

SEP 25 2008

1-00 PM

ALVORD AND ALVORD
ATTORNEYS AT LAW
1050 SEVENTEENTH STREET, N.W.
SUITE 301
WASHINGTON, D.C.
20036
—
(202) 393-2266
FAX (202) 393-2156
E-MAIL alvordlaw@aol.com

SURFACE TRANSPORTATION BOARD

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

September 25, 2008

Anne K. Quinlan, Esquire
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

Dear Ms. Quinlan:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Security Agreement, dated as of September 25, 2008, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Administrative
Agent:

Calyon New York Branch
1301 6th Avenue
New York, NY 10019-6022

Grantors:

GCR Acquisitions, L.L.C.
Grand Canyon Railway, L.L.C.
Grand Canyon Railway Hotel, L.L.C.
123 North San Francisco Street, Suite 120
Flagstaff, AZ 86001

Anne K. Quinlan, Esquire
September 25, 2008
Page 2

A description of the railroad equipment covered by the enclosed document is:

All rolling stock of the Grantors WHETHER NOW OWNED OR
HEREAFTER ACQUIRED.

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

Memorandum of Security Agreement.

Also enclosed is a check in the amount of \$41.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. W. Alvord". The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

Robert W. Alvord

RWA/sem
Enclosures

SEP 25 08

1-00 PM

**MEMORANDUM OF
SECURITY AGREEMENT**

SURFACE TRANSPORTATION BOARD

made by

**GCR ACQUISITIONS, L.L.C.,
GRAND CANYON RAILWAY, L.L.C. (formerly known as GC Railway, L.L.C. and
successor by merger to Grand Canyon Railway, Inc.) and
GRAND CANYON RAILWAY HOTEL, L.L.C., (formerly known as GCR Hotel, L.L.C.
and successor by merger to Fray Marcos Hotel Limited Partnership)**

in favor of

**CALYON NEW YORK BRANCH
as Administrative Agent**

This MEMORANDUM OF SECURITY AGREEMENT, dated as of September 25, 2008, is made by GCR ACQUISITIONS, L.L.C., an Arizona limited liability company ("Parent"), GRAND CANYON RAILWAY, L.L.C., an Arizona limited liability company (formerly known as GC Railway, L.L.C. and successor by merger to Grand Canyon Railway, Inc.), ("Railway") and GRAND CANYON RAILWAY HOTEL, L.L.C., an Arizona limited liability company (formerly known as GCR Hotel, L.L.C. and successor by merger to Fray Marcos Hotel Limited Partnership) ("Hotel"; Hotel together with Parent and Railway, are referred to hereinafter each individually as a "Grantor" and collectively as the "Grantors") and CALYON NEW YORK BRANCH, a branch under the laws of the State of New York of a foreign banking corporation organized under the laws of the Republic of France, as administrative agent ("Administrative Agent") for the lenders party to the Credit Agreement (referred to below).

WHEREAS, the Grantors and the Administrative Agent have entered into that certain Omnibus Pledge and Security Agreement, dated as of September 25, 2008 (the "Security Agreement"), which secures, among, other things (a) all of the Grantors' obligations under that certain Second Amended and Restated Revolving Credit Agreement dated as of September 25, 2008 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Xanterra Parks & Resorts, Inc. (the "Borrower"), the Grantors, the financial institutions listed on the signature pages thereof (such financial institutions, together with their respective permitted successors and assigns, each individually a "Lender" and collectively the "Lenders") and Administrative Agent and (b) the other Financing Documents referred to in the Credit Agreement. Unless the context otherwise requires, all capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Security Agreement or in the Credit Agreement.

WHEREAS, the Lenders have agreed to make Revolving Loans to the Borrower pursuant to and upon the terms and subject to the conditions specified in the Credit Agreement. The obligations of the Lenders to make such Revolving Loans are conditioned upon, among other

things, the execution and delivery by the Grantors of an agreement in the form of the Security Agreement to secure the Obligations.

WHEREAS, in the Security Agreement, each Grantor mortgages and pledges to the Administrative Agent, its successors and assigns, for the ratable benefit of the Secured Parties, and grants to the Administrative Agent, its successors and assigns, for the ratable benefit of the Secured Parties, a security interest (the "Security Interest") in, all such Grantor's rights, title and interest in, to and under the Collateral, now owned or hereafter acquired, which includes ALL GONDOLAS, BOXCARS, TANKERS, LOCOMOTIVES AND RAILCARS OF ANY TYPE (COLLECTIVELY, THE "ROLLING STOCK") including without limitation the Rolling Stock described in Schedule A attached to this Memorandum.

WHEREAS, the parties, by executing this Memorandum and causing it to be recorded with the appropriate governmental authorities, desire to provide public notice of the Security Interest.

WHEREAS, this Memorandum may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one such Memorandum.

IN WITNESS WHEREOF, each of the undersigned pursuant to due corporate authority has caused this Memorandum of Security Agreement to be executed in its respective corporate name by an officer duly authorized, and hereby declares pursuant to 28 U.S.C. § 1746 under penalty of perjury that this Memorandum is a true and correct document and was executed as of the date herein first set forth above.

GRANTORS:

GCR ACQUISITIONS, L.L.C.

By Andrew N. Todd
Andrew N. Todd
President & CEO

GRAND CANYON RAILWAY, L.L.C.

By Andrew N. Todd
Andrew N. Todd
President & CEO

GRAND CANYON RAILWAY HOTEL, L.L.C.

By Andrew N. Todd
Andrew N. Todd
President & CEO

State of Colorado)
County of Arapahoe) ss

On Sept. 24, 2008, before me, MARVALENE SWAN, a Notary Public in and for said County and State, personally appeared ANDREW N. TOOK, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature M. Marvalene Swan (Seal)

My Commission Expires: 6/25/2010

State of Colorado)
County of Arapahoe) ss

On Sept. 24, 2008, before me, MARVALENE SWAN, a Notary Public in and for said County and State, personally appeared ANDREW N. TOOK, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature M. Marvalene Swan (Seal)

My Commission Expires: 6/25/2010

State of Colorado)
County of Arapahoe) ss

On Sept. 24, 2008, before me, MARVALENE SWAN, a Notary Public in and for said County and State, personally appeared ANDREW N. TOOK, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature M. Marvalene Swan (Seal)

My Commission Expires: 6/25/2010

SCHEDULE A

Schedule of Rolling Stock

Number GCRX -	Type	Year Mfg Built	Seat Capacity	Coupler Type	Heat by	Wheel Brg Type	Equipment Operated in Revenue Svc. Last 3 Yrs.	Home RR
Locomotives								
539	W3	1917 Alco	0	E	-	Friction	No	GCR
29	O1a	1906 Alco	0	E	-	Friction	Yes	GCR
4960	O1a	1923 Baldwin	0	E	-	Friction	Yes	GCR
1105	GP7	1978 EMD	0	E	-	Hyatt/RO	No	GCR
2134	GP7	1953 EMD	0	E	-	Hyatt/RO	Yes	GCR
6762	FPA4	1959 MLW	0	IC	-	GG/NFL	No	GCR
6768	FPA4	1959 MLW	0	IC	-	GG/NFL	No	GCR
6773	FPA4	1959 MLW	0	IC	-	GG/NFL	Yes	GCR
6776	FPA4 w/SGB	1959 MLW	0	IC	-	GG/NFL	Yes	GCR
6793	FPA4	1959 MLW	0	IC	-	GG/NFL	Yes	GCR
6860	FPB4	1959 MLW	0	IC	-	GG/NFL	Yes	GCR
6871	FPB4	1959 MLW	0	IC	-	GG/NFL	Yes	GCR
237	F-40	1977 EMD	0	H	-	GG/NFL	No	GCR
239	F-40FH	1977 EMD	0	H	-	GG/NFL	Yes	GCR
295	F-40	1979 EMD	0	H	-	GG/NFL	No	GCR
Water Service								
857 silver	Tank Car	1942	0	E	-	5 1/2 X 10 RB FRT	Yes	GCR
874 black	Tank Car	1942	0	E	-	5 1/2 X 10 RB FRT	Yes	GCR
907 black	Tank Car	1942	0	E	-	5 1/2 X 10 RB FRT	Yes	GCR
912 silver	Tank Car	1942	0	E	-	5 1/2 X 10 RB FRT	Yes	GCR
929 black	Tank Car	1942	0	E	-	5 1/2 X 10 RB FRT	Yes	GCR
932 black	Tank Car	1942	0	E	-	5 1/2 X 10 RB FRT	Yes	GCR
Maintenance of Way								
1301	Ballast	1941	0	E	-	Friction	No/MW	GCR
1302	Ballast	1941	0	E	-	Friction	Yes/MW	GCR
1305	Ballast	1941	0	E	-	Friction	No/MW	GCR
1306	Ballast	1941	0	E	-	Friction	Yes/MW	GCR
1308	Ballast	1941	0	E	-	Friction	No/MW	GCR
1311	Ballast	1941	0	E	-	Friction	No/MW	GCR
1315	Ballast	1941	0	E	-	Friction	No/MW	GCR
1316	Ballast	1941	0	E	-	Friction	Yes/MW	GCR
1320	Ballast	1941	0	E	-	Friction	Yes/MW	GCR
1322	Ballast	1941	0	E	-	Friction	No/MW	GCR
1327	Ballast	1941	0	E	-	Friction	No/MW	GCR
1328	Ballast	1941	0	E	-	Friction	Yes/MW	GCR
1329	Ballast	1941	0	E	-	Friction	No/MW	GCR
94287	Flat	1960	0	E	-	Friction	Yes/MW	GCR
Placer American RoadMaster 2000 Tamper -- s/n 1948		1993					Yes	
Dimensions: L=58'9" W=9'1.5" H=10'11" -- Weight: 94,000 lbs -- Acquired 1993								

Number GCRX -	Type	Year Mfg Built	Seat Capacity	Coupler Type	Heat by	Wheel Brg Type	Equipment Operated in Revenue Svc. Last 3 Yrs.	Home RR	
Kershaw Bridge Crane Model #11-4		Dimensions: L=18'10" W=7'4" H=13'0" -- Weight: 11,340 lbs						Yes	
Kershaw Ballast Regulator Model #26-1-12 -- s/n 26-742		1980					Yes		
Camron Tamper Model JRA-JD -- s/n 2373753		Dimensions: L=26'6.75" W=10'6.5" H=12'11.875" -- Weight: 23,800 lbs							
GCR #1 Jordan Spreader		1973							
Hydraulic Tie Inserter		Dimensions: L=19'0" W=10'9" H=9'6" -- Weight: 24,000 lbs							
CCF-Canadian Car Foundry		GCR-Grand Canyon Railway		MW-Maintenance of Way		RB-Roller Bearing	SGB-Steam Gen Boiler		
CN-Canadian National		GG-Heavy Loco bearings roller Grease		NFL-No field lube			SGU-Steam Gen Unit		
E-Conventional Coupler		H-Tight Lock Coupler		PS-Pullman Standard					
F-Heavy freight bearing		IC-Interlocking Coupler		RG-Roller Grease					
GCC-Grand Canyon Chapter		MLW-Montreal Loco Works		RO-Roller, Oil					
255 Chief	OBS/Lounge w/150KW Gen	BUDD1947	37	H	Electric	EE/NFL 6X11 AMTK	Yes	GCR	
460	450KW Power Car	CN1960	0	IC	-	5 1/2 X 10 RB FRT	Yes	GCR	
480	450KW Power Car	CN1960	0	IC	-	5 1/2 X 10 RB FRT	Yes	GCR	
1626	Baggage/Coach	BUDD1946	40	H	Electric	EE/NFL 6X11 AMTK	No	GCR	
2089	Handicap Coach	PS1923	86	E,Sharon	Electric	Friction	Yes	GCR	
2092	Coach	PS1923	92	E,Sharon	Electric	Friction	Yes	GCR	
2104	Coach	PS1923	92	E,Sharon	Electric	Friction	Yes	GCR	
2111	Coach	PS1923	92	E,Sharon	Electric	Friction	Yes	GCR	
2115	Coach	PS1923	88	E,Sharon	Steam	Friction	No	GCR	
2117	Coach	PS1923	92	E,Sharon	Electric	Friction	Yes	GCR	
2119	Coach	PS1923	92	E,Sharon	Electric	Friction	Yes	GCR	
2120	Coach	PS1923	92	E,Sharon	Electric	Friction	Yes	GCR	
2121	Coach	PS1923	92	E,Sharon	Electric	Friction	Yes	GCR	
2128	Handicap Coach w/55KW Gen	PS1923	86	E,Sharon	Electric	5 1/2 X 10 RB FRT	Yes	GCR	
2130	Handicap Coach	PS1923	88	E,Sharon	Electric	Friction	Yes	GCR	
2133	Coach	PS1923	92	E,Sharon	Electric	5 1/2 X 10 RB FRT	Yes	GCR	
2135	Coach	PS1923	88	E,Sharon	Steam	Friction	No	GCR	
2142	Coach	PS1923	88	E,Sharon	Steam	Friction	No	GCR	
2145	Coach	PS1923	88	E,Sharon	Steam	Friction	No	GCR	
2152	Club	PS1923	58	E,Sharon	Electric	5 1/2 X 10 RB FRT	Yes	GCR	
2153	Coach w/150KW Gen	PS1923	92	E,Sharon	Electric	5 1/2 X 10 RB FRT	Yes	GCR	
301	Coach w/150KW Gen	BUDD1952	94	H	Electric	SKF/RG	Yes	GCR	
304	Coach	BUDD1953	94	H	Electric	SKF/RG	Yes	GCR	
305	Coach	BUDD1954	94	H	Electric	SKF/RG	No	GCR	
306	Coach	BUDD1955	94	H	Electric	SKF/RG	Yes	GCR	
308	Coach	BUDD1956	94	H	Electric	SKF/RG	Yes	GCR	

Number GCRX -	Type	Year Mfg Built	Seat Capacity	Coupler Type	Heat by	Wheel Brg Type	Equipment Operated in Revenue Svc. Last 3 Yrs.	Home RR
309	Coach	BUDD1957	94	H	Electric	SKF/RG	Yes	GCR
311	Coach w/150KW Gen	BUDD1958	94	H	Electric	SKF/RG	Yes	GCR
314	Coach	BUDD1959	94	H	Electric	SKF/RG	Yes	GCR
401	Coach	BUDD1960	84	H	Electric	SKF/RG	No	GCR
402	Coach	BUDD1961	84	H	Electric	SKF/RG	No	GCR
403	Coach	BUDD1962	84	H	Electric	SKF/RG	No	GCR
404	Coach	BUDD1963	84	H	Electric	SKF/RG	No	GCR
800	Handicap Coach / Cab Car	BUDD1964	78	H	Electric	SKF/RG	Yes	GCR
803	Handicap Coach / Cab Car	BUDD1965	78	H	Electric	SKF/RG	Yes	GCR
CCF-Canadian Car Foundry		GCR-Grand Canyon Railway		MW-Maintenance of Way		RR-Roller Bearing	SGB-Steam Gen Boiler	
CN-Canadian National		GG-Heavy Loco bearings roller Grease		NFL-No field lube		SGU-Steam Gen Unit		
E-Conventional Coupler		H-Tight Lock Coupler		PS-Pullman Standard				
F-Heavy freight bearing		IC-Interlocking Coupler		RG-Roller Grease				
GCC-Grand Canyon Chapter		MLW-Montreal Loco Works		RO-Roller, Oil				
2088	Slumber Car (Parts car)	BUDD1959	0	H	Electric	EE/NFL	No	GCR
209	Slumber Car (Parts car)	BUDD1959	0	H	Electric	EE/NFL	No	GCR
2093 Max Biegert	OBS/Lounge w/150KW Gen	CCF1954	23	IC	Electric	6 1/2 X 12 FRT NFL	Yes	GCR
2094 Coconino	Dome	BUDD1954	Dome 24 Car 42	H	Electric	EE/NFL 6X11 AMTK	Yes	GCR
2095 Anasazi	1st Class Handicap Coach w/ 150KW Gen	BUDD1954	42	H	Electric	EE/NFL 6X11 AMTK	Yes	GCR
2096 Cafe Car	Café/Lounge	BUDD1951	0	H	Electric	EE/NFL 6X11 AMTK	Yes	GCR
2097 Kokopelli	Dome	BUDD1954	Dome 24 Car 42	H	Electric	EE/NFL 6X11 AMTK	Yes	GCR
2098 Colorado River	Coach	BUDD1948	50	H	Electric	EE/NFL 6X11 AMTK	Yes	GCR
3120 Sunset Cafe	Café	BUDD1951	0	H	Electric	EE/NFL 6X11 AMTK	Yes	GCR
3123 Sharpshooter	Café	BUDD1951	0	H	Electric	EE/NFL 6X11 AMTK	No	GCR
3365 Santa Fe	Parlor	BUDD1948	37	H	Electric	5 1/2 X 10 RB FRT	Yes	GCR
4000 Yavapai	1st Class Handicap Coach	BUDD1954	42	H	Electric	EE/NFL 6X11 AMTK	Yes	GCR
4012	1st Class Handicap Coach	BUDD1954	42	H	Electric	EE/NFL 6X11 AMTK	No	GCR
5200	Coach	BUDD1949	54	H	Electric	NFL	No	GCR
5203 Pecan	1st Class Coach	BUDD1949	54	H	Electric	5 1/2 X 10 RB FRT	No	GCR
5204 Spruce	1st Class Coach	BUDD1949	54	H	Electric	5 1/2 X 10 RB FRT	No	GCR

Number GCRX -	Type	Year Mfg Built	Seat Capacity	Coupler Type	Heat by	Wheel Brg Type	Equipment Operated in Revenue Svc. Last 3 Yrs.	Home RR
5205 Buckey O'Neill	Coach	BUDD1949	50	H	Electric	NFL	Yes	GCR
7021	Vista Dome	BUDD1947	Dome 24 Car 42	H	Electric	Timken Oil	No	GCR
7033	Vista Dome	BUDD1948	Dome 24 Car 42	H	Electric	Timken Oil	No	GCR
7034 Grand View	Vista Dome	BUDD1949	Dome 24 Car 42	H	Electric	EE/NFL 6X11 AMTK	Yes	GCR
7608 Arizona	1st Class Coach w/150KW Gen	BUDD1951	68	H	Electric	EE/NFL 6X11 AMTK	Yes	GCR
7609 Bright Angel	1st Class Coach	BUDD1951	68	H	Electric	EE/NFL 6X11 AMTK	Yes	GCR
CCF-Canadian Car Foundry	GCR-Grand Canyon Railway		MW-Maintenance of Way		RB-Roller Bearing		SCB-Steam Gen	Boiler
CN-Canadian National	GG-Heavy Loco bearings roller Grease		NFL-No field lube				SGU-Steam Gen	Unit
E-Conventional Coupler	H-Tight Lock Coupler		PS-Pullman Standard					
F-Heavy freight bearing	IC-Interlocking Coupler		RG-Roller Grease					
GCC-Grand Canyon Chapter	MI.W-Montreal Loco Works		RO-Roller, Oil					

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 9/26/08



Robert W. Alvord