

TROUTMAN SANDERS LLP

ATTORNEYS AT LAW
A LIMITED LIABILITY PARTNERSHIP

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May 16, 2002

VIA HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Room 704
Washington, D.C. 20423

RECORDATION NO. **19540-G** FILED

MAY 16 '02

4-12 PM

SURFACE TRANSPORTATION BOARD

RE: Railcar File No. 19540-__
Security Agreement Between Bank of America, N.A., Agent and Paducah &
Louisville Railway, Inc.

Dear Secretary Williams:

I am enclosing herewith three originals of a secondary document described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code. A description of the equipment covered by the document follows hereafter.

Secondary Document: The secondary document filed herewith is:

Seventh Amendment to Memorandum of Security Agreement, effective May 15, 2002, between Bank of America, N.A., as Agent, 100 North Tryon Street, Charlotte, NC 28255 ("Secured Party") and Paducah & Louisville Railway, Inc., 1500 Kentucky Avenue, Paducah, KY 42003 ("Borrower"), terminating the Secured Party's security interest and lien evidenced by Memorandum of Security Agreement in Railcar File No. 19540 as to locomotives bearing road numbers PAL 8305 and 8347, and former NS 2724, and adding to the said security interest and lien locomotives bearing road numbers PAL 2123 (formerly DRGW 3132), PAL 2122 (former CNW 5527) and former NS 2807 (renumbered PAL 2200). The security interest evidenced by the Memorandum of Security Agreement (as amended) continues to apply to all of Borrower's interests in locomotives, railroad cars and railroad rolling stock as of the date of the document or thereafter acquired by Borrower.

The primary document to which this is connected is recorded under Recordation No. 19540.

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The Honorable Vernon A. Williams
February 4, 2002
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The names and addresses of the parties to the secondary document are as follows:

Borrower:

Paducah & Louisville Railway, Inc.
1500 Kentucky Avenue
Paducah, KY 42003

Secured Party:

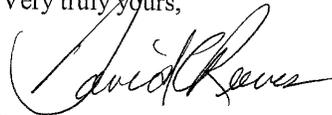
Bank of America, N.A., as Agent
100 North Tryon Street
Charlotte, NC 28255

Summary for the index: The secondary document is:

Seventh Amendment to Memorandum of Security Agreement, which terminates the Secured Party's security interest and lien evidenced in Railcar File No. 19540 as to locomotives bearing road numbers PAL 8305 and 8347, and former NS 2724, and adds to the said security interest and lien locomotives bearing road numbers PAL 2123 (formerly DRGW 3132), PAL 2122 (former CNW 5527) and former NS 2807 (renumbered PAL 2200). The security interest evidenced by the Memorandum of Security Agreement (as amended) continues to apply to all of Borrower's other interests in locomotives, railroad cars and railroad rolling stock as of the date of the document or thereafter acquired by Borrower.

Enclosed please also find the \$30.00 filing fee. Please return all enclosed documents that are not needed by the Board for recordation to the person delivering the filing.

Very truly yours,



David C. Reeves
Attorney for Paducah & Louisville Railway, Inc.

Enclosures

**SEVENTH AMENDMENT TO MEMORANDUM OF SECURITY AGREEMENT
RECORDED WITH THE SURFACE TRANSPORTATION BOARD
UNDER RECORDATION NO. 19540**

This SEVENTH AMENDMENT TO MEMORANDUM OF SECURITY AGREEMENT RECORDED WITH THE SURFACE TRANSPORTATION BOARD UNDER RECORDATION NO. 19540, effective May 15, 2002, is made by and between PADUCAH & LOUISVILLE RAILWAY, INC., whose address is 1500 Kentucky Avenue, Paducah, Kentucky 42003, as "Borrower," and BANK OF AMERICA, N.A., successor in interest to NationsBank, N.A., whose mailing address is 100 North Tryon Street, Charlotte, North Carolina 28255, as Agent for Banks and Secured Party (the "Secured Party").

WITNESSETH:

WHEREAS, Borrower and Secured Party entered into a Memorandum of Security Agreement dated as of July 21, 1995, which was filed and recorded with the Interstate Commerce Commission (predecessor to the Surface Transportation Board ("STB")), on July 25, 1995 under Recordation No. 19540;

WHEREAS, Borrower and Secured Party subsequently amended their security agreement and filed with the STB on February 19, 1999 a First Amendment To Memorandum Of Security Agreement Recorded With The Surface Transportation Board Under Recordation No. 19540; on August 3, 2000, a Second Amendment To Memorandum Of Security Agreement Recorded With The Surface Transportation Board Under Recordation No. 19540; on January 16, 2001, a Third Amendment To Memorandum Of Security Agreement Recorded With The Surface Transportation Board Under Recordation No. 19540; on February 12, 2001, a Fourth Amendment To Memorandum Of Security Agreement Recorded With The Surface Transportation Board Under Recordation No. 19540; on March 6, 2001, a Fifth Amendment To Memorandum Of Security Agreement Recorded

*SEVENTH AMENDMENT TO MEMORANDUM OF SECURITY AGREEMENT
RECORDED WITH THE SURFACE TRANSPORTATION BOARD
UNDER RECORDATION NO. 19540*

RECORDATION NO. 19540 G FILED

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4-12 PM

SURFACE TRANSPORTATION BOARD

With The Surface Transportation Board Under Recordation No. 19540; and on February 4, 2002, a Sixth Amendment To Memorandum Of Security Agreement Recorded With The Surface Transportation Board Under Recordation No. 19540;

WHEREAS, the security interest and lien set forth in the Memorandum of Security Agreement (as amended) between Borrower and Secured Party, attaches to all locomotives and rolling stock NOW OWNED OR HEREAFTER ACQUIRED by Borrower and to all now existing and hereafter acquired interest of Borrower in locomotives and rolling stock;

WHEREAS, the Sixth Amendment To Memorandum Of Security Agreement Recorded With The Surface Transportation Board Under Recordation No. 19540, erroneously asserted an interest in locomotive NS 2724 instead of in NS 2807, in which Borrower has obtained an interest;

NOW, THEREFORE, Borrower and Secured Party are filing this SEVENTH AMENDMENT TO MEMORANDUM OF SECURITY AGREEMENT RECORDED WITH THE SURFACE TRANSPORTATION BOARD UNDER RECORDATION NO. 19540, to add three locomotives to the list of locomotives covered by the Memorandum of Security Agreement and to delete three locomotives from the coverage of the Memorandum of Security Agreement (as amended) as follows:

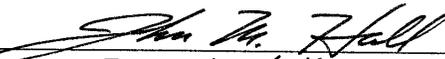
1. Borrower has acquired all right and title in and to two GP-40 locomotives with identification numbers DRGW 3132 and CNW 5527, and to the locomotive bearing identification number NS 2807. Said locomotives shall be given new identification marks in the PAL series, as shown in Exhibit A hereto.
2. Borrower has sold, and Borrower and Secured Party surrender all claim to any right, title or interest in or to PAL 8305, a GP-10 locomotive, and PAL 8347, a GP-8 locomotive.
3. Borrower and Secured Party disclaim having at any time acquired or held any interest in or title to a locomotive with identification number NS 2724.

4. The security interest and lien set forth in the Security Agreement between Borrower and Secured Party, as restated as of August 2, 2000, shall continue to attach to the locomotives and rolling stock set forth in the Exhibits A to the Second, Fifth and Seventh Amendments To Memorandum Of Security Agreement Recorded With The Surface Transportation Board Under Recordation No. 19540, to PAL 2201 (formerly CR 2896), and TO ALL LOCOMOTIVES AND ROLLING STOCK NOW OWNED OR HEREAFTER ACQUIRED by Borrower, and to all now existing and hereafter acquired interest of Borrower in locomotives and rolling stock.

IN WITNESS WHEREOF, Borrower and Secured Party have caused this SEVENTH AMENDMENT TO MEMORANDUM OF SECURITY AGREEMENT RECORDED WITH THE SURFACE TRANSPORTATION BOARD UNDER RECORDATION NO. 19540 to be executed by their duly authorized officers to be effective as of the date herein first set forth above.

Secured Party:

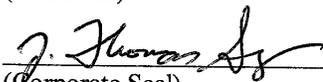
BANK OF AMERICA, N.A.

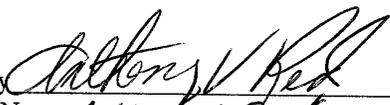
By 
Name: John M. Hall
Title: Senior Vice President

Borrower:

PADUCAH & LOUISVILLE RAILWAY,
INC.

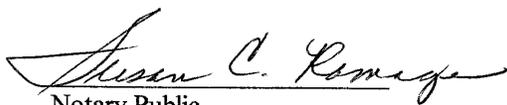
Attest:
(Borrower)


(Corporate Seal)

By 
Name: Anthony Vreck
Title: President & CEO

STATE OF KENTUCKY)
) SS
COUNTY OF McCracken)

On this 15th day of MAY, 2002, in McCracken County, Kentucky, before me personally appeared ANTHONY V. RECK, to me personally known, who being by me duly sworn, says that [s]he is the PRESIDENT & CEO of PADUCAH & LOUISVILLE RAILWAY, INC., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[NOTARIAL SEAL]

My commission expires: 10-15-05

STATE OF TENNESSEE)
) SS
COUNTY OF KNOX)

On this 2nd day of MAY, 2002, in KNOX County, TENNESSEE before me personally appeared John M. Hall, to me personally known, who being by me duly sworn, says that [s]he is the Sr. Vice President of BANK OF AMERICA, N.A., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

James L. Hauler
Notary Public

[NOTARIAL SEAL]

My commission expires: 9-12-2004

**EXHIBIT A TO
SEVENTH AMENDMENT TO MEMORANDUM OF SECURITY AGREEMENT
RECORDED WITH THE SURFACE TRANSPORTATION BOARD
UNDER RECORDATION NO. 19540**

Partial List of Locomotives of Paducah & Louisville Railway, Inc.
to Which Lien Evidenced Herein Applies

Newly Assigned PAL Identification Number	Previous Identification Number
PAL 2200	NS 2807
PAL 2122	CNW 5527
PAL 2123	DRGW 3132