

RECORDATION NO. 22455-13 FILED

BINGHAM DANA

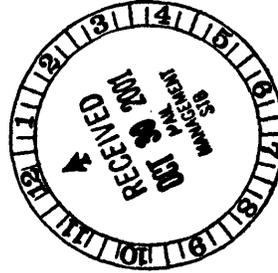
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~~SURFACE TRANSPORTATION BOARD~~

October 26, 2001

BY FEDERAL EXPRESS

Vernon A. Williams, Secretary
Surface Transportation Board
195 K Street, N.W., Suite 704
Washington, D.C. 20423



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Boston
New York
Washington
Los Angeles
Hartford
London
Singapore

Dear Secretary:

I have enclosed an original and one copy/counterpart of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

This document is an Instrument of Adherence (US Security Agreement), a secondary document, dated as of October 1, 2001, by and among **SOUTH BUFFALO RAILWAY COMPANY** (the "Debtor"), a New York corporation, and **FLEET NATIONAL BANK** (formerly known as BankBoston, N.A., as Administrative Agent for the Banks referred to therein (in such capacity, the "Administrative Agent"), covering the New US Company's motor vehicles, rolling stock, locomotives, railcars and maintenance of way equipment now owned or hereafter acquired. A description of the foregoing collateral is attached to the Instrument of Adherence (US Security Agreement) as Schedule 1, Schedule 2 and Schedule 3, as they may be revised from time to time, but the property covered by the Instrument of Adherence (US Security Agreement) is not limited to that listed on Schedule 1, Schedule 2 and Schedule 3.

The primary document to which this is connected is a US Security Agreement dated as of August 17, 1999 and recorded under Recordation Number 22455.

We request that Instrument of Adherence (US Security Agreement) be cross-indexed to the US Security Agreement referenced above.

The name and addresses of the parties to the Instrument of Adherence (US Security Agreement) are as follows: the New US Company is South Buffalo Railway Company whose head office is located at 2600 Hamburg Turnpike, Lackawanna, New York 14218; the Administrative Agent is Fleet National Bank, whose chief executive office is located at One Hundred Federal Street, Boston, Massachusetts, 02110.

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Included in the property covered by the aforesaid Instrument of Adherence (US Security Agreement) are motor vehicles, rolling stock, railroad cars, locomotives and maintenance of way equipment intended for use related to interstate commerce, or interests therein, owned and leased by the New US Company at the date of said Instrument of Adherence (US Security Agreement) or thereafter acquired by the New US Company or its successors.

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

"An Instrument of Adherence (US Security Agreement) dated as of October 1, 2001, by and among **SOUTH BUFFALO RAILWAY COMPANY**, a New York corporation, and **FLEET NATIONAL BANK**, as Administrative Agent, as the secured party, covering the New US Company's motor vehicles, rolling stock, locomotive, railcars, maintenance of way equipment and all other properties and rights of the New US Company, and making the New US Company a party to a certain US Security Agreement with Recordation No. 22455."

Also enclosed is a check in the amount of \$28.00, payable to the Surface Transportation Board, to cover the recording fee prescribed by the Board in its rules and regulations.

Please acknowledge receipt of the enclosed documents by stamping and returning in the enclosed self-addressed prepaid federal express package, the enclosed copy of this letter together with the Instrument of Adherence (US Security Agreement) as filed.

If you have any questions with respect to the enclosed documents, please call me collect at (617) 951-8867 or Ian Wenniger at (617) 951-8773.

Sincerely,



Lisa M. Keohane

Enclosures

cc: Cynthia F. Barnett, Esq.
Ian M. Wenniger, Esq.

BUSDOCS:1043917.1

RECORDATION NO. 22455-B FILED

INSTRUMENT OF ADHERENCE
(US SECURITY AGREEMENT)

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SURFACE TRANSPORTATION BOARD

October 1, 2001

To: The Administrative Agent and the Banks who are parties to the Credit Agreement (as such terms are defined below):

Reference is hereby made to the US Security Agreement (the "Security Agreement") dated as of August 17, 1999 among (a) Genesee & Wyoming Inc. (the "US Borrower"), Allegheny & Eastern Railroad, Inc., Bradford Industrial Rail, Inc., Buffalo & Pittsburgh Railroad, Inc., Carolina Coastal Railway, Inc., Commonwealth Railway, Inc., Corpus Christi Terminal Railroad, Inc., Dansville and Mount Morris Railroad Company, Genesee and Wyoming Railroad Company, Genesee & Wyoming Railroad Services, Inc., Golden Isles Terminal Railroad, Inc., GWI Canada, Inc., GWI Leasing Corporation, GWI Rail Management Corporation, Illinois & Midland Railroad, Inc., Louisiana & Delta Railroad, Inc., Pittsburg & Shawmut Railroad, Inc., Portland & Western Railroad, Inc., Rail Link, Inc., Rochester & Southern Railroad, Inc., Savannah Port Terminal Railroad, Inc., Talleyrand Terminal Railroad Company, Inc. and Willamette & Pacific Railroad, Inc. (each, a "US Restricted Subsidiary" and collectively, the "US Restricted Subsidiaries") (each of the US Borrower and the US Restricted Subsidiaries hereinafter referred to individually as a "US Company" and collectively as the "US Companies"), and (b) Fleet National Bank, as Administrative Agent for itself and other financial institutions (hereinafter, collectively, the "Banks") which are or may become parties to that certain Third Amended and Restated Revolving Credit and Term Loan Agreement dated as of August 17, 1999 (as amended and in effect from time to time, the "Credit Agreement"), by and among South Buffalo Railway Company (the "New US Company"), the US Borrower, Quebec Gatineau Railway Inc., the Guarantors named therein, the lending institutions party thereto (the "Banks") and Fleet National Bank (formerly known as BankBoston, N.A.), as administrative agent and syndication agent for itself and the Banks (the "Administrative Agent"). All capitalized terms used herein without definitions shall have the meanings given such terms in the Credit Agreement and the Security Agreement.

The New US Company acknowledges, and represents and warrants, the following: (i) the undersigned is a corporation incorporated on or prior to the date hereof; (ii) as of the date hereof the undersigned has become a Guarantor under the Credit Agreement pursuant to and in accordance with the Instrument of Adherence (Guaranty) dated as of the date hereof (the "Instrument") and is subject to and bound by all of the terms, conditions and covenants thereof; (iii) the undersigned is jointly and severally liable, together with the US Companies, for the payment and performance of all Obligations of the Borrowers under the Credit Agreement; (iv) it is a condition precedent to the Fifth Amendment and Consent to the Credit Agreement that the New US Company execute and deliver to the Administrative Agent, for the benefit of the Banks and the Agents, this instrument of adherence; and (v) the New US Company wishes to grant security interests

in favor of the Administrative Agent, for the benefit of the Banks and the Agents, as herein provided and to become a party to the Security Agreement.

The undersigned by its execution of this Instrument of Adherence hereby joins the Security Agreement and becomes a party thereto for all purposes thereof. The undersigned further covenants and agrees that by its execution hereof it shall be bound by and shall comply with all terms and conditions of the Security Agreement, and thereby and hereby grants to the Administrative Agent, for the benefit of the Banks and the Agents, to secure the payment and performance in full of all of the Obligations (including the Canadian Obligations), a security interest in and so pledges and assigns to the Administrative Agent, for the benefit of the Banks and the Agents, the following properties, assets and rights of the undersigned, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the "Collateral"):

All personal and fixture property of every kind and nature including, without limitation, all goods, accounts, including all accounts receivable, deposit accounts, supporting obligations, contract rights, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), all rights of the New US Company under any agreements with operating railroads pursuant to which rights of passage over tracks are granted during periods of emergency and disasters, all rights of the New US Company under any leases pursuant to which the New US Company leases any rolling stock, locomotives or other rail cars, of every kind and description, to any other person, all licenses, permits, agreements of any kind or nature pursuant to which the New US Company possesses, uses or has authority to possess or use property (whether tangible or intangible) of others or others possess, use or have authority to possess or use property (whether tangible or intangible) of the New US Company, all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all software, writings, plans, specifications and schematics, all rights to the payment of money including without limitation tax refund claims, insurance refund claims and all other insurance claims and proceeds, commercial tort claims, chattel paper (whether paper or electronic), documents, instruments (including promissory notes), general intangibles (including all payment intangibles), all certificated and uncertificated securities and other investment property (other than the stock of the Unrestricted Subsidiaries), together with all income therefrom, increases thereunder and proceeds thereof, patents, patent applications, trademarks, trademark applications, tradenames, copyrights, copyright applications, rights to sue and recover for past infringement of patents, trademarks and copyrights, computer programs, computer software, engineering drawings, service marks, customer lists, goodwill, books and records, furniture, fixtures, motor vehicles of every kind and description including, without limitation, the motor vehicles described on Schedule 1 attached hereto, and all related equipment, parts and accessories with respect thereto (including, without limitation, tires and parts, whether now owned or hereafter acquired), and all substitutions and replacements therefor, rolling stock, locomotives and all other rail cars of every kind and description, including, without limitation, the rolling stock, locomotives and rail cars described on Schedule 2 attached hereto, rail, ties and capital improvements thereon, equipment (including any accessions thereto), all

maintenance of way equipment, including, without limitation, the maintenance of way equipment having an original value of greater than \$50,000 which is described on Schedule 3 attached hereto, inventory and all other capital assets and raw materials.

The undersigned has delivered to the Administrative Agent a duly completed Perfection Certificate in the form prescribed by the Security Agreement, and represents and warrants that the matters set forth in such Perfection Certificate are true and correct in all material respects. The undersigned further covenants and agrees that by its execution hereof it shall provide all such information, complete all such forms and, take all such actions, and enter into all such agreements, in form and substance reasonably satisfactory to the Administrative Agent that are reasonably deemed necessary by the Administrative Agent in order to grant a valid, first-priority perfected security interest to the Administrative Agent and the Banks in all of the assets of the undersigned securing the Obligations.

Very truly yours,

SOUTH BUFFALO RAILWAY COMPANY

By: William P. Quinn
Name: WILLIAM P. QUINN
Title: PRESIDENT

COMMONWEALTH/STATE OF PA)
) ss.
COUNTY OF Chester)

On this 26 day of October ²⁰⁰¹ ~~1999~~ before me personally appeared William P. Quinn to me personally known, who, being by me duly sworn, says that he is the President of South Buffalo Railway Co. Canada, Inc. and that he is duly authorized to sign the foregoing instrument on behalf of said corporation, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Gina Marie Fusaro
Notary Public

My commission expires:

Notarial Seal
Gina Marie Fusaro, Notary Public
West Chester Boro, Chester County
My Commission Expires Apr. 25, 2005
Member, Pennsylvania Association of Notaries

Accepted:

FLEET NATIONAL BANK, as Administrative Agent

By: _____
Name: Paul G. Feloney
Title: Managing Director

on Schedule 3 attached hereto, inventory and all other capital assets and raw materials.

The undersigned has delivered to the Administrative Agent a duly completed Perfection Certificate in the form prescribed by the Security Agreement, and represents and warrants that the matters set forth in such Perfection Certificate are true and correct in all material respects. The undersigned further covenants and agrees that by its execution hereof it shall provide all such information, complete all such forms and, take all such actions, and enter into all such agreements, in form and substance reasonably satisfactory to the Administrative Agent that are reasonably deemed necessary by the Administrative Agent in order to grant a valid, first-priority perfected security interest to the Administrative Agent and the Banks in all of the assets of the undersigned securing the Obligations.

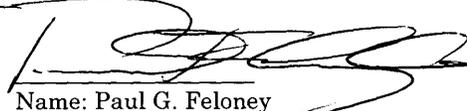
Very truly yours,

SOUTH BUFFALO RAILWAY COMPANY

By: _____
Name:
Title:

Accepted:

FLEET NATIONAL BANK, as Administrative Agent

By: 
Name: Paul G. Feloney
Title: Managing Director

Schedule 1

Motor Vehicles

Unit #	Type	Year	Condition	Mileage
157	White Tractor	1971	Fair	57,100
226	Ford F700	1987	Fair	45,200
229	Ford F600 Crew Cab Flatbed	1988	Fair	63,000
240	Ford F700 Crew Cab Dump	1990	Good	54,400
244	Ford F350 Flatbed	1992	Poor	106,200
245	Ford F350 Flatbed	1992	Poor	96,400
249	GMC ¾ ton Flatbed	1990	Poor	66,700
250	Ford F450 Flatbed	1994	Good	46,000
253	Ford E350 Van	1995	Good	68,400
255	Ford F350 Pickup	1996	Fair	92,400
256	Ford F350 Crew Cab Flatbed	1997	Good	30,000
257	Ford F350 Crew Cab Flatbed	1997	Good	27,000
259	Ford F350 Pickup	1999	Very Good	28,400
260	Ford E350 Van	1999	Very Good	19,800
261	Ford F150 Pickup	2000	Very Good	30,900

Schedule 2

Rolling Stock, Locomotives and Railcars

Unit #	Type	Built	Condition	Last Rebuild
5	SW1500	1972	Good	Purchased used 1995
6	SW1500	1972	Good	Purchased used 1995
21	NW2	1941	Fair	1979
22	Whitcomb	Unknown	Fair	Purchased used 1997
30	SW1200	1964	Poor	Purchased used 1989
31	SW1200	1965	Poor	Purchased used 1989
33	SW1200	1965	Good	Purchased used 1989
34	SW9	1952	Poor	1969
35	SW9	1952	Poor	1969
36	SW9	1952	Fair	1981
37	SW9	1952	Poor	1966
39	SW9	1955	Fair	Purchased used 1993

Schedule 3

Maintenance of Way Equipment

Unit #	Type	Year	Condition
126	Kershaw Yard Cleaner	1967	Poor
187	Electromatic Mark 1 Tamper	1975	Fair
200	Pyke Ballast Regulator	1979	Fair
213	Hyster Forklift 6000 lb.	Unknown	Good
222	Kershaw Tie Crane	1967	Poor
223	Snow Jet	Unknown	Good
228	Caterpillar 950 Loader	1988	Good
229	Lincoln Welder	1989	Good
230	Plasser PSPT Tamper	1988	Fair
232	Pettibone 441 Speedwing	1988	Good
237	Ingersol Air Compressor	1989	Fair
242	RMC Snow Jet	Unknown	Good
248	Ingersol Air Compressor	1994	Fair
258	Transcraft Trailer	1988	Good