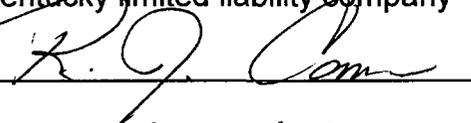
R.J. CORMAN RAILROAD CORPORATION,
a Kentucky corporation

By 

Its: President

Date: December 24, 1998

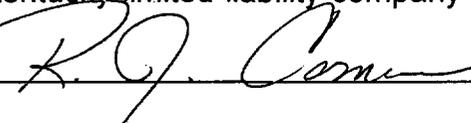
R.J. CORMAN REAL ESTATE, LLC,
a Kentucky limited liability company

By 

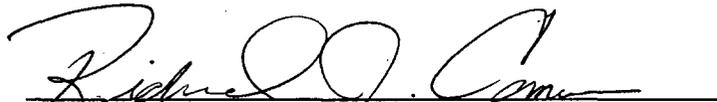
Its: Managing Member

Date: December 24, 1998

R.J. CORMAN RAILROAD CONSTRUCTION, LLC,
a Kentucky limited liability company

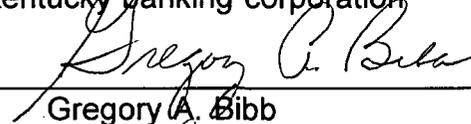
By 

Its: Managing Member


RICHARD J. CORMAN

LENDER

CENTRAL BANK & TRUST CO.,
a Kentucky banking corporation

By 
Gregory A. Bibb

Its: V. President

Date: December 24, 1998

COMMONWEALTH OF KENTUCKY
COUNTY OF FAYETTE

The foregoing Security Agreement was acknowledged before me by, Richard J. Corman, this the 24th day of December, 1998.

Jane C. Higgins
Notary Public - State-at-Large

My Commission Expires: 2/4/02

COMMONWEALTH OF KENTUCKY
COUNTY OF FAYETTE

The foregoing Security Agreement was acknowledged before me by Richard J. Corman, as President of R.J. CORMAN RAILROAD COMPANY/MEMPHIS LINE, a Kentucky corporation; R.J. CORMAN RAILROAD COMPANY/MATERIAL SALES, a Kentucky corporation; R.J. CORMAN RAILROAD COMPANY/CLEVELAND LINE, an Ohio corporation; R.J. CORMAN RAILROAD COMPANY/WESTERN OHIO LINE, an Ohio corporation; R.J. CORMAN RAILROAD COMPANY/PENNSYLVANIA LINES, INC., a Pennsylvania corporation; R.J. CORMAN RAILROAD COMPANY/ALLENTOWN LINES, INC., a Pennsylvania corporation; R.J. CORMAN RESTAURANT CORPORATION, a Kentucky corporation; R.J. CORMAN RAILROAD CORPORATION, a Kentucky corporation, for and on behalf of the corporations; and as a member of R.J. CORMAN RAILROAD CONSTRUCTION, LLC and R.J. CORMAN REAL ESTATE, LLC, a Kentucky limited liability company, for and on behalf of the limited liability companies this the 24th day of December, 1998.

Jane C. Higgins
Notary Public - State-at-Large

My Commission Expires: 2/4/02

COMMONWEALTH OF KENTUCKY
COUNTY OF FAYETTE

The foregoing Security Agreement was acknowledged before me by, Gregory A. Bibb, Vice-President of Central Bank & Trust Co., a Kentucky banking corporation, for and on behalf of the corporation.

Jane C. Higgins
Notary Public - State-at-Large

My Commission Expires: 2/4/02

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SCHEDULED EQUIPMENT

% COINSURANCE

MODEL YEAR	DESCRIPTION (TYPE, MANUFACTURER, MODEL, CAPACITY, ETC.)	SERIAL NO.	DATE PURCHASED	RENEWED	AMOUNT OF INSURANCE
58	Thrall Door Car	2040	08/11/94		7000
59	Thrall Door Car	2041	08/11/94		7000
60	Thrall Door Car	2042	08/11/94		7000
61	Thrall Door Car	2043	08/11/94		7000
62	Boxcar	RJCC 4001			55000.
63	107 Boxcars @ \$55,000	SEE NOTE	09/29/94	edding	5885000
64	Ballast Car	RJCM3101			23000
65	Ballast Car	RJCM 3102			23000
66	Ballast Car	RJCM 3103			23000
67	Ballast Car	RJCM3104			23000
68	Ballast Car	RJCM 3105			23000
69	Locomotive GMGP9	RJCM 1712	01/11/94	1st Natl	58000
70	Locomotive GMGP9	RJCM 1713	01/11/94	1st Natl	58000
71	Locomotive GMGP9	RJCM 1730	01/11/94	1st Natl	38000
72	Locomotive GMGP9	RJCM 1731	01/11/94	1st Natl	58000
73	Locomotive GMGP9	RJCM 1737	01/11/94	1st Natl	58000
74	Locomotive GMGP9	RJCM 1738	01/11/94	1st Natl	38000
75	Locomotive GMGP9	RJCM 1739	01/11/94	1st Natl	58000
76	Locomotive GMGP9	RJCM 1804	01/11/94	1st Natl	38000
77	Locomotive GMGP9	RJCM 1805	01/11/94	1st Natl	38000
78	Locomotive GMGP9	RJCM 1806	01/11/94	1st Natl	58000
79	Locomotive GMGP9	RJCM 1807	01/11/94	1st Natl	38000
80	Locomotive GMGP9	RJCM 1824	01/11/94	1st Natl	38000
81	Locomotive GMGP9	RJCM 1825	01/11/94	1st Natl	38000
82	Locomotive GMGP9	RJCM 1826	01/11/94	1st Natl	58000
83	Locomotive GMGP9	RJCM 1827	01/11/94	1st Natl	53000
84	Locomotive GMGP9	RJCM 1828	01/11/94	1st Natl	58000
85	Locomotive GMGP9	RJCM 1829	01/11/94	1st Natl	58000

INSURANCE

SCHEDULED EQUIPMENT

MODEL YEAR	DESCRIPTION (TYPE, MANUFACTURER, MODEL, CAPACITY, ETC.)	SERIAL NO.	DATE PURCHASED	NEW/USED	AMOUNT OF INSURANCE
30	Thrall Door Car	RJCM 2020			8000.
31	Thrall Door Car	RJCM 2021			8000.
32	Thrall Door Car	RJCM 2022			8000.
33	Thrall Door Car	RJCM 2023			8000.
34	GMGP 16 Engine	RJC1601			40000
35	GMGP 16 Engine	RJC1602			40000.
36	GMGP 16 Engine	RJC-1603	02/00/94	used	38000.
37	GMGP 16 Engine	RJC-1604	02/00/94	used	38000.
38	GMGP 16 Engine	RJC-1605	02/00/94	used	46000.
39	GMGP 16 Engine	RJC-1606	02/00/94	used	46000.
40	GMGP 16 Engine	1607	02/11/94		38250
41	GMGP 16 Engine	#1608			38250.
42	Thrall Door Car	2024			7000
43	Thrall Door Car	2025			7000
44	Thrall Door Car	2026	06/11/94		7000
45	Thrall Door Car	2027	06/11/94		7000
46	Thrall Door Car	2028	06/11/94		7000
47	Thrall Door Car	2029	06/11/94		7000
48	Thrall Door Car	2030	06/11/94		7000
49	Thrall Door Car	2031	06/11/94		7000
50	Thrall Door Car	2032	06/11/94		7000
51	Thrall Door Car	2033	06/11/94		7000
52	Thrall Door Car	2034	06/11/94		7000
53	Thrall Door Car	2035	06/11/94		7000
54	Thrall Door Car	2036	06/11/94		7000
55	Thrall Door Car	2037	06/11/94		7000
56	Thrall Door Car	2038	06/11/94		7000
57	Thrall Door Car	2039	06/11/94		7000

SCHEDULE 2

SCHEDULED EQUIPMENT

#	MODEL YEAR	DESCRIPTION (TYPE, MANUFACTURER, MODEL, CAPACITY, ETC.)	SERIAL NO.	DATE PURCHASED	% COVERAGE	
					NEW/USED	AMOUNT OF INSURANCE
1		General Motors FP7 Locomotive	1940			85000
2		General Motors FP7 Locomotive	1941			85000
3		General Motors CP9 Locomotive	9001		C.B.	50000
4		General Motors GP9 Locomotive	9002		C.B.	70000
5		General Motors GP9 Locomotive	9005			50000
6		General Motors GP9 Locomotive	9003 5489-1			70000
7		General Motors GP9 Locomotive	9006 5519-11			50000
8		General Motors GP9 Locomotive	9007 5519-23			100000
9		General Motors GP9 Locomotive	9004 5586-15			50000
10		General Motors GP9 Locomotive	9008 5426-2			50000
11		Budd Dining Kitchen Car	RJC021			150000
12		Budd Dining Car	RJC007			135000
13		Budd Kitchen Car	RJC011			175000
14		8 Box Cars \$15,000 each	RJCM2001 to 2008		1st Nat	120000
15	57	GM EMD GP9 Locomotive	RJC9009		Gen Bk	77500
16	68	GM EMD GP9 Locomotive	RJC9010		Gen Bk	60000
17		Budd Dining Car	RJC777			200000
18		Thrall Door Car	RJCM2009			8000
19		Thrall Door Car	RJCM 2010			8000
20		Thrall Door Car	RJCM2011			8000
21		Thrall Door Car	RJCM 2012			8000
22		Thrall Door Car	RJCM 2013			8000
23		Thrall Door Car	RJCM 2014			8000
24		Thrall Door Car	RJCM 2015			8000
25		Thrall Door Car	RJCM 2016			8000.
26		Thrall Door Car	RJCM 2017			8000.
27		Thrall Door Car	RJCM 2018			8000.
28		Thrall Door Car	RJCM 2019			8000.

SCHEDULED EQUIPMENT

MODEL YEAR	DESCRIPTION (TYPE, MANUFACTURER, MODEL, CAPACITY, ETC.)	SERIAL NO.	DATE PURCHASED	% COVERAGE	AMOUNT OF INSURANCE
96	Locomotive GMGP9	RJCM 1830	01/11/96	1st Natl	38000
97	Locomotive GMGP9	RJCM 1831	01/11/96	1st Natl	58000
98	Locomotive GMGP9	RJCM 1832	01/11/96	1st Natl	58000
99	Locomotive GMGP9	RJCM 1856	01/11/96	1st Natl	58000
00	Locomotive GMGP9	RJCM 1858	01/11/96	1st Natl	58000
01	Locomotive GMGP18	RJCM 4121	01/11/96	1st Natl	65000
02	Locomotive GMGP18	RJCM 4119	01/11/96	1st Natl	65000
03	15 Thrall Coil Steel Cars @ \$70000	RJCM5001 - 5015	01/20/96	1st Natl	1050000
04	GMCP38 Locomotive	RJCM7681		Natl Cit	165,000
05	GMCP38 Locomotive	RJCM7697		Natl Cit	165,000
06	GMCP38 Locomotive	RJCM7710		Natl Cit	165,000
07	GMCP38 Locomotive	RJCM7908		Natl Cit	165,000
08	GMCP38 Locomotive	RJCM7909		Natl Cit	165,000
09	GMCP38 Locomotive	RJCM9718		Natl Cit	165,000
100	Boxcar	RJCM4024			55,000
101	Boxcar	RJCM4025			55,000
102	Boxcar	RJCM4026			55,000
103	100 Ton 4000 CF Gondola Railcar	RJCM3106	11/07/96		15,500.
104	100 Ton 4000 CF Gondola Railcar	RJCM3107	11/07/96		15,500
105	100 Ton 4000 CF Gondola Railcar	RJCM3108	11/07/96		15,500
106	100 Ton 4000 CF Gondola Railcar	RJCM3109	11/07/96		15,500.
107	100 Ton 4000 CF Gondola Railcar	RJCM3110	11/07/96		15,500
108	100 Ton 4000 CF Gondola Railcar	RJCM3111	11/07/96		15,500
109	(25) CN Boxcars at \$various\$ each	SEE NOTE			\$597,000
110	Cepter Car	RJCM 3001			\$8,000 .
111	Cepter Car	RJCM3002			\$8,000
112	Cepter Car	RJCM3003			\$8,000
113	Cepter Car	RJCM3004			\$8,000

SCHEDULED EQUIPMENT

% COINSURANCE

#	MODEL YEAR	DESCRIPTION (TYPE, MANUFACTURER, MODEL, CAPACITY, ETC.)	SERIAL NO.	DATE PURCHASED	REPAIRED	AMOUNT OF INSURANCE
114		Cepter Car	RJCM3005			\$8,000
115		Cepter Car	RJCM3006			\$8,000
116		Hooper Car	RJCM1420			15,000
117		Hooper Car	RJCM1476			15,000
GRAND TOTALS						\$ 12,431,000