

Frost Brown Todd^{LLC}

ATTORNEYS

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September 21, 2005

RECORDATION NO. 25842 FILED

VIA UPS OVERNIGHT

SEP 22 '05

2-31 PM

Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001
Attn: Vernon Williams

SURFACE TRANSPORTATION BOARD

Re: Central Bank & Trust Co./R.J. Corman

Dear Mr. Williams:

I have enclosed an original and one copy/counterpart of the documents described below (two separate Security Agreements) to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code. The documents are Security Agreements, primary documents dated June 24, 2005. The name and address of the parties to the documents are as follows:

SECURITY AGREEMENT #1

SECURED PARTY:

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

and

DEBTOR:

R.J. Corman Railroad Company/Memphis Line, et al
One Jay Station
P.O. Box 788
Nicholasville, Kentucky 40356

A description of the equipment covered by the document is as follows:

Railroad equipment (see attached list) pursuant to Security Agreement #1.

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

A Security Agreement between 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 Company/Bardstown Line, R. J. Corman Real Estate, LLC, R.J. Corman Railroad Construction, LLC, R.J. Corman Derailment Services, LLC, R.J. Corman Distribution Centers, LLC, R.J. Corman Railroad Switching Company, LLC, R. J. Corman Aviation Services, LLC, R.J. Corman Railroad Company/Central Kentucky Lines, LLC, Jessamine Land Holdings, LLC, R.J. Corman Railroad Property, LLC, R.J. Corman Aircraft Maintenance, LLC and Richard J. Corman, One Jay Station, P.O. Box 788, Nicholasville, Kentucky 40356 and Central Bank & Trust Co., 300 West Vine Street, Lexington, Kentucky 40507 dated June 24, 2005.

SECURITY AGREEMENT #2

SECURED PARTY:

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

and

DEBTOR:

R.J. Corman Equipment Company, LLC
One Jay Station
P.O. Box 788
Nicholasville, Kentucky 40356

A description of the equipment covered by the document is as follows:

Railroad equipment (see attached list) pursuant to Security Agreement #2.

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

A Security Agreement between R. J. Corman Equipment Company, LLC, One Jay Station, P.O. Box 788, Nicholasville, Kentucky 40356 and Central Bank & Trust Co., 300 West Vine Street, Lexington, Kentucky 40507 dated June 24, 2005.

September 21, 2005

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A fee of \$66.00 is enclosed (\$33.00 for each filing). Please return the originals and any extra copies not needed by the Board for recordation, to me.

Very truly yours,

FROST BROWN TODD LLC



Randy D. Shaw,

Counsel for Central Bank & Trust Co.

Enclosures

RDS:lgf

Lexlibrary 0002006.0118834 272268v.1

RECORDATION NO 25842 FILED

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2-31 PM

SURFACE TRANSPORTATION BOARD

SECURITY AGREEMENT



This is a Security Agreement dated as of June 24, 2005 (this "Agreement"),
between:

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

(the "Lender")

and

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 COMPANY/BARDSTOWN LINE,
f/k/a R.J. Corman Railroad Corporation,
a Kentucky corporation;
R.J. CORMAN REAL ESTATE, LLC,
a Kentucky limited liability company;
R.J. CORMAN RAILROAD CONSTRUCTION, LLC,
a Kentucky limited liability company;
R.J. CORMAN DERAILMENT SERVICES, LLC,
a Kentucky limited liability company;
R.J. CORMAN DISTRIBUTION CENTERS, LLC,
a Kentucky limited liability company;
R.J. CORMAN RAILROAD SWITCHING COMPANY, LLC,
a Kentucky limited liability company;
R.J. CORMAN AVIATION SERVICES, LLC,
a Delaware limited liability company;
**R. J. CORMAN RAILROAD COMPANY/CENTRAL
KENTUCKY LINES, LLC**
a Kentucky limited liability company;



JESSAMINE LAND HOLDINGS, LLC
a Kentucky limited liability company,
R.J. CORMAN RAILROAD PROPERTY, LLC
a Kentucky limited liability company; and
R.J. CORMAN AIRCRAFT MAINTENANCE, LLC,
a Kentucky limited liability company

RICHARD J. CORMAN,

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

(the "Guarantors").

Recitals

A. R.J. Corman Equipment Company, LLC, a Kentucky limited liability company, (the "Equipment Company") is indebted to the Lender as of the date hereof in the principal amount of Thirty Million and 00/100 Dollars (\$30,000,000.00) evidenced by a Revolving Credit Note from New Borrower to Lender in the original face amount of Thirty Million Dollars (\$30,000,000.00) effective as of June 24, 2005 (the "Equipment Company Revolving Credit Note"). R.J. Corman Railroad Group, LLC, a Kentucky Limited Liability Company ("Railroad Group") is indebted to the Lender as of the date hereof in the principal amount of Thirteen Million and 00/100 Dollars (\$13,000,000.00) evidenced by a Revolving Credit Note from Railroad Group to Lender in the original face amount of Thirteen Million Dollars (\$13,000,000.00) effective as of June 24, 2005 (the "\$13,000,000 Revolving Credit Note") and in the principal amount of Twelve Million Five Hundred Thousand and 00/100 Dollars (\$12,500,000.00) evidenced by a Revolving Credit Note from Railroad Group to Lender in the original face amount of Twelve Million Five Hundred Thousand Dollars (\$12,500,000.00) effective as of June 24, 2005 (the "\$12,500,000 Revolving Credit Note"). The Equipment Company Revolving Credit Note, the \$13,000,000 Revolving Credit Note and the \$12,500,000 Revolving Credit Note are collectively referred to herein as the "Revolving Credit Notes."

B. In connection with the above-described loans (collectively, the "Loans"), Lender, Railroad Group, Equipment Company and the Guarantors entered into that certain Loan Agreement dated June 24, 2005 (the "Loan Agreement").

C. The Revolving Credit Notes are extensions of previous credit extended to the Railroad Group and the Equipment Company and guaranteed by the Guarantors.

D. This Agreement evidences the ratification, extension and amendment of security interests previously granted and does not constitute a novation. It is intended that

all security interests previously granted to secure the prior guarantees of the Revolving Credit Notes remain in force and effect.

NOW, THEREFORE, the Guarantors 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:

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

"Collateral" shall mean any or all of the property in which the Guarantors 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.

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

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

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

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

"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.

"Warehouse Receipts" shall mean any and all of the non-negotiable warehouse receipts and/or other documents of title issued by any Warehousemen with respect to any Inventory.

"Warehousemen" shall mean any Persons holding or storing any of the Inventory who have issued Warehouse Receipts evidencing their holding or storage of such Inventory.

2. Grant of Security Interests.

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

(1) all of the Guarantors' right, title and interest in and to the Guarantors' Accounts Receivable;

(2) all of the Guarantors' right, title and interest in and to the Guarantors' General Intangibles;

(3) all of the Guarantors' right, title and interest in and to the Guarantors' Inventory;

(4) all of the Guarantors' right title and interest in and to the Guarantors' Tangible Property;

(5) any and all property which the Guarantors receive, or may hereafter be entitled to receive, on account of any collections of or with respect to the Guarantors' Accounts Receivable, or any instrument in payment of, or substitution for, any of the Guarantors' Accounts Receivable or the Guarantors' General Intangibles, or any part thereof;

(6) any and all property which the Guarantors receive, or which the Guarantors may hereafter become entitled to receive, on account of any sale, exchange, transfer or other disposition of the Guarantors' Inventory or Guarantors' General Intangibles, or any part thereof; and

(7) any and all property which the Guarantors are, or may hereafter become entitled to receive, on account of any sale, exchange, transfer or other disposition of the Guarantors' Tangible Property, or any part thereof.

(b) The Guarantors grant to the Lender a security interest in and to any and all of the Guarantors' goods, chattel paper, documents, instruments (as those terms are defined in the Uniform Commercial Code) and money, whether now existing or acquired subsequent to the date of this Agreement.

(c) The Guarantors 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 Guarantors hereby secure the payment and performance of all of the following Secured Obligations: (a) any and all indebtedness of the Guarantors to the Lender evidenced by the Guaranty Agreement, and (b) any and all of the representations, warranties, obligations, agreements, covenants and promises of the Guarantors contained in the Loan Agreement, this Agreement and the other Guarantors' Documents, whether or not now or hereafter evidenced by any note, instrument or other writing; 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 Guarantors 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 Guaranty Agreement and/or the other Guarantors Documents, and whether or not the creation thereof was reasonably foreseeable or would be naturally contemplated by the Guarantors or the Lender as the date of this Agreement.

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

(a) The Guarantors 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 Guarantors enforceable in accordance with its terms.

(b) The Guarantors have good and marketable title to the Guarantors' 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 Guarantors will keep the Guarantors' Inventory and Tangible Property at the locations set out on Schedule 1 attached to this Agreement. The Tangible Property is located (except for after-acquired Tangible Property), on the date of this Agreement, at the locations described on Schedule 1 attached to this Agreement.

(d) The books and records with respect to the Guarantors' Accounts Receivable are kept at the Guarantors' chief place of business in Kentucky.

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

(f) The Collateral is used and will be used for business use only.

(g) The registered office of the Guarantors' registered agent in Kentucky is located at One Jay Station, Nicholasville, Jessamine County, Kentucky 40356.

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

(i) Within the four (4) consecutive months next preceding the date of this Agreement, the Guarantors have not moved Inventory or Tangible Property from a jurisdiction not listed on Schedule 1 into a jurisdiction listed thereon.

(j) The Guarantors understand and acknowledge that the Lender is consenting to the Restructuring in reliance upon the security interests granted by the Guarantors evidenced by this Agreement. The Guarantors intend to induce the Lender to consent to the Restructuring which would otherwise be prohibited under the Loan Agreement, 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 Note has 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 Guarantors shall notify the Lender of any and all changes of location: of the Guarantors' chief place of business, of the registered office of the Guarantors' registered agent, or of the books and records with respect to any Accounts Receivable at least sixty (60) days prior to effecting any such change. The Guarantors shall notify the Lender in writing of any and all changes of the location of all other Collateral at least sixty (60) days prior to effecting any such change, except when the Collateral are goods which are mobile and which are of a type normally used in more than one jurisdiction, such as motor vehicles, trailers, rolling stock, airplanes, shipping containers,

road building, construction machinery and commercial harvesting machinery and the like, if the goods are equipment or are inventory leased or held for lease by the Guarantors to others and not covered by a certificate of title. If the Collateral is covered by a certificate of title, the Guarantors shall not change the location of the Collateral to another jurisdiction and permit it to remain there for more than four (4) months without giving Lender at least sixty (60) days prior written notice of the change of the location of the Collateral. In no event shall the Guarantors surrender any certificate of title covering the Collateral to any titling agency in another jurisdiction without giving Lender sixty (60) days prior written notice.

7. Covenant Not to Dispose of or Impair Collateral. The Guarantors shall not, without the prior written consent of the Lender, sell, transfer or otherwise dispose of the Collateral, or any part thereof or interest therein, except (a) collections of Accounts Receivable permitted under this Agreement, (b) sale of Inventory in the ordinary course of business (which shall not include any transfer in complete or partial satisfaction of indebtedness), and (c) otherwise as permitted by the Guarantors' Documents. The Guarantors 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 Guarantors, all rights and remedies as provided by law, in equity or otherwise, and in addition thereto, the following:

(a) The right to require the Guarantors to assemble the Collateral and the books and records with respect to Accounts Receivable and make them available to the Lender at a place or places to be designated by the Lender which is reasonably convenient to the Guarantors and the Lender.

(b) The right to require the Guarantors to store all or any part of the Guarantors' Inventory and Tangible Property, at the Guarantors' own cost and risk, on behalf of the Lender, after the Lender has taken possession of such Inventory and Tangible Property. Storage shall be in such manner as to prevent any deterioration of such Inventory and Tangible Property, and shall be for a reasonable time pending the sale or other disposition of such Inventory and Tangible Property.

(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 Guarantors' rights under section 9-623 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 notify the account debtors on all or any part of the Guarantors' Accounts Receivable of the Lender's interest therein and to require such account debtors to begin making payments directly to the Lender regardless of whether the Guarantors was previously making collections on all or any part of the Guarantors' Accounts Receivable. The Lender shall have the right to proceed against any such account debtors in its own name, or in the name of the Guarantors (as appropriate) with or without the consent of the Guarantors. The Lender may retain any such payments or collections and apply them to the satisfaction of the Secured Obligations and to expenses incurred in collection, all in accordance with the Uniform Commercial Code.

(e) 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, collecting all or any part of the Guarantors' Accounts Receivable, and other like expenses.

(f) 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.

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

(h) 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.

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

(j) The right to (1) possession of any and all of the Warehouse Receipts, (2) notify any of the Warehousemen holding any of the Guarantors' Inventory that a default has occurred and that the Lender, to the exclusion of the Guarantors, is entitled to direct

release and delivery of the Inventory, and (3) otherwise cause the Warehousemen to store the Inventory as the Lender's agent.

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 Guarantors acknowledge that this Agreement involves the grant of multiple security interests, and the Guarantors 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 Guarantors may now or hereafter have with respect to the rights of the Lender with respect to the Collateral under this Agreement.

12. Collections from Accounts Receivable.

(a) At any time when the Lender may exercise remedies under Section 9 of this Agreement, the Lender shall have the right to notify account debtors obligated on any or all Accounts Receivable to make payments directly to the Lender.

(b) Until the Lender requests that account debtors of Accounts Receivable be notified of the Lender's security interest created at a time when the Lender may exercise remedies under Section 9 of this Agreement, the Guarantors shall continue to collect payments on the Guarantors' Accounts Receivable and use the proceeds thereof in the ordinary course of business. If any Event of Default has occurred and is continuing, the Guarantors may not use the proceeds from payments on Accounts Receivable to satisfy any indebtedness to any Person other than the Lender. If the Guarantors collect payments on any Accounts Receivable after an Event of Default has occurred and while it is continuing, the Guarantors shall hold the proceeds received from that collection as a constructive trust for the Lender and shall turn over such proceeds to the Lender immediately upon demand in the identical form received, if so requested by the Lender. In the event of such payment, the Lender shall credit the proceeds as payment of the Secured Obligations first to costs or penalties, if any, second to interest, and then to principal. Any credit given to the Guarantors for proceeds in form other than cash shall be conditional upon final payment to the Guarantors in cash or solvent credit of the items, and if any item is not paid the amount of any credit given for it shall be charged to the Guarantors whether or not the item is returned, and such amount shall be a part of the obligations secured by this Agreement.

(c) The Guarantors shall have no power to, and shall not, waive, compromise or discount any Accounts Receivable, without the prior written consent of the Lender, except for (1) ordinary trade discounts and allowances for payment within thirty days of the date of invoice or billing, and (2) discounts or allowances in the ordinary course of collecting Accounts Receivable, not to exceed more than One Hundred Thousand Dollars (\$100,000.00) in the aggregate in any fiscal year of the Guarantors.

(d) If any Account Receivable shall be evidenced by a promissory note, trade acceptance or other instrument with an original principal balance of Twenty-Five Thousand Dollars (\$25,000.00) or more, the Guarantors (as appropriate) shall immediately deliver such instrument to the Lender, appropriately endorsed to the Lender's order. The Guarantors authorize the Lender to endorse same on the Guarantors' behalf and hereby waives presentment, demand, notice of dishonor, protest and notice of protest and all other notices with respect thereto.

13. The Lender as Agent. The Guarantors hereby irrevocably constitute the Lender as the Guarantors' agent and attorney-in-fact at any time during any period when the Lender may exercise the remedies set forth in Section 9 of this Agreement, to (a) proceed against account debtors obligated on Accounts Receivable in the Guarantors' name or in the Lender's name, and (b) sign and endorse all checks, drafts and other instruments in payment of Accounts Receivable, and (c) perform all such other acts with respect to Accounts Receivable as the Lender may in its discretion deem necessary to effectuate the security intended to be granted in this Agreement.

14. Special Collection Procedure. Upon the Lender's demand at any time when the Lender may exercise remedies under Section 9 of this Agreement, the Guarantors shall forthwith, upon receipt of all checks, drafts, cash and other remittances in payment or on account of Accounts Receivable or for the sale of Inventory or Tangible Property by the Guarantors, deposit the same in a special bank account maintained with the Lender over which the Lender alone, to the exclusion of the Guarantors, has the power of withdrawal. The funds in such account shall be held by the Lender for application toward the Secured Obligations. Such proceeds paid on Accounts Receivable shall be deposited in precisely the form received, except for the endorsement of the Guarantors where necessary to permit collection of items, which endorsement the Guarantors agree to make and which the Lender is also hereby authorized by to make in the Guarantors' name and on the Guarantors' behalf as attorney-in-fact. Pending such deposit, the Guarantors agree that the Guarantors will not commingle any such checks, drafts, cash and other remittances with any other funds or property, but will hold them separate and apart therefrom in express trust for the Lender until deposited in that special account. The Lender will, once each day, apply the whole or any part of the collected funds on deposit in such special account against the principal and/or interest of the Revolving Credit Note, the order and method of such application being in the sole discretion of the Lender. Any portion of the funds in the special account which the Lender elects not to apply as provided in the preceding sentence may be paid over by the Lender to the Guarantors or may be retained in the special account, at the Lender's sole discretion, as continuing security and in which

the Guarantors hereby grant to the Lender security interests for all the Secured Obligations.

15. Books and Records. The Guarantors shall maintain books and records with respect to Accounts Receivable in form and manner reasonably satisfactory to the Lender, and the Lender shall have the right during business hours with reasonable notice to inspect any and all of the business properties, premises or books and records of the Guarantors relating to Accounts Receivable or other Collateral or the proceeds thereof. The Guarantors further agree to furnish, from time to time, such reports, data and financial statements with respect to the Collateral as the Lender may reasonably request from time to time.

16. Insurance. The Guarantors hereby assign to the Lender all sums which become payable under any insurance covering the Guarantors' Inventory and Tangible Property, direct any insurer to pay all such proceeds to the Lender (except that the Guarantors 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 Guarantors' attorney in obtaining, adjusting, settling, compromising and canceling such insurance and endorsing any drafts drawn to the Guarantors 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 4.02 of the Loan Agreement at the Lender's discretion; or if the Lender chooses, it may remit the insurance proceeds to the Guarantors. 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 Guarantors.

17. Certain Obligations Regarding Collateral.

(a) The Guarantors shall keep and maintain the Guarantors' Inventory and Tangible Property in good condition and repair and under adequate condition of storage to prevent its deterioration or depreciation in value.

(b) The Guarantors 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 Guarantors' 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 Guarantors, at the Guarantors' own expense, is 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 Guarantors 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 Guarantors 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) The Guarantors shall keep their Inventory and Tangible Property only at the locations set out on Schedule 1 attached to and incorporated into this Agreement.

(d) If the Guarantors 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 Guarantors of the Lender's intent to pay it. The Guarantors 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.

18. Use and Inspection of Collateral. The Guarantors 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 Guarantors or wherever the Collateral may be located.

19. 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.

20. Further Assurance. The Guarantors 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. Pursuant to Kentucky Revised Statute 355.9-509 (effective July 1, 2001), as may be amended from time to time, Guarantors authorize Lender to file a financing statement(s) or amendments as may be necessary to fully perfect Lender's security interest in the Collateral, to the full extent permitted by KRS 355.9-509

21. 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 a 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, to the greatest extent allowed by law, with that part, term or provision, 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 Guarantors shall bind the Guarantors' 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 Guarantors 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 Guarantors Documents, and waives any objection to any such action based upon lack of personal or subject matter jurisdiction or improper venue. The Guarantors 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 Guarantors as provided in Section 19 above.

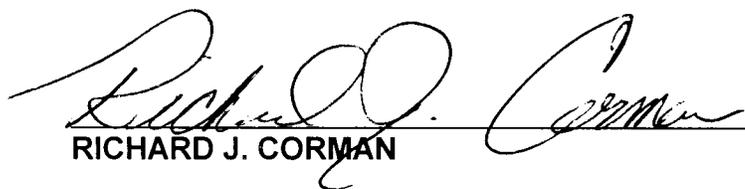
(j) The Guarantors acknowledge that the Guarantors have received a copy of this Agreement and each of the other Guarantors' Documents, as fully executed by the parties thereto. The Guarantors acknowledge that the Guarantors (a) HAVE READ THIS AGREEMENT AND THE OTHER GUARANTORS' DOCUMENTS OR HAVE CAUSED SUCH DOCUMENTS TO BE EXAMINED BY THE GUARANTORS' REPRESENTATIVES OR ADVISORS; (b) is thoroughly familiar with the transactions

contemplated in this Agreement and the other Guarantors 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 Guarantors Documents as the Guarantors deem necessary in connection with the Guarantors' decision to enter into this Agreement.

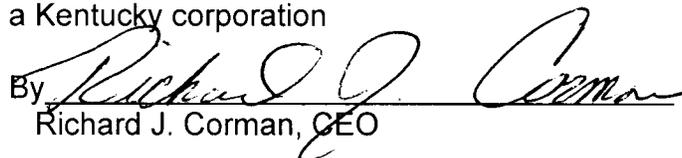
(k) No Novation. This agreement represents a continuation and modification of security for credit previously extended and is not intended to constitute a novation.

IN WITNESS WHEREOF, the Guarantors 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.

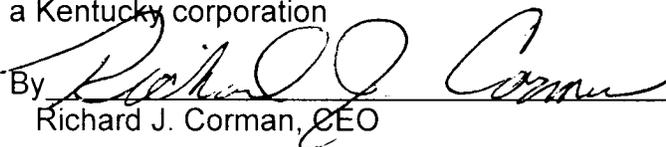
GUARANTORS:


RICHARD J. CORMAN

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

By 
Richard J. Corman, CEO

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

By 
Richard J. Corman, CEO

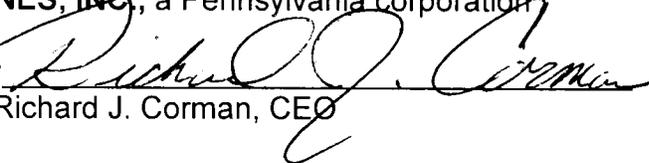
R.J. CORMAN RAILROAD COMPANY/CLEVELAND LINE,
an Ohio corporation

By 
Richard J. Corman, CEO

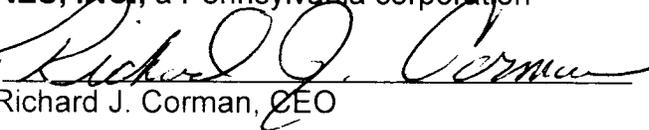
**R.J. CORMAN RAILROAD COMPANY/WESTERN OHIO
LINE**, an Ohio corporation

By 
Richard J. Corman, CEO

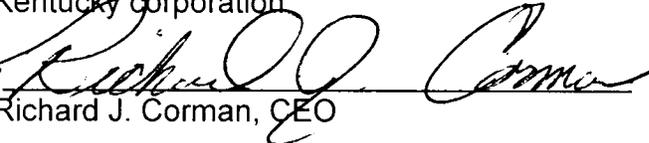
**R.J. CORMAN RAILROAD COMPANY/PENNSYLVANIA
LINES, INC.**, a Pennsylvania corporation

By 
Richard J. Corman, CEO

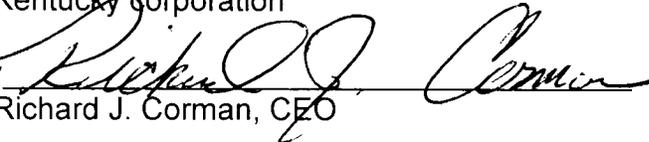
**R.J. CORMAN RAILROAD COMPANY/ALLENTOWN
LINES, INC.**, a Pennsylvania corporation

By 
Richard J. Corman, CEO

R.J. CORMAN RESTAURANT CORPORATION,
a Kentucky corporation

By 
Richard J. Corman, CEO

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

By 
Richard J. Corman, CEO

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

By: R.J. Corman Railroad Group, LLC, its Managing Member

By: 
Richard J. Corman, Managing Member

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

By: R.J. Corman Railroad Group, LLC, its Managing Member

BY: 
Richard J. Corman, Managing Member

R.J. CORMAN RAILROAD SWITCHING COMPANY, LLC,
a Kentucky limited liability company;

By: R.J. Corman Railroad Group, LLC, its Managing Member

BY: 
Richard J. Corman, Managing Member

R.J. CORMAN DERAILMENT SERVICES, LLC,
a Kentucky limited liability company;

By: R.J. Corman Railroad Group, LLC, its Managing Member

BY: 
Richard J. Corman, Managing Member

R.J. CORMAN DISTRIBUTION CENTERS, LLC,
a Kentucky limited liability company; and

By: R.J. Corman Railroad Group, LLC, its Managing Member

BY: 
Richard J. Corman, Managing Member

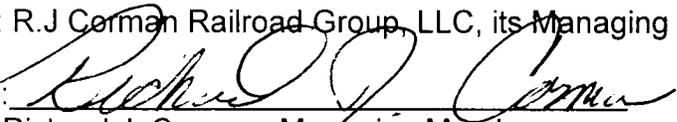
R.J. CORMAN AVIATION SERVICES, LLC
a Delaware limited liability company

By: R.J. Corman Railroad Group, LLC, its Managing Member

BY: 
Richard J. Corman, Managing Member

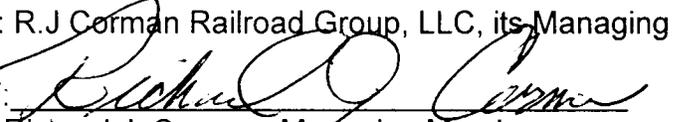
**R.J. CORMAN RAILROAD COMPANY/CENTRAL
KENTUCKY LINES, LLC,**
a Kentucky limited liability company

By: R.J. Corman Railroad Group, LLC, its Managing Member

BY: 
Richard J. Corman, Managing Member

JESSAMINE LAND HOLDINGS, LLC,
a Kentucky limited liability company

By: R.J. Corman Railroad Group, LLC, its Managing Member

BY: 
Richard J. Corman, Managing Member

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

By: 
Richard J. Corman, Managing Member

R.J. CORMAN AIRCRAFT MAINTENANCE, LLC,
a Kentucky limited liability company

By: R.J. Corman Railroad Group, LLC, its Managing Member

BY: 
Richard J. Corman, Managing Member

SCHEDULE 1

Locations of Inventory and Tangible Property

The Guarantors' Inventory and Tangible Property are kept at the following locations:

- a. 101 R.J. Corman Drive, Nicholasville, Kentucky
- b. Jessamine Station Road, Nicholasville, Kentucky
- c. 307 N. Main St., Nicholasville, Kentucky
- d. 7707 Wallisville Road, Houston, Texas
- e. Bunkham Road, Caseyville, Illinois
- f. 1439 Airport Road, Huntington, West Virginia
- g.. 3648 Rockland Circle, Millbury, Ohio
- h. Alliance, Nebraska
- i. 400 State Route 56, London, Ohio
- j. 1055 Pearl Drive, Bossier City, Louisiana
- k. 8500 Summit Cove, Olive Branch, Mississippi
- l. 2216 East Main Ave., Fargo, North Dakota
- m. 612A Sinclair St., Gillette, Wyoming
- n. 14548 Hayes St., Starke, Florida
- o. 5380 Speaker Road, Kansas City, Kansas
- p. 2001 15th Street, Mason City, Iowa
- q. 121 Spence Road, Nashville, Tennessee
- r. 1 Hadden Drive, Montgomery, New York
- s. 655 West Pike St., Meadowlands, Pennsylvania
- t. Wellington Motor Lodge, 315 West 8th St., Wellington, Kansas
- u. Sioux Falls, South Dakota
- v. 4825 Mendal Court, Atlanta, Georgia
- w. 475 W. 3rd St., Dover, Ohio
- x. 333 Linden St., Allentown, Pennsylvania
- y. 3300 Klomp Road, North East, Pennsylvania
- z. 320 Raina Air Depot Road, Glencoe, Alabama
- aa. US Hwy. 301, South Starke, Florida
- bb. 502 Chapin Road, Hwy. 76, Chapin, South Carolina
- cc. 50 General Shale Road, Glasgow, Virginia
- dd. 10 Speeder Road, Selkirk, New York
- ee. Hoopston, Illinois
- ff. 602 N. Third St., Bardstown, Kentucky
- gg. 145 East First St, Guthrie, Kentucky
- hh. Depot Street, Russellville, Kentucky
- ii. River Road, Clearfield, Pennsylvania
- jj. 444 N. Hardison Road, South Union, Kentucky
- kk. 931 Thun Road, Clarksville, Tennessee
- ll. 8056 Albers Road, Celina, Ohio

LIST OF EQUIPMENT RELATING TO
SECURITY AGREEMENT BETWEEN CENTRAL BANK & TRUST CO. AND
RJ. CORMAN RAILROAD COMPANY/MEMPHIS LINE, ET AL

Description	Serial Number
Shortline Locomotive	1856
Shortline Locomotive	2754
Shortline Locomotive	2775
Canstock Car	4001
Canstock Car	4002
Canstock Car	4003
Canstock Car	4004
Canstock Car	4005
Canstock Car	4006
Canstock Car	4007
Canstock Car	4008
Canstock Car	4009
Canstock Car	4010
Canstock Car	4011
Canstock Car	4012
Canstock Car	4013
Canstock Car	4014
Canstock Car	4015
Canstock Car	4016
Canstock Car	4017
Canstock Car	4018
Canstock Car	4019
Canstock Car	4020
Canstock Car	4021
Canstock Car	4022
Canstock Car	4023
Canstock Car	4201
Canstock Car	4202
Canstock Car	4203
Canstock Car	4204
Canstock Car	4205
Canstock Car	4206
Canstock Car	4207
Canstock Car	4208
Canstock Car	4209
Canstock Car	4210
Canstock Car	4211
Canstock Car	4213
Canstock Car	4214
Canstock Car	4215

Canstock Car	4216
Canstock Car	4217
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Canstock Car	4219
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Canstock Car	4221
Canstock Car	4223
Canstock Car	4224
Canstock Car	4225
Canstock Car	4226
Canstock Car	4227
Canstock Car	4228
Canstock Car	4229
Canstock Car	4230
Canstock Car	4231
Canstock Car	4232
Canstock Car	4233
Canstock Car	4234
Canstock Car	4235
Canstock Car	4236
Canstock Car	4301
Canstock Car	4302
Canstock Car	4401
Canstock Car	4402
Canstock Car	4403
Canstock Car	4404
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Canstock Car	4416
Canstock Car	4501
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Canstock Car	4523
Canstock Car	4524
Canstock Car	4525
Canstock Car	4526
Canstock Car	4527
Canstock Car	4528
Canstock Car	4529
Canstock Car	4530
100 Ton Gondola Car	1345
100 Ton Gondola Car	1375
100 Ton Gondola Car	1415
100 Ton Gondola Car	1614
100 Ton Gondola Car	1698
100 Ton Gondola Car	1894
Canstock Car	2025
CN Box Car	10024
CN Box Car	62401
CN Box Car	668062
CN Box Car	668007
CN Box Car	10011
CN Box Car	690217
CN Box Car	62276
CN Box Car	668052
CN Box Car	668051
CN Box Car	62593
CN Box Car	10055
CN Box Car	62391
CN Box Car	10169
CN Box Car	668008
CN Box Car	668056

Cepter Cars	3005
Cepter Cars	3006
Fiat Car IMP	3007
All Door Car	3008
Side Dump Railcar	53049
Side Dump Railcar	53020
Side Dump Railcar	56643
Side Dump Railcar	56703
Box Car	7244
Box Car	7225
Box Car	7230
Box Car	7230
Box Car	7232
Box Car	7234
Box Car	7240
Box Car	7241
Box Car	7251
Box Car	7255
Box Car	7264
Box Car	2701
Box Car	2703
Box Car	2705
Box Car	2707
Box Car	7201
Box Car	7207
Box Car	7208
Box Car	7210
Box Car	7218
Box Car	7246
Box Car	7247
Box Car	7248
Box Car	7253
Box Car	7267
Box Car	7228
Box Car	7233
Box Car	7237
Box Car	210508
Box Car	210601
Box Car	210628
Box Car	210672
Box Car	210661
Box Car	210697
Box Car	210732
Box Car	210778
Box Car	210790

Box Car	210847
Box Car	7211
Box Car	7212
Box Car	7213

COMMONWEALTH OF KENTUCKY
COUNTY OF FAYETTE



I, Randy D. Shaw, am a Notary Public in the Commonwealth of Kentucky, State at Large, and I certify that I have compared the attached Security Agreement of R.J. Corman Railroad Company/Memphis Line, et al with the original and have found the copy to be complete and identical in all respects to the original document, on this 21st day of September, 2005.

NOTARY PUBLIC, STATE AT LARGE
My commission expires: June 7, 2006

(SEAL)