

The New York, Susquehanna and Western Railway Corporation

1 Railroad Avenue
Cooperstown, NY 13326
607-547-2555

RECORDATION NO. 23559 FILED

JUL 18 '01 11-80 AM

July 12, 2001

SURFACE TRANSPORTATION BOARD



Surface Transportation Board
ATTN: Robert Link, Recordation
1925 K Street NW, Suite 500
Washington, DC 20423

RE: Security Agreement between Livonia Avon & Lakeville Railroad and
The New York, Susquehanna and Western Railway Corporation

Dear Mr. Link:

Pursuant to your phone message of July 5, 2001 referencing the above, enclosed herewith please find our check in the amount of \$1.00 to be added to the \$27.00 check forwarded to you on June 27, 2001 with the above-referenced Security Agreement, for the total of \$28.00 to cover the filing fee of same.

Sincerely,

Nathan R. Fenno /k

Nathan R. Fenno
Vice President-Law

NRF:ksp
Enc.

The New York, Susquehanna and Western Railway Corporation

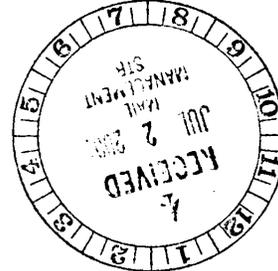
RECORDATION NO. 23559 FILED

1 Railroad Avenue
Cooperstown, NY 13326
607-547-2555

JUL 18 '01 11-80 AM

SURFACE TRANSPORTATION BOARD
Secretary
Surface Transportation Board
Washington, DC 20423

June 27, 2001



Dear Secretary,

Enclosed herewith is an original and one copy of the document(s) described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

This document is a Security Agreement, a primary document, dated May 22, 2001.

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

Debtor: Livonia, Avon & Lakeville Railroad
5769 Sweeteners Blvd.
P.O. Box 190-B
Lakeville, N Y 14480

Secured Party: The New York, Susquehanna and Western Railway Corporation
1 Railroad Avenue
Cooperstown, NY 13326

A description of the equipment covered by the document follows:

- One (1) Alco 3000 horse power diesel electric locomotive, model C-430, manufactured 1967 bearing road number NYSW 3000, to be renumbered WNYP 430;
- One (1) Alco 3000 horse power diesel electric locomotive, model C-430, manufactured 1967 bearing road number NYSW 3006, to be renumbered WNYP 433.

A fee of \$27.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to the undersigned.

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

Security Agreement between Livonia, Avon & Lakeville Railroad 5769 Sweeteners Blvd., P.O. Box 190-B, Lakeville, N Y 14480 ("Debtor"), and The New York, Susquehanna and Western Railway Corporation, 1 Railroad Avenue, Cooperstown, NY 13326 ("Secured Party") covering two (2) Alco manufactured Model C-430 diesel electric locomotives bearing road numbers NYSW 3000 and NYSW 3006, to be renumbered WNYP 430 and WNYP 433.

Sincerely,

A handwritten signature in black ink, appearing to be 'Nathan R. Fenno', written over a circular stamp or mark.

Nathan R. Fenno
Vice President - Law

RECORDATION NO. 23559 FILED

JUL 18 '01 .11-30 AM

SURFACE TRANSPORTATION BOARD

SECURITY AGREEMENT

between

LIVONIA, AVON & LAKEVILLE RAILROAD

AS DEBTOR

and

THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION

AS SECURED PARTY

Dated as of May 22, 2001

Filed and recorded with the Surface Transportation Board pursuant to Section 11031, Title 49,
United States Code on _____ at _____, Recordation No. _____

SECURITY AGREEMENT dated as of May 22, 2001 between LIVONIA, AVON & LAKEVILLE RAILROAD (the "Debtor"), and THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION (the "Secured Party").

RECITALS

WHEREAS, the Debtor and the Secured Party and certain lenders have entered into a Note dated as of the date hereof (the "Note"); and

WHEREAS, it is a condition to the effectiveness of the Credit Agreement and to all extensions of credit thereunder that the Debtor shall have executed and delivered to the Secured Party this Security Agreement;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Debtor, and, in order to induce the Secured Party to extend credit under the Credit Agreement, the Debtor agrees with the Secured Party as follows:

Section 1. Defined Terms.

1.1 Defined Terms. Terms defined in the preamble hereof and the recitals hereto shall have their respective meanings when used herein, and the following terms shall have the following meanings (such terms shall include in the singular number the plural and in the plural number the singular):

"Board": The Surface Transportation Board or such other successor entity as shall be established with respect to interstate surface transportation.

"Casualty Loss": As defined in Subsection 6.1(a) hereof.

"Casualty Loss Proceeds": As defined in Subsection 6.2 hereof.

"Collateral": As defined in Subsection 2.1 hereof.

"Damaged Unit": As defined in Subsection 6.1(b) hereof.

"ICA": The Interstate Commerce Act, as heretofore and as hereafter amended.

"Obligations": As defined in Subsection 2.1 hereof.

"Proceeds": As defined in the UCC and, in any event, including without limitation, (a) any and all proceeds of any insurance, indemnity, warranty or guarantee payable to the Debtor from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to the Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any of the Collateral by any governmental authority (or any person acting under color of governmental authority), and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Replacement Unit": As defined in Subsection 6.2 hereof.

"Security Agreement": This Security Agreement, as the same may be amended, supplemented or otherwise modified from time to time, together with all Supplements hereto.

"Supplement": A Security Agreement Supplement to be entered into between the Debtor and the Secured Party, or any other supplement entered into by the parties hereto with respect to the addition of collateral to the lien of the Secured Party hereunder, which Supplement shall be in form and substance satisfactory to the Secured Party.

"UCC": The Uniform Commercial Code as from time to time in effect in the State of New York.

"Value": With respect to the Equipment subject to a Casualty Loss, the fair market value thereof at the time such Casualty Loss occurred with respect to such Equipment.

Section 2. Security.

2.1 Grant of Security. As collateral security for (a) the prompt and complete payment when due (whether at the stated maturity, by prepayment, by acceleration or otherwise) of the unpaid principal of, premium if any, and interest on, the Note, and (b) the due and punctual payment and performance by the Debtor of all of its obligations and liabilities arising under, out of or in connection with the Note (all of the foregoing, collectively, the "Obligations"), the Debtor does hereby transfer, convey, warrant, mortgage, deliver, pledge, assign and grant to the Secured Party a lien on and continuing security interest in all and of the Debtor's rights, title and interest in and to the equipment listed on Schedule A (the "Equipment"), together with all accessories, equipment, parts and appurtenances appertaining or attached to such Equipment, whether now owned or at any time hereafter acquired by the Debtor, and all substitutions, renewals or replacements of, and additions, improvements, accessions and accumulations to, any and all of said Equipment, together with all rents, issues, income, profits and avails therefrom and any and all Proceeds thereof (collectively, the "Collateral").

Section 3. Covenants.

The Debtor hereby covenants and agrees with the Secured Party that, until the Obligations are paid in full:

3.1 Maintenance of Equipment. (a) The Debtor shall maintain and keep, or cause to be maintained and kept, at its own cost and expense, the Equipment in good repair, working order and condition (i) for its intended use, (ii) in accordance with industry standards, and (iii) in accordance with the Interchange Rules Association of American Railroads and in full compliance with any applicable law, rules, regulations or standards which may be promulgated by the Department of Transportation, Federal Railway Administration, the Board or any other Federal governmental authority which shall at the time exercise such similar powers in regard to railroads, unless and until such Equipment may become worn out, unsuitable for use, lost or destroyed.

3.2 Maintenance of Insurance. The Debtor shall, at its own expense, maintain insurance with respect to the Collateral in such amounts, against such risks, in such form and with such insurers, as is customary in the course of the Debtor's business and is satisfactory to the Secured Party from time to time. Each policy for (i) liability insurance shall provide that the Secured Party be named as an additional assured as its interests may appear, and (ii) property damage insurance shall provide that after the occurrence of an Event of Default, and during its continuance, all losses shall be paid directly to the Secured Party for the benefit of the Lenders. Each such policy shall no later than 60 days after the execution of this Security Agreement (i) name the Debtor and the Secured Party as insured parties thereunder (without any representation or warranty by or obligation upon the Secured Party) as their interests may appear, (ii) contain the agreement by the insurer that any loss thereunder shall be payable to the Secured Party as provided in this Security Agreement notwithstanding any action, inaction or breach of representation or warranty by any Debtor, (iii) provide that there shall be no recourse against the Secured Party for payment of premiums or other amounts with respect thereto, and (iv) provided that at least 10 days prior written notice of cancellation or of lapse shall be given to the Secured Party by the insurer. The Debtor shall, if so requested by the Secured Party, deliver to the Secured Party original or duplicate policies of such insurance and, as often as the Secured Party may reasonably request, a report of a reputable insurance broker, or an insurance company representative if an insurance broker is not involved, with respect to such insurance. Following an Event of Default and during its continuance, the Debtor shall, at the request of the Secured Party, duly execute and deliver instruments of assignment of such insurance policies and cause the respective insurers to acknowledge notice of such assignment.

Upon the occurrence and during the continuance of any Event of Default, all insurance payments in respect of such Collateral shall be held, applied and paid to the Secured Party as specified in Section 7 hereof.

3.3 Preservation of Collateral. (a) The Debtor shall not create, permit, assume or suffer to exist, and shall warrant and defend the title to and defend the Collateral against and take

such other action as is necessary to remove, any Lien in or to the Collateral other than the lien and security interest created pursuant to this Security Agreement.

(b) The Debtor shall not sell, transfer, assign (by operation of law or otherwise) or otherwise dispose of any of the Collateral or attempt or offer to do so.

(c) The Debtor shall advise the Secured Party promptly, in reasonable detail, of any lien or claim made or asserted against any of the Collateral and of any event affecting the Secured Party's lien on and security interest in the Collateral.

(d) The Debtor shall cause the Collateral to remain in the United States of America at all times and shall not permit the Collateral to be used off-line in Canada or other locations outside the United States of America.

3.4 Further Assurances. The Debtor shall, at its sole cost and expense, do, execute, acknowledge and deliver all and every further acts, supplements, mortgages, security agreements, deeds, conveyances, transfers and assurances necessary or appropriate for the perfection and preservation of the security interest created hereby in the Collateral, whether now owned or hereafter acquired. The Debtor shall cause this Security Agreement, and all Supplements hereto, and financing and continuation statements and similar notices reasonably requested by the Secured Party or required by applicable law at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required by law in order to fully preserve and protect the rights of the Secured Party in any or all of the Collateral hereunder or under any other Loan Document, including, without limitation, the filing of Uniform Commercial Code financing statements (and continuations thereof) and the filing, registration and recordation of this Security Agreement or any Supplement hereto (and if and only to the extent required by law, the Assigned Leases) with the Board.

3.5 Marking of Equipment. The Debtor will keep and maintain, or cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on the Equipment in letters not less than seven-sixteenths of an inch in height:

"OWNERSHIP SUBJECT TO SECURITY AGREEMENT FILED WITH THE SURFACE
TRANSPORTATION BOARD"

or other appropriate words designated by the Secured Party with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the security interests of the Secured Party in such collateral and its rights hereunder. The Debtor will cause all Equipment to be kept numbered with the respective serial, running and other identifying numbers set forth in Schedule A hereto. The Debtor will not change or authorize to be changed such serial, running or other identifying numbers, unless and until an amendment to this Security Agreement shall have been filed and recorded by the Debtor with the Board. If the Debtor fails to take any action specified in the immediately preceding sentence, the Debtor hereby authorizes the Secured

Party to modify this Security Agreement by amending Schedule A hereto as applicable, to reflect such changes or additions to the serial, running or other identifying numbers contained therein and to record the same with the Board.

3.6 Indemnity. The Debtor agrees to indemnify, protect and hold the Secured Party harmless from and against all losses, damages, injuries, obligations, liabilities, claims, suits, demands, penalties, interest and expenses (including, without limitation, fees and disbursements of counsel to the Secured Party) (all of the foregoing losses, damages, etc., collectively, the "Indemnified Liabilities") arising out of, or resulting from the execution, delivery or performance of, this Security Agreement, the security interests granted hereby, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or repossession of any Equipment, any claim for personal injury or property damage arising from the operation, use, condition, possession, storage or repossession of any of the Collateral, or any claim relating to any laws, rules or regulations, including, without limitation, environmental control, noise and pollution laws, rules or regulations; provided that the Debtor shall have no obligation to so indemnify the Secured Party for any indemnified liabilities arising from the Secured Party's willful misconduct or gross negligence. The covenants contained in this Subsection 3.6 shall survive payment or other satisfaction of the Obligations and termination of this Security Agreement.

Section 4. Possession and Use of Equipment; Assigned Leases.

4.1 Rights of the Debtor. Unless an Event of Default or Default has occurred and is continuing, the Debtor shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment, and to manage, operate and use such Equipment and each part thereof, with the rights and franchises pertaining to such Equipment, so long as no such exercise by the Debtor shall materially impair the Secured Party's rights in the Collateral or hereunder.

Section 5. Power of Attorney.

5.1 Appointment. The Debtor hereby irrevocably constitutes and appoints the Secured Party, and any officer or Secured Party thereof, with full power of substitution, as its true and lawful attorney-in-fact, with full and irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or its own name, if an Event of Default shall have occurred and be continuing, to ask, demand, collect, receive receipt for, sue for, compound and give acquittance for any and all of the Collateral, with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion, to file any claim or take any other action or proceeding, in its own name or in the name of the Debtor or otherwise, and generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Secured Party's option and at the Debtor's expense, all acts and things that the Secured Party deems necessary or appropriate to protect, preserve and realize upon the Collateral and the Secured Party's interest therein and afforded hereby. The Debtor hereby ratifies

all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

5.2 No Duty. The powers conferred on the Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. The Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act, except for its or their own willful misconduct or gross negligence.

Section 6. Casualty Losses; Insurance Proceeds.

6.1 Casualty Losses; Notice. (a) Any of the following events or conditions with respect to any Equipment shall be a casualty loss hereunder (such event or condition, a "Casualty Loss":

- (i) such Equipment shall become (a) lost for a period in excess of 30 consecutive days, or (b) destroyed, stolen or irreparably damaged; or
- (ii) such Equipment shall be taken, including, without limitation, condemned, confiscated, seized or forfeited of, or other requisition of, title to, or use by any governmental authority or any person acting under color of governmental authority; or
- (iii) such Equipment otherwise becomes unusable in the business of the Debtor.

(b) In the event of a Casualty Loss with respect to any Equipment, the Debtor shall, promptly after receipt of notice of the same (and, in any event, not more than 10 days after the receipt of such notice), give the Secured Party written notice of such Casualty Loss, which notice shall (i) identify the Equipment that has suffered the casualty loss (such Equipment, the "Damaged Unit"), and (ii) set forth the value of such Damaged Unit (and the calculations used in the determination thereof), such value and calculations to be certified by an authorized officer of the Debtor.

6.2 Casualty Loss Proceeds. Upon the occurrence of a Casualty Loss with respect to the Equipment, the Debtor shall pay or cause to be paid to the Secured Party any proceeds (in an amount not in excess of the amount outstanding under the Note), whether in respect of insurance proceeds, condemnation awards or otherwise (collectively, the "Casualty Loss Proceeds"), for application to the Note.

Section 7. Remedies.

7.1 Remedies. If an Event of Default shall have occurred and be continuing, the Secured Party shall have the following remedies:

(a) The Secured Party may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it all the rights and remedies of a secured party on default under the Uniform Commercial Code and also may (i) require the Debtor to, and the Debtor hereby agrees that it will at its expense and upon request of the Secured Party forthwith, assemble all or part of the Collateral as directed by the Secured Party and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Secured Party's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Secured Party may deem commercially reasonable. The Debtor agrees that, to the extent notice of such sale shall be required by law, at least ten days' notice to the Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All cash proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be in whole of the Obligations. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full of all the Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive such surplus.

(c) In the event that the Secured Party shall request that the Equipment be collected as provided in Subsection 7.1(a) hereof, the Debtor shall, at its own risk and expense, (i) forthwith and in the usual manner (including, but no by way of limitation, giving prompt telegraphic and written notice to all railroads to which any Equipment may have been interchanged to return the Equipment so interchanged) place such Equipment upon such storage tracks as the Secured Party reasonably may designate; (ii) permit the Secured Party to store such Equipment on such tracks until such Equipment have been sold, leased or otherwise disposed of by the Secured Party; and (iii) transport the same to any connecting carrier for shipment, all as directed by the Secured Party. The assembly, delivery, storage and transportation of the Equipment as hereinbefore provided shall be at the expense and risk of the Debtor and are of the essence of this Security Agreement, and upon application to any court of equity having jurisdiction in the premises the Secured Party shall be entitled to a decree against the Debtor requiring specific performance of the covenants of the Debtor so to assemble, deliver, store and transport the Equipment. During any storage period, the Debtor shall, at its own cost and expense, maintain and keep the Equipment in good order and repair and will permit the Secured Party or any person designated by it, including the authorized representative

or representatives of any prospective purchaser, lessor or manager of any Equipment, to inspect the same. The Debtor hereby expressly waives any and all claims against the Secured Party and its agent or agents of damages of whatsoever nature in connection with any retaking of any Equipment in any reasonable manner.

(d) Beyond the use of reasonable care in the custody thereof, the Secured Party shall not have any duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of it or as to any income thereon.

7.2 Application of Proceeds. The Secured Party shall apply the net proceeds of any collection, recovery, receipt, appropriation, realization or sale as follows:

(a) First, to the payment of all costs and expenses of every kind incurred therein or incidental to the care, safekeeping, or otherwise of any or all of the Collateral or in any way relating to the rights of the Secured Party hereunder, including attorneys' fees and expenses, and of all taxes, assessments or liens superior to the lien and security interest created hereby except any taxes, assessments or other superior liens subject to which any such collection, recovery, receipt, appropriation, realization or sale may have been made;

(b) Second, to the payment in whole or in part of the Obligations, in such order as the Secured Party may elect, the Debtor remaining liable for any deficiency remaining unpaid after such application;

(c) Third, only after so applying the net proceeds and after the payment made by the Secured Party of any other amount required to be made pursuant to any applicable law, including Section 9-504(1)(c) of the UCC, to the Debtor.

To the fullest extent permitted by applicable law, the Debtor waives all claims, damages and demands against the Secured Party arising out of the repossession, retention or sale of the Collateral. The Debtor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which the Secured Party is entitled, the Debtor also being liable for the fees of any attorneys employed by the Secured Party to collect such deficiency.

The Debtor hereby waives presentment, demand, protest and any notice (to the fullest extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

7.3 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, and in every such case, the Debtor and the Secured Party shall be restored to their former positions and rights hereunder with respect to the Collateral.

Section 8. Miscellaneous.

8.1 Binding Effect. This Security Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective successors and assigns.

8.2 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Secured Party, any right, power or privilege under this Security Agreement, any Supplement or any of the Collateral shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein and therein are cumulative and not exclusive of any rights or remedies provided by law.

8.3 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected.

8.4 Notices, Etc. All notices, requests and demands to or upon the respective parties hereto unless otherwise expressly provided herein, shall be deemed to have been given or made when delivered by hand, in the case of mail, two business days after being sent, first-class mail, postage prepaid, or, in the case of telex or telecopy, when sent.

8.5 Release and Termination. At the sole expense of the Debtor, the Secured Party shall release the lien and security interest created pursuant to this Security Agreement by proper instrument or instruments upon payment in full, or other satisfaction of, the Obligations whereupon this Security Agreement shall terminate.

8.6 Governing Law. This Security Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York; provided that the parties hereto shall be entitled to all rights conferred by Section 11301, Title 49 of the United States Code and such additional rights arising out of the filing, registration, recording or deposit of this Security Agreement or any Supplement hereto pursuant thereto.

8.7 Counterparts. This Security Agreement may be executed in any number of counterparts, each executed counterpart constituting an original, but all of such counterparts all together shall be deemed to constitute one and the same instrument.

8.8 Headings. The headings of the sections of this Security Agreement are for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be executed and delivered by their proper and duly authorized officers as of the date first above written.

**LIVONIA, AVON & LAKEVILLE
RAILROAD**

By: E. H. Blaney II
Title: PRESIDENT

**THE NEW YORK, SUSQUEHANNA AND
WESTERN RAILWAY CORPORATION**

By: [Signature]
Title: VICE PRESIDENT - LAW

STATE OF NEW YORK)

) ss.:

COUNTY OF Sullivan)

On the 20th day of June, 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Eugene Blabey, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Shirley A. Kinney
Notary Public-State of New York
My Commission Expires May 27, 2002

SHIRLEY A. KINNEY
Notary Public, State of New York
Sullivan County Clerk's No. 4859969
Commission Expires May 27, 2002

STATE OF NEW YORK)

) ss.:

COUNTY OF OTSEGO)

On the 26th day of June, 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Nathan R. Fenno, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Kathy S. Perry
Notary Public-State of New York
My Commission Expires 4-30-02

KATHY S. PERRY
Notary Public, State of New York
No. 476617
Qualified in Otsego County
Commission Expires 4-30-02

**SCHEDULE A
TO
SECURITY AGREEMENT**

Railroad Locomotives:

One (1) Alco 3000 horse power diesel electric locomotive, model C-430, manufactured 1967 bearing road number NYSW 3000, to be renumbered WNYP 430; and

One (1) Alco 3000 horse power diesel electric locomotive, model C-430, manufactured 1967 bearing road number NYSW 3006, to be renumbered WNYP 433.