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November 8, 2012

Via E-Filing

Surface Transportation Board
395 "E" Street, S.W.
Washington, D.C. 20423-0001
Attention: Cynthia T. Brown, Chief of the Section of Administration

Dear Ms. Brown:

Enclosed for electronic filing and recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) is an executed copy of Amendment No. 1 dated as of October 8, 2012 (the "Amendment") to the Memorandum of Security Agreement, dated as of August 12, 2011 (the "Memorandum") between Wells Fargo Bank, National Association, as Secured Party, and the following entities as Debtors: Pioneer Railcorp, Alabama & Florida Railway Co., Inc., Decatur Junction Railway Co., Elkhart & Western Railroad Co., Fort Smith Railroad Co., The Garden City Western Railway, Inc., Georgia Southern Railway Co., Gettysburg & Northern Railroad Co., Heartland Rail Investments, LLC, Indiana Southwestern Railway Co., Kendallville Terminal Railway Co., Keokuk Junction Railway Co., Keokuk Union Depot Company, Michigan Southern Railroad Company, Mississippi Central Railroad Co., Pioneer Air Inc., Pioneer Industrial Railway Co., Pioneer Railroad Equipment Co., Ltd., Pioneer Railroad Services, Inc., Pioneer Resources, Inc., Shawnee Terminal Railroad Co., Inc., Vandalia Railroad Company and West Michigan Railroad Co. (Certain of the Debtors have undergone name changes which are reflected on the Amendment.)

The Amendment is a secondary document as defined in the Surface Transportation Board's ("STB") Rules for the Recordation of Documents, and relates to the Memorandum which was previously filed with the STB on August 18, 2011 under recordation number 29861.



The names and address of the parties to the enclosed Amendment are:

Secured Party: Wells Fargo Bank, National Association
6810 N. Knoxville Avenue
Peoria, IL 61614

Debtors: c/o Pioneer Railcorp
1318 S. Johanson Road
Peoria, IL 61607

The enclosed Amendment (i) releases from the Secured Party's security interest the railcars identified on Schedule 1 to the Amendment and (ii) adds to the Collateral (as defined in the Memorandum) the railcars on Schedule 2 to the Amendment. The Memorandum, as amended by the Amendment, covers all locomotives, railcars and other rolling stock now owned or hereafter acquired by the Debtors.

The required recordation fee of \$42.00 is being paid to the STB by charge to our firm account.

Kindly return a file-stamped copy of the Memorandum and this letter to Susan G. Lichtenfeld at DLA Piper LLP (US), 203 North LaSalle Street, Suite 1900, Chicago, Illinois 60601.

Following is a short summary of the enclosed document:

Secondary Document to be Recorded

Amendment No. 1 dated as of October 8, 2012 (the "Amendment") between Wells Fargo Bank, National Association, as Secured Party, and the following entities as Debtors: Pioneer Railcorp, Alabama & Florida Railway Co., Inc., Decatur Junction Railway Co., Elkhart & Western Railroad Co., Fort Smith Railroad Co., The Garden City Western Railway, Inc., Georgia Southern Railway Co., Gettysburg & Northern Railroad Co., Heartland Rail Investments, LLC, Indiana Southwestern Railway Co., Kendallville Terminal Railway Co., Keokuk Junction Railway Co., Keokuk Union Depot Company, Michigan Southern Railroad Company, Mississippi Central Railroad Co., Pioneer Air Inc., Pioneer Industrial Railway Co., Pioneer Railroad Equipment Co., Ltd., Pioneer Railroad Services, Inc., Rail Switching Services, Inc. (f/k/a Pioneer Resources, Inc.), Alabama Railroad Co., Inc. (f/k/a Shawnee Terminal Railroad Co., Inc.), Vandalia Railroad Company and West Michigan Railroad Co.

Primary Document to which the Amendment Relates

Memorandum of Security Agreement dated as of August 12, 2011, between Wells Fargo Bank, National Association, as Secured Party, and the following entities as Debtors: Pioneer Railcorp, Alabama & Florida Railway Co., Inc., Decatur Junction Railway Co., Elkhart & Western Railroad Co., Fort Smith Railroad Co., The Garden City Western



Railway, Inc., Georgia Southern Railway Co., Gettysburg & Northern Railroad Co., Heartland Rail Investments, LLC, Indiana Southwestern Railway Co., Kendallville Terminal Railway Co., Keokuk Junction Railway Co., Keokuk Union Depot Company, Michigan Southern Railroad Company, Mississippi Central Railroad Co., Pioneer Air Inc., Pioneer Industrial Railway Co., Pioneer Railroad Equipment Co., Ltd., Pioneer Railroad Services, Inc., Pioneer Resources, Inc., Shawnee Terminal Railroad Co., Inc., Vandalia Railroad Company and West Michigan Railroad Co.

Very truly yours,

DLA PIPER LLP (US)


Susan G. Lichtenfeld

SGL/rc
Enclosure

AMENDMENT NO. 1 TO MEMORANDUM OF SECURITY AGREEMENT

THIS AMENDMENT NO. 1 TO MEMORANDUM OF SECURITY AGREEMENT (this "Amendment"), dated as of October 8, 2012, is made by and among Pioneer Railcorp, Alabama & Florida Railway Co., Inc., Decatur Junction Railway Co., Elkhart & Western Railroad Co., Fort Smith Railroad Co., The Garden City Western Railway, Inc., Georgia Southern Railway Co., Gettysburg & Northern Railroad Co., Heartland Rail Investments, LLC, Indiana Southwestern Railway Co., Kendallville Terminal Railway Co., Keokuk Junction Railway Co., Keokuk Union Depot Company, Michigan Southern Railroad Company, Mississippi Central Railroad Co., Pioneer Air Inc., Pioneer Industrial Railway Co., Pioneer Railroad Equipment Co., Ltd., Pioneer Railroad Services, Inc., Rail Switching Services, Inc. (f/k/a Pioneer Resources, Inc.), Alabama Railroad Co., Inc. (f/k/a Shawnee Terminal Railroad Co., Inc.), Vandalia Railroad Company and West Michigan Railroad Co. (hereinafter referred to as the "**Loan Parties**") and WELLS FARGO BANK, NATIONAL ASSOCIATION (hereinafter referred to as the "Bank" and, together with the Loan Parties, the "**Parties**").

This Amendment amends that certain Memorandum of Security Agreement dated as of August 12, 2011 between the Bank and the Loan Parties (the "Memorandum"), which Memorandum was filed with the Surface Transportation Board on August 18, 2011 and assigned recordation number 29861. Terms used herein and not otherwise defined shall have the meanings set forth in the Memorandum unless the context otherwise requires.

The Loan Parties have requested that the Collateral comprising the Rail Equipment be modified to delete the railcars identified on Schedule 1 hereto (the "Deleted Railcars") and to substitute the railcars described on Schedule 2 hereto (the "Replacement Railcars").

The Loan Parties hereby (i) confirm that the Replacement Railcars are Collateral subject to the Security Agreement and are hereinafter included in the Rail Equipment and (ii) grant to the Bank a first priority security interest in the Replacement Railcars.

The Bank hereby terminates and releases any and all rights and interests of the Bank with respect to the Deleted Railcars, including without limitation, any security interest in the Deleted Railcars created pursuant to the Security Agreement. The foregoing termination and release shall have no effect on the Bank's lien and security interest in any Rail Equipment other than the Deleted Railcars.

Except as otherwise expressly provided herein, the Memorandum shall continue in full force and effect and all references to the Memorandum shall mean the Memorandum as amended hereby.

This Amendment is not a summary of the Security Agreement nor a complete recitation of the terms and provisions thereof. The Bank and the Loan Parties agree that in the event of a conflict between this Amendment and the provisions of the Security Agreement, the provisions of the Security Agreement shall control.

This Amendment may be executed in any number of identical counterparts, and each executed counterpart shall constitute an original but all together shall constitute only one and the same instrument.

The Bank may, at its option, file this Amendment with the Surface Transportation Board pursuant to 49 U.S.C. Section 11301(a).

IN WITNESS WHEREOF, each of the Parties, pursuant to due corporate authority, has caused this Amendment to be executed by a duly authorized officer as of the date first above written.

THE BANK:

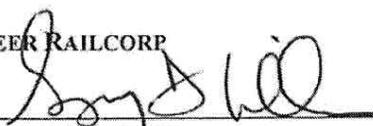
I certify that I hold the title set forth below, that this instrument was signed on behalf of Wells Fargo Bank, National Association, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of Wells Fargo Bank, National Association. I further declare under penalty of perjury that the foregoing is true and correct.

**WELLS FARGO BANK,
NATIONAL ASSOCIATION**

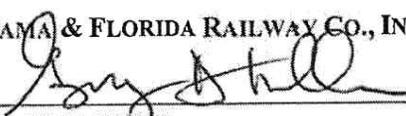
BY: 
ITS: Vice President

THE LOAN PARTIES:

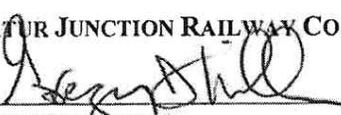
I certify that I hold the title set forth below, that this instrument was signed on behalf of PIONEER RAILCORP, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of PIONEER RAILCORP. I further declare under penalty of perjury that the foregoing is true and correct.

PIONEER RAILCORP
BY: 
ITS: TREASURER

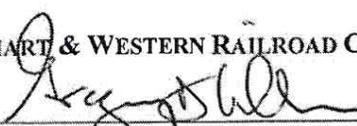
I certify that I hold the title set forth below, that this instrument was signed on behalf of ALABAMA & FLORIDA RAILWAY CO., INC., by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of ALABAMA & FLORIDA RAILWAY CO., INC. I further declare under penalty of perjury that the foregoing is true and correct.

ALABAMA & FLORIDA RAILWAY CO., INC.
BY: 
ITS: TREASURER

I certify that I hold the title set forth below, that this instrument was signed on behalf of DECATUR JUNCTION RAILWAY CO., 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 DECATUR JUNCTION RAILWAY CO. I further declare under penalty of perjury that the foregoing is true and correct.

DECATUR JUNCTION RAILWAY CO.
BY: 
ITS: TREASURER

I certify that I hold the title set forth below, that this instrument was signed on behalf of ELKHART & WESTERN RAILROAD CO., 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 ELKHART & WESTERN RAILROAD CO. I further declare under penalty of perjury that the foregoing is true and correct.

ELKHART & WESTERN RAILROAD CO.
BY: 
ITS: TREASURER

I certify that I hold the title set forth below, that this instrument was signed on behalf of FORT SMITH RAILROAD CO., 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 FORT SMITH RAILROAD CO. I further declare under penalty of perjury that the foregoing is true and correct.

FORT SMITH RAILROAD CO.

BY: [Signature]
ITS: TREASURER

I certify that I hold the title set forth below, that this instrument was signed on behalf of THE GARDEN CITY WESTERN RAILWAY, INC., 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 GARDEN CITY WESTERN RAILWAY, INC. I further declare under penalty of perjury that the foregoing is true and correct.

THE GARDEN CITY WESTERN RAILWAY, INC.

BY: [Signature]
ITS: TREASURER

I certify that I hold the title set forth below, that this instrument was signed on behalf of GEORGIA SOUTHERN RAILWAY CO., 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 GEORGIA SOUTHERN RAILWAY CO. I further declare under penalty of perjury that the foregoing is true and correct.

GEORGIA SOUTHERN RAILWAY CO.

BY: [Signature]
ITS: TREASURER

I certify that I hold the title set forth below, that this instrument was signed on behalf of GETTYSBURG & NORTHERN RAILROAD CO., 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 GETTYSBURG & NORTHERN RAILROAD CO. I further declare under penalty of perjury that the foregoing is true and correct.

GETTYSBURG & NORTHERN RAILROAD CO.

BY: [Signature]
ITS: TREASURER

I certify that I hold the title set forth below, that this instrument was signed on behalf of HEARTLAND RAIL INVESTMENTS, LLC, 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 HEARTLAND RAIL INVESTMENTS, LLC. I further declare under penalty of perjury that the foregoing is true and correct.

HEARTLAND RAIL INVESTMENTS, LLC

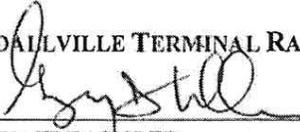
BY: [Signature]
ITS: MANAGER

I certify that I hold the title set forth below, that this instrument was signed on behalf of INDIANA SOUTHWESTERN RAILWAY CO., 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 INDIANA SOUTHWESTERN RAILWAY CO. I further declare under penalty of perjury that the foregoing is true and correct.

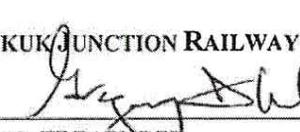
INDIANA SOUTHWESTERN RAILWAY CO.

BY: [Signature]
ITS: TREASURER

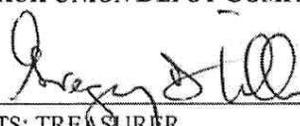
I certify that I hold the title set forth below, that this instrument was signed on behalf of KENDALLVILLE TERMINAL RAILWAY CO., by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of KENDALLVILLE TERMINAL RAILWAY CO. I further declare under penalty of perjury that the foregoing is true and correct.

KENDALLVILLE TERMINAL RAILWAY CO.
BY: 
ITS: TREASURER

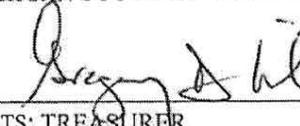
I certify that I hold the title set forth below, that this instrument was signed on behalf of KEOKUK JUNCTION RAILWAY CO., by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of KEOKUK JUNCTION RAILWAY CO. I further declare under penalty of perjury that the foregoing is true and correct.

KEOKUK JUNCTION RAILWAY CO.
BY: 
ITS: TREASURER

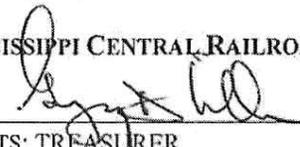
I certify that I hold the title set forth below, that this instrument was signed on behalf of KEOKUK UNION DEPOT COMPANY, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of KEOKUK UNION DEPOT COMPANY. I further declare under penalty of perjury that the foregoing is true and correct.

KEOKUK UNION DEPOT COMPANY
BY: 
ITS: TREASURER

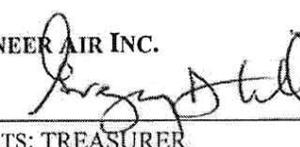
I certify that I hold the title set forth below, that this instrument was signed on behalf of MICHIGAN SOUTHERN RAILROAD COMPANY, by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of MICHIGAN SOUTHERN RAILROAD COMPANY. I further declare under penalty of perjury that the foregoing is true and correct.

MICHIGAN SOUTHERN RAILROAD COMPANY
BY: 
ITS: TREASURER

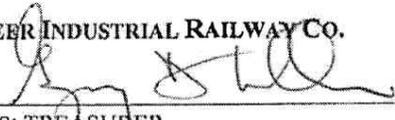
I certify that I hold the title set forth below, that this instrument was signed on behalf of MISSISSIPPI CENTRAL RAILROAD CO., by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of MISSISSIPPI CENTRAL RAILROAD CO. I further declare under penalty of perjury that the foregoing is true and correct.

MISSISSIPPI CENTRAL RAILROAD CO.
BY: 
ITS: TREASURER

I certify that I hold the title set forth below, that this instrument was signed on behalf of PIONEER AIR INC., 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 PIONEER AIR INC. I further declare under penalty of perjury that the foregoing is true and correct.

PIONEER AIR INC.
BY: 
ITS: TREASURER

I certify that I hold the title set forth below, that this instrument was signed on behalf of PIONEER INDUSTRIAL RAILWAY CO., 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 PIONEER INDUSTRIAL RAILWAY CO. I further declare under penalty of perjury that the foregoing is true and correct.

PIONEER INDUSTRIAL RAILWAY CO.
BY: 
ITS: TREASURER

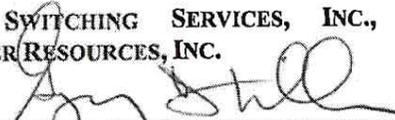
I certify that I hold the title set forth below, that this instrument was signed on behalf of PIONEER RAILROAD EQUIPMENT CO., LTD., by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of PIONEER RAILROAD EQUIPMENT CO., LTD. I further declare under penalty of perjury that the foregoing is true and correct.

PIONEER RAILROAD EQUIPMENT CO., LTD.
BY: 
ITS: TREASURER

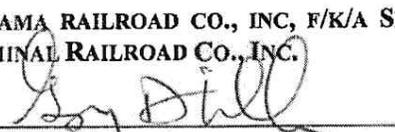
I certify that I hold the title set forth below, that this instrument was signed on behalf of PIONEER RAILROAD SERVICES, INC., by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of PIONEER RAILROAD SERVICES, INC. I further declare under penalty of perjury that the foregoing is true and correct.

PIONEER RAILROAD SERVICES, INC.
BY: 
ITS: TREASURER

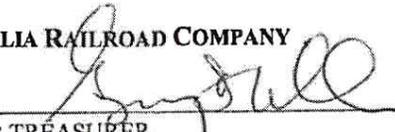
I certify that I hold the title set forth below, that this instrument was signed on behalf of RAIL SWITCHING SERVICES, INC., F/K/A PIONEER RESOURCES, INC., by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of RAIL SWITCHING SERVICES, INC., F/K/A PIONEER RESOURCES, INC. I further declare under penalty of perjury that the foregoing is true and correct.

RAIL SWITCHING SERVICES, INC., F/K/A
PIONEER RESOURCES, INC.
BY: 
ITS: TREASURER

I certify that I hold the title set forth below, that this instrument was signed on behalf of ALABAMA RAILROAD CO., INC., F/K/A SHAWNEE TERMINAL RAILROAD CO., INC., 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 ALABAMA RAILROAD CO., INC., F/K/A SHAWNEE TERMINAL RAILROAD CO., INC. I further declare under penalty of perjury that the foregoing is true and correct.

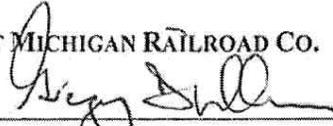
ALABAMA RAILROAD CO., INC, F/K/A SHAWNEE
TERMINAL RAILROAD CO., INC.
BY: 
ITS: TREASURER

I certify that I hold the title set forth below, that this instrument was signed on behalf of VANDALIA RAILROAD COMPANY, 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 VANDALIA RAILROAD COMPANY. I further declare under penalty of perjury that the foregoing is true and correct.

VANDALIA RAILROAD COMPANY
BY: 
ITS: TREASURER

I certify that I hold the title set forth below, that this instrument was signed on behalf of WEST MICHIGAN RAILROAD CO., 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 WEST MICHIGAN RAILROAD CO. I further declare under penalty of perjury that the foregoing is true and correct.

WEST MICHIGAN RAILROAD CO.

BY:  _____

ITS: TREASURER

SCHEDULE 1
TO
AMENDMENT NO. 1.
TO
MEMORANDUM OF SECURITY AGREEMENT

DELETED RAILCARS

<u>Car Mark</u>	<u>Car No.</u>	<u>Car Type</u>
ALAB	304006	C/H
ALAB	305098	C/H
ALAB	305437	C/H
ALAB	305503	C/H
ALAB	305571	C/H
ALAB	305607	C/H
ALAB	305726	C/H
ALAB	305766	C/H
ALAB	306016	C/H
ALAB	306048	C/H
ALAB	306243	C/H
ALAB	306265	C/H
ALAB	306504	C/H
ALAB	306510	C/H
ALAB	306601	C/H
ALAB	306682	C/H
ALAB	306808	C/H
ALAB	306971	C/H
ALAB	307554	C/H
ALAB	307582	C/H
ALAB	307634	C/H
ALAB	307717	C/H
ALAB	307776	C/H
ALAB	307852	C/H
ALAB	307860	C/H
ALAB	307978	C/H
ALAB	308026	C/H
ALAB	308061	C/H
ALAB	308196	C/H
ALAB	308252	C/H
ALAB	308305	C/H
ALAB	308442	C/H
ALAB	308526	C/H
ALAB	308671	C/H
ALAB	308758	C/H
ALAB	308877	C/H
ALAB	308948	C/H
ALAB	309015	C/H

<u>Car Mark</u>	<u>Car No.</u>	<u>Car Type</u>
ALAB	309036	C/H
ALAB	309152	C/H
ALAB	309203	C/H
ALAB	309233	C/H
ALAB	309317	C/H
ALAB	309480	C/H
ALAB	309535	C/H
ALAB	309583	C/H
ALAB	309585	C/H
ALAB	309721	C/H
ALAB	309744	C/H
ALAB	309917	C/H

SCHEDULE 2
TO
AMENDMENT NO. 1
TO
MEMORANDUM OF SECURITY AGREEMENT

REPLACEMENT RAILCARS

<u>Old Car Mark</u>	<u>Old Car No.</u>	<u>New Car Mark</u>	<u>New Car No.</u>
USLX	7886	ALAB	9802
NAHX	12138	ALAB	9803
PTLX	14939	ALAB	9804
PTLX	15003	ALAB	9805
PTLX	15116	ALAB	9806
PTLX	15157	ALAB	9807
PTLX	15270	ALAB	9808
PTLX	15611	ALAB	9809
PTLX	15682	ALAB	9810
PTLX	17170	ALAB	9811
PTLX	17786	ALAB	9812
USLX	20136	ALAB	9813
USLX	20259	ALAB	9814
NAHX	65520	ALAB	9815
NAHX	65550	ALAB	9816
NAHX	65579	ALAB	9817
NAHX	65594	ALAB	9818
NAHX	65601	ALAB	9819
NAHX	65627	ALAB	9820
NAHX	65671	ALAB	9821
TRNX	500171	ALAB	9822
TRNX	500199	ALAB	9823
TRNX	500321	ALAB	9824
TRNX	500511	ALAB	9825