

OTTERBOURG, STEINDLER, HOUSTON & ROSEN, P.C.

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February 28, 2007

VIA E-MAIL AND U.S. MAIL

RECORDATION NO.

26379-B
FILED

Ms. Barbara Saddler
Surface Transportation Board
Recordation Office
1925 K Street, NW
Suite 70
Washington, DC 20423

FEB 28 '07 -12 28 PM

SURFACE TRANSPORTATION BOARD

Re: Secondary STB Recordation - Recordation No. 26379

Dear Ms. Saddler:

Enclosed for recordation purposes under 49 U.S.C. §11301(a), are one original and one copy of the Amended and Restated Memorandum of Security Agreement, dated as of February 26, 2007 (the "Amended Memorandum"), which amends and restates the Memorandum of Security Agreement with STB Recordation No. 26379. The Amended Memorandum is a secondary document as defined in the Board's Rules for the Recordation of Documents. The Amended Memorandum is a security agreement between the following parties:

Secured Party: The CIT Group/Commercial Services, Inc.
1211 Avenue of the Americas
New York, New York 10036

Borrower: Michigan Air-Line Railways Co. f/k/a Coe Rail, Inc.
840 North Pontiac Trail
Walled Lake, Michigan 48390

A short summary of the document to appear in the index is: Amended and Restated Memorandum of Security Agreement.

A description of the railroad equipment to be covered by the enclosed document includes the following:

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Locomotive ABRX 702, Locomotive ABRX 703, Locomotive ABRX 700, Locomotive ABRX 701, Locomotive ABRX 704; Locomotive ABRX 1000, Locomotive ABRX 1200, Table Car ABRX 9606, Table Car ABRX 9604, Table Car ABRX 9605, Kitchen Car ABRX 9603, Bedroom Lounge Car ABRX 9602, Sleeper/ Lounge Car ABRX 9601, Power Car ABRX 9600, Dinner Train Caboose ABRX 99, Coach ABRX 504, Coach ABRX 502, Coach ABRX 501, Road Tap Car ABRX 500, Baggage Car ABRX 503, Table Car ABRX 9500, Kitchen Car ABRX 9501, Table Car ABRX 9502, Open Car ABRX 200, Ballast Hopper ABRX 85660, Hi-Rail Truck, 1984 Plasser Track Tamper #1484, Case 580K Backhoe, mechanical parts and supplies for railcars and locomotives, relay railroad ties, Push Cart.

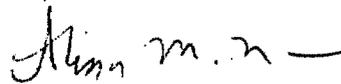
Included in the property covered by the aforesaid security agreement are railroad cars, locomotives and other rolling stock intended for use related to interstate commerce, or interests therein, owned by Michigan Air-Line Railways Co. at the date of said security agreement or thereafter acquired by it or its successors as owners of the lines of railway covered by the security agreement evidenced by the Amended Memorandum.

Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Please kindly return a stamped copy of the enclosed document to the undersigned.

Sincerely,

OTTERBOURG, STEINDLER, HOUSTON & ROSEN, P.C.



Alissa M. Nann

Enclosures

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SURFACE TRANSPORTATION BOARD

AMENDED AND RESTATED MEMORANDUM OF SECURITY AGREEMENT

This Amended and Restated Memorandum of Security Agreement (this "Amended and Restated Memorandum") is dated as of February 26, 2007, by and between Michigan Air-Line Railway Co. d/b/a Coe Rail, Inc., a Michigan corporation (the "Borrower"), and The CIT Group/Commercial Services, Inc., a New York corporation (the "Secured Party").

The Borrower and the Secured Party have entered into secured financing arrangements, as set forth in various agreements, documents and instruments, including, without limitation, the Financing Agreement, dated June 2, 2006 (as amended, modified or supplemented from time to time, the "Security Agreement") pursuant to which the Borrower has granted to the Secured Party a security interest in and lien upon all assets and properties of the Borrower, whether now owned or hereafter arising or acquired, including, without limitation, the railroad locomotives, railcars, equipment and other rolling stock identified on Exhibit A annexed hereto (the "Railroad Equipment").

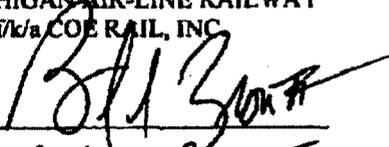
The purpose of this Amended and Restated Memorandum is to (a) amend and restate the Memorandum of Security Agreement, dated as of June 2, 2006, by and between Secured Party and Borrower, previously filed with the Surface Transportation Board on June 6, 2006 and assigned recordation no. 26379 (the "Initial Memorandum"), and (b) to give record notice of the existence of the security interest of the Secured Party in the Railroad Equipment and all other assets or properties now owned or hereafter acquired by Borrower, and all of the terms and conditions of the Security Agreement are incorporated herein by reference. This Amended and Restated Memorandum shall control in all respects to the extent of any conflict or inconsistency between the Initial Memorandum and this Amended and Restated Memorandum.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

This Amended and Restated Memorandum is prepared for public record and is being recorded with the Surface Transportation Board pursuant to 49 U.S.C. §11301(a).

IN WITNESS WHEREOF, the undersigned had caused this Amended and Restated Memorandum to be executed by a duly authorized officer as of the day and year first written above.

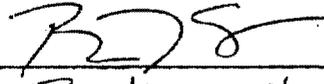
MICHIGAN AIR-LINE RAILWAY
CO. f/k/a COE RAIL, INC

By: 

Name: B. Allen Brown II

Title: President & CEO

THE CIT GROUP/COMMERCIAL
SERVICES, INC.

By: 

Name: Bradley J. Stenza

Title: Vice President

I, Bobby Allen Brown II a/k/a B. Allen Brown II, certify that I am the President of Michigan Air-Line Railway Co. f/k/a Coe Rail, Inc., that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further declare under penalty of perjury that the foregoing is true and correct.

MICHIGAN AIR-LINE RAILWAY
CO. f/k/a COE RAIL, INC.

By: *Bobby Allen Brown II*

Name: *B. Allen Brown II*

Title: *President & CEO*

STATE OF: MICHIGAN)
) ss.:
COUNTY OF OAKLAND)

On this 28th day of February, 2007, before me personally appeared Bobby Allen Brown II a/k/a B. Allen Brown II, to me personally known, who being duly sworn, did depose and say, that he is the President of MICHIGAN AIR-LINE RAILWAY CO. f/k/a COE RAIL, INC., the corporation described in and which executed the foregoing instrument; and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Roberta A. Rittershausen

ROBERTA A. RITTERSHAUSEN
NOTARY PUBLIC - MICHIGAN
OAKLAND COUNTY
MY COMMISSION EXPIRES AUG. 23, 2011

I, Bradley J. Sturza, certify that I am Acc Exec / VP of The CIT Group/Commercial Services, Inc., that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further declare under penalty of perjury that the foregoing is true and correct.

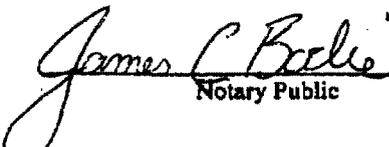
THE CIT GROUP/COMMERCIAL SERVICES, INC.

By: 

Name: Bradley J. Sturza
Title: Vice President

STATE OF: New York)
COUNTY OF New York) ss.:

On this 28th day of February, 2007, before me personally appeared BRAD STURZA, to me personally known, who being duly sworn, did depose and say, that he is the Account Executive of THE CIT GROUP/COMMERCIAL SERVICES, INC., the corporation described in and which executed the foregoing instrument; and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

JAMES C BODIE
NOTARY PUBLIC-STATE OF NEW YORK
No. 01805005775
Qualified in Queens County
And Certificate Filed in New York County
My Commission Expires December 14, 2010

EXHIBIT A

RAILROAD EQUIPMENT

ABRX #

**PRESENT
CRLE #**

Locomotives - Passenger

Locomotive - EMD F-Unit #725 (Michigan Star Clipper)	ABRX 702	CRLE 725
Locomotive - EMD F-Unit #416 (Michigan Star Clipper)	ABRX 703	CRLE 416
Locomotive - EMD F-Unit #1304 (2 nd Dinner Train)	ABRX 700	CRLE 1304
Locomotive - EMD F-Unit #1306 (2 nd Dinner Train)	ABRX 701	CRLE 1306
Locomotive - EMD F-Unit #8548	ABRX 704	CRLE 704 407 ^{ms}

Locomotives - Freight

Locomotive - ALCO S-1 Switcher #52	ABRX 1000	CRLE 52
Locomotive - EMD Switcher #1512	ABRX 1200	CRLE 1512
Table Car #1558, "Paige Tavern"	ABRX 9606	CRLE 1558
Table Car #9604, "Meadow Rose"	ABRX 9604	CRLE 9604
Table Car #9605, "Spruce"	ABRX 9605	CRLE 9605
Kitchen Car #8022	ABRX 9603	CRLE 8022
Bedroom Lounge Car #210, "Cleveland"	ABRX 9602	CRLE 210
Sleeper/Lounge Observation "Vista Cavern"	ABRX 9601	CRLE 215
Power Car #9600	ABRX 9600	CRLE 9600
Dinner Train Caboose #62	ABRX 99	CRLE 62
Coach #4308	ABRX 504	CRLE 4308
Coach #4315	ABRX 502	CRLE 4315
Coach #4317	ABRX 501	CRLE 4317
Milwaukee Road Tap Lounge Car	ABRX 500	CRLE 165 PVT
Excursion Baggage Car (Lounge Use)	ABRX 503	CRLE 220
CRLE Table Car #1234	ABRX 9500	CRLE 1234
CRLE Kitchen Car #1235	ABRX 9501	CRLE 1235
CRLE Table Car #1236	ABRX 9502	CRLE 1236
Open Car, Baggage "Western Saloon"	ABRX 200	CRLE 225

AB

Other Railroad Rolling Stock

	<u>ABRX #</u>	<u>PRESENT CRLE #</u>
Ballast Hopper #85660	ABRX 85660	CRLE 85660
Hi-Rail Truck	VIN NUMBER: CPL3283320729	
1984 Plasser Track Tamper Model #1484	SERIAL#: 1647	
Case 580K Backhoe	SERIAL#: 17033269	
Mechanical Parts & Supplies- Railcars	Value	\$15,000.00
Mechanical Parts & Supplies- Locomotives	Value	\$25,000.00
Relay Railroad Ties- 1700	Value	\$30,000.00
Push Cart	Value	\$5,000.00

AR