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FOUNDED 1866

October 9, 2012

**By Hand Delivery**

Ms. Cynthia T. Brown, Chief  
Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20423

RECORDATION NO. 27990-J FILED

OCT 09 '12 -3 30 PM

**SURFACE TRANSPORTATION BOARD**

Dear Ms. Brown:

I have enclosed an original and one counterpart of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

The document is a Termination of Memorandum of Security Agreement dated as of October 1, 2012, terminating the Memorandum of Security Agreement dated as of June 23, 2009 and recorded under Recordation No. 27990. We request that this document be recorded under Recordation No. 27990-J.

The names and addresses of the parties to the Termination of Memorandum of Security Agreement are:

**COLLATERAL AGENT:** Morgan Stanley Senior Funding, Inc.  
1 Pierrepont Plaza, 7th Floor  
New York, NY 11201  
Telephone: (718) 754-6740

**BORROWER:** RailAmerica, Inc.  
7411 Fullerton Street, Suite 300  
Jacksonville, FL 32256

**SUBSIDIARY GRANTORS:** A. & R. Line, Inc.  
Alabama & Gulf Coast Railway LLC  
Arizona & California Railroad Company  
Bauxite & Northern Railway Company  
California Northern Railroad Company

Ms. Cynthia T. Brown

October 9, 2012

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Cascade and Columbia River Railroad Company  
Central Oregon & Pacific Railroad, Inc.  
Central Railroad Company of Indiana, The  
Central Railroad Company of Indianapolis  
Conecuh Valley Railway, LLC  
Connecticut Southern Railroad, Inc.  
Dallas, Garland & Northeastern Railroad, Inc.  
Delphos Terminal Company, Inc.  
Eastern Alabama Railway, LLC (f/k/a Eastern Alabama  
Railway, Inc.)  
Huron and Eastern Railway Company, Inc.  
Indiana & Ohio Rail Corp.  
Indiana & Ohio Railway Company  
Indiana Southern Railroad, LLC (f/k/a Indiana Southern  
Railroad, Inc.)  
Kiamichi Railroad Company, L.L.C.  
Kyle Railroad Company  
Kyle Railways, LLC (f/k/a formerly known Kyle  
Railways, Inc.).  
Marquette Rail, LLC  
Massena Terminal Railroad Company, The  
Mid-Michigan Railroad, Inc.  
Missouri & Northern Arkansas Railroad Company, Inc.  
New England Central Railroad, Inc.  
New StatesRail Holdings, LLC (f/k/a New StatesRail  
Holdings, Inc.)  
North Carolina & Virginia Railroad Company, LLC (f/k/a  
North Carolina & Virginia Railroad Company, Inc.)  
Otter Tail Valley Railroad Company, Inc.  
Palm Beach Rail Holding, Inc.  
Point Comfort and Northern Railway Company  
Puget Sound & Pacific Railroad Company  
RailAmerica Contract Switching Services, Inc.  
RailAmerica Equipment Corp.  
RailAmerica Intermodal Services, Inc.  
RailAmerica Operations Shared Services, Inc  
RailAmerica Operations Support Group, Inc.  
RailAmerica Transportation Corp.  
RailTex, Inc.  
Rockdale, Sandow & Southern Railroad Company

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San Diego & Imperial Valley Railroad Company, Inc.  
San Joaquin Valley Railroad Company  
San Pedro Trails, Inc.  
South Carolina Central Railroad Company, LLC (f/k/a  
South Carolina Central Railroad Company, Inc.)  
South East Rail, Inc.  
StatesRail II Railroad LLC (f/k/a StatesRail II Railroad  
Corp.)  
StatesRail, LLC (f/k/a known as StatesRail, Inc.)  
Three Notch Railway, L.L.C.  
Toledo, Peoria & Western Railway Corporation  
TransRail Holdings LLC  
TransRail North America, LLC  
Ventura County Railroad Company  
Wellsboro & Corning Railroad LLC  
Wiregrass Central Railway, L.L.C.

Our check in the amount of \$42.00 is enclosed for the recordation fee. Please return a date-stamped copy to the person hand-delivering the documents.

Sincerely,



Terence M. Hynes

TMH:aat  
Enclosures

OCT 09 '12 -3 30 PM

## TERMINATION OF MEMORANDUM OF SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

This Termination of Memorandum of Security Agreement is made and entered into as of October 1, 2012 by and among RailAmerica, Inc., a Delaware corporation (the "Company"), Palm Beach Rail Holding, Inc., RailAmerica Transportation Corp., A. & R. Line, Inc., Alabama & Gulf Coast Railway L.L.C., Arizona & California Railroad Company, Bauxite & Northern Railway Company, California Northern Railroad Company, Cascade and Columbia River Railroad Company, Central Oregon & Pacific Railroad, Inc., The Central Railroad Company of Indiana, Central Railroad Company of Indianapolis, Conecuh Valley Railway, L.L.C., Connecticut Southern Railroad, Inc., Dallas, Garland & Northeastern Railroad, Inc., Eastern Alabama Railway, LLC (f/k/a Eastern Alabama Railway, Inc.), Huron & Eastern Railway Company, Inc., Indiana & Ohio Rail Corp., Indiana & Ohio Railway Company, Indiana Southern Railroad, LLC (f/k/a Indiana Southern Railroad, Inc.), Kiamichi Railroad Company L.L.C., Kyle Railroad Company, Kyle Railways, LLC (f/k/a formerly known Kyle Railways, Inc.), The Massena Terminal Railroad Company, Mid-Michigan Railroad, Inc., Missouri & Northern Arkansas Railroad Company, Inc., New England Central Railroad, Inc., New StatesRail Holdings, LLC (f/k/a New StatesRail Holdings, Inc.), North Carolina & Virginia Railroad Company, LLC (f/k/a North Carolina & Virginia Railroad Company, Inc.), Otter Tail Valley Railroad Company, Inc., Point Comfort and Northern Railway Company, Puget Sound & Pacific Railroad Company, RailAmerica Contract Switching Services, Inc., RailAmerica Equipment Corp., RailAmerica Intermodal Services, Inc., RailAmerica Operations Shared Services, Inc., RailAmerica Operations Support Group, Inc., RailTex, Inc., Rockdale, Sandow & Southern Railroad Company, San Diego & Imperial Valley Railroad Company, Inc., San Joaquin Valley Railroad Company, San Pedro Trails, Inc., South Carolina Central Railroad Company, LLC (f/k/a South Carolina Central Railroad Company, Inc.), South East Rail, Inc., StatesRail II Railroad LLC (f/k/a StatesRail II Railroad Corp.), StatesRail, LLC (f/k/a known as StatesRail, Inc.), Three Notch Railway, L.L.C., Toledo, Peoria & Western Railway Corporation, Ventura County Railroad Company and Wiregrass Central Railway, L.L.C. (each individually a "Domestic Subsidiary Grantor"), Marquette Rail, LLC (a "New Domestic Subsidiary Grantor," and together with the Domestic Subsidiary Grantors, collectively the "Domestic Subsidiary Grantors") and Morgan Stanley Senior Funding, Inc. (as successor-in-interest to U.S. Bank National Association), as collateral agent (in such capacity, the "Collateral Agent"), pursuant to that certain Security Agreement (the "Security Agreement"), dated as of June 23, 2009, among the Company, each Domestic Subsidiary Grantor and the Collateral Agent to secure, *inter alia*, certain rail equipment.

The Company and each Domestic Subsidiary Grantor granted the Collateral Agent a first priority security interest in all locomotives, railcars and other rolling stock of the Company and each Domestic Subsidiary Grantor, whether now owned or hereafter acquired, as evidenced by that certain Memorandum of Security Agreement, dated as of June 23, 2009, which was recorded at the Surface Transportation Board on June 23, 2009 at 2:10 pm under Recordation No. 27990, as amended by that certain First Amendment to Memorandum of Security Agreement, dated as of June 30, 2011, which was recorded at the Surface Transportation Board on July 14, 2011 at 12:21 pm under Recordation No. 27990-A, as amended by that certain Second Amendment to Memorandum of Security Agreement, dated as of August 12, 2011, which was recorded at the Surface Transportation Board on October 12, 2011 at 9:56

am under Recordation No. 27990-B, as amended by that certain Third Amendment to Memorandum of Security Agreement, dated as of May 31, 2012, which was recorded at the Surface Transportation Board on June 12, 2012 at 10:08 am under Recordation No. 27990-F, as amended by that certain Fourth Amendment to Memorandum of Security Agreement, dated as of June 25, 2012, which was recorded at the Surface Transportation Board on July 25, 2012 at 12:52 pm under Recordation No. 27990-H, as amended by that certain Fifth Amendment to Memorandum of Security Agreement, dated as of June 25, 2012, which was recorded at the Surface Transportation Board on July 25, 2012 at 1:00 pm under Recordation No. 27990-H.

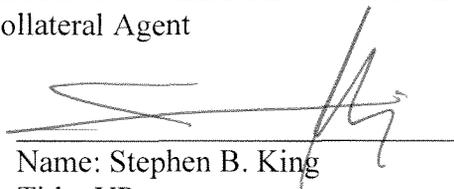
The Collateral Agent and the Grantors hereby acknowledge that the Collateral Agent has terminated the Security Agreement, and terminated, canceled, discharged, reassigned and released any and all liens and security interests arising under the Security Agreement.

*[Signature Pages Follow.]*

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Fifth Amendment to Memorandum of Security Agreement to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written.

COLLATERAL AGENT:

MORGAN STANLEY SENIOR FUNDING, INC.,  
as Collateral Agent

By:   
Name: Stephen B. King  
Title: VP

COMPANY:

RAILAMERICA, INC.

By: \_\_\_\_\_  
Name: Scott G. Williams  
Title: Senior Vice President and Secretary

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Fifth Amendment to Memorandum of Security Agreement to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written.

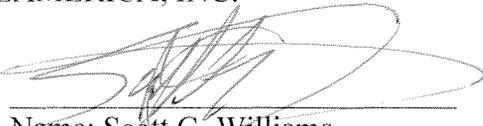
COLLATERAL AGENT:

MORGAN STANLEY SENIOR FUNDING, INC.,  
as Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

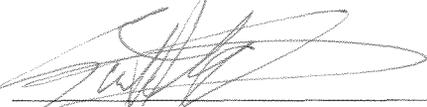
COMPANY:

RAILAMERICA, INC.

By:  \_\_\_\_\_  
Name: Scott G. Williams  
Title: Senior Vice President and Secretary

DOMESTIC SUBSIDIARY GRANTORS:

PALM BEACH RAIL HOLDING, INC.

By:   
Name: Scott G. Williams  
Title: President

RAILAMERICA TRANSPORTATION CORP.

By:   
Name: Joshua Putterman  
Title: Vice President

A. & R. LINE, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

ALABAMA & GULF COAST RAILWAY L.L.C.

By:   
Name: Joshua Putterman  
Title: Vice President

ARIZONA & CALIFORNIA RAILROAD COMPANY

By:   
Name: Joshua Putterman  
Title: Vice President

BAUXITE & NORTHERN RAILWAY COMPANY

By:   
Name: Joshua Putterman  
Title: Vice President

CALIFORNIA NORTHERN RAILROAD COMPANY

By:   
Name: Joshua Putterman  
Title: Vice President

CASCADE AND COLUMBIA RIVER RAILROAD COMPANY

By:   
Name: Joshua Putterman  
Title: Vice President

CENTRAL OREGON & PACIFIC RAILROAD, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

THE CENTRAL RAILROAD COMPANY OF INDIANA

By:   
Name: Joshua Putterman  
Title: Vice President

CENTRAL RAILROAD COMPANY OF INDIANAPOLIS

By:   
Name: Joshua Putterman  
Title: Vice President

CONNECTICUT SOUTHERN RAILROAD, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

DALLAS, GARLAND & NORTHEASTERN RAILROAD, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

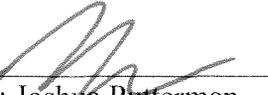
EASTERN ALABAMA RAILWAY, LLC

By:   
Name: Joshua Putterman  
Title: Vice President

HURON & EASTERN RAILWAY COMPANY, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

INDIANA & OHIO RAIL CORP.

By:   
Name: Joshua Putterman  
Title: Vice President

INDIANA & OHIO RAILWAY COMPANY

By:   
Name: Joshua Putterman  
Title: Vice President

INDIANA SOUTHERN RAILROAD, LLC

By:   
Name: Joshua Putterman  
Title: Vice President

KIAMICHI RAILROAD COMPANY L.L.C.

By:   
Name: Joshua Putterman  
Title: Vice President

KYLE RAILROAD COMPANY

By:   
Name: Joshua Putterman  
Title: Vice President

KYLE RAILWAYS, LLC

By:   
Name: Joshua Putterman  
Title: Vice President

THE MASSENA TERMINAL RAILROAD COMPANY

By:   
Name: Joshua Putterman  
Title: Vice President

MID-MICHIGAN RAILROAD, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

MISSOURI & NORTHERN ARKANSAS RAILROAD COMPANY, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

NEW ENGLAND CENTRAL RAILROAD, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

NEW STATESRAIL HOLDINGS, LLC

By:   
Name: Joshua Putterman  
Title: Vice President

NORTH CAROLINA & VIRGINIA RAILROAD COMPANY, LLC

By:   
Name: Joshua Putterman  
Title: Vice President

OTTER TAIL VALLEY RAILROAD COMPANY, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

POINT COMFORT AND NORTHERN RAILWAY COMPANY

By:   
Name: Joshua Putterman  
Title: Vice President

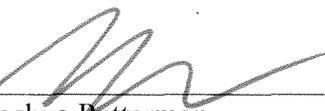
PUGET SOUND & PACIFIC RAILROAD COMPANY

By:   
Name: Joshua Putterman  
Title: Vice President

RAILAMERICA CONTRACT SWITCHING SERVICES, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

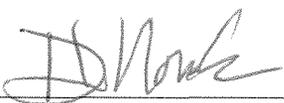
RAILAMERICA EQUIPMENT CORP.

By:   
Name: Joshua Putterman  
Title: Vice President

RAILAMERICA INTERMODAL SERVICES, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

RAILAMERICA OPERATIONS SHARED SERVICES, INC.

By:   
Name: David Novak  
Title: President

RAILAMERICA OPERATIONS SUPPORT GROUP, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

RAILTEX, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

ROCKDALE, SANDOW & SOUTHERN RAILROAD COMPANY

By:   
Name: Joshua Putterman  
Title: Vice President

SAN DIEGO & IMPERIAL VALLEY RAILROAD COMPANY, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

SAN JOAQUIN VALLEY RAILROAD COMPANY

By:   
Name: Joshua Putterman  
Title: Vice President

SAN PEDRO TRAILS, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

SOUTH CAROLINA CENTRAL RAILROAD COMPANY, LLC

By:   
Name: Joshua Putterman  
Title: Vice President

SOUTH EAST RAIL, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

STATESRAIL II RAILROAD LLC

By:   
Name: Joshua Putterman  
Title: Vice President

STATESRAIL, LLC

By:   
Name: Joshua Putterman  
Title: Vice President

TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION

By:   
Name: Joshua Putterman  
Title: Vice President

VENTURA COUNTY RAILROAD COMPANY

By:   
Name: Joshua Putterman  
Title: Vice President

CONECUH VALLEY RAILWAY, LLC

By:   
Name: Joshua Putterman  
Title: Vice President

THREE NOTCH RAILWAY, LLC

By:   
Name: Joshua Putterman  
Title: Vice President

WIREGRASS CENTRAL RAILWAY, LLC

By:   
Name: Joshua Putterman  
Title: Vice President

DELPHOS TERMINAL COMPANY, INC.

By:   
Name: Joshua Putterman  
Title: Vice President

TRANSRAIL HOLDINGS, LLC

By:   
Name: Scott Williams  
Title: Vice President & Secretary

WELLSBORO & CORNING RAILROAD, LLC

By:   
Name: James Shefelbine  
Title: Vice President & Secretary

TRANSRAIL NORTH AMERICA, LLC

By:   
Name: Scott Williams  
Title: Vice President & Secretary

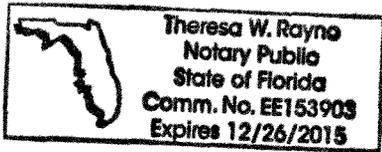
MARQUETTE RAIL, LLC

By:   
Name: David Novak  
Title: Vice President



STATE OF FLORIDA        )  
                                  )        SS:  
COUNTY OF DUVAL        )

On this 1<sup>st</sup> day of October, 2012, before me personally appeared Scott G. Williams, to me personally known, who being duly sworn, stated that he is the Senior Vice President, General Counsel and Secretary of RailAmerica, Inc., President of Palm Beach Rail Holding, Inc. and Vice President and Secretary of TransRail Holdings, LLC and TransRail North America, LLC, and that the instrument was signed on behalf of the said corporation by authority of its board of directors, and he acknowledged that the execution of said instrument to be its voluntary act and deed. Before me:

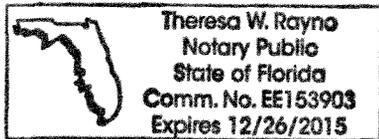


*Theresa W. Rayno*  
\_\_\_\_\_  
Notary Public for Florida  
My Commission expires: 12/26/15

SEAL

STATE OF FLORIDA        )  
                                  )  
COUNTY OF DUVAL        )        SS:

On this 1<sup>st</sup> day of October, 2012, before me personally appeared James Shefelbine, to me personally known, who being duly sworn, stated that he is the Vice President and Secretary of Wellsboro & Corning Railroad, LLC, and that the instrument was signed on behalf of the said corporation by authority of its board of directors, and he acknowledged that the execution of said instrument to be its voluntary act and deed. Before me:



Theresa W. Rayno  
Notary Public for Florida  
My Commission expires: 12/26/15

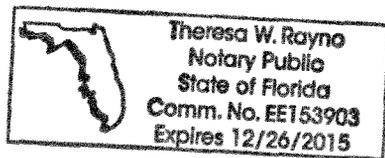
SEAL

STATE OF FLORIDA )

) SS:

COUNTY OF DUVAL )

On this 1<sup>st</sup> day of October, 2012, before me personally appeared Joshua Putterman,, to me personally known, who being duly sworn, stated that he is the Vice President, RailAmerica Transportation Corp., Alabama & Gulf Coast Railway L.L.C., Arizona & California Railroad Company, Bauxite & Northern Railway Company, California Northern Railroad Company, Cascade and Columbia River Railroad Company, Central Oregon & Pacific Railroad, Inc., The Central Railroad Company of Indiana, Central Railroad Company of Indianapolis, Connecticut Southern Railroad, Inc., Dallas, Garland & Northeastern Railroad, Inc., Eastern Alabama Railway, Inc., Huron & Eastern Railway Company, Inc., Indiana & Ohio Rail Corp., Indiana & Ohio Railway Company, Indiana Southern Railroad, Inc., Kiamichi Railroad Company L.L.C., Kyle Railroad Company, Kyle Railways, Inc., The Massena Terminal Railroad Company, Mid-Michigan Railroad, Inc., Missouri & Northern Arkansas Railroad Company, Inc., New England Central Railroad, Inc., New StatesRail Holdings, Inc., North Carolina & Virginia Railroad Company, Inc., Otter Tail Valley Railroad Company, Inc., Point Comfort and Northern Railway Company, Puget Sound & Pacific Railroad Company, RailAmerica Contract Switching Services, Inc., RailAmerica Equipment Corp., RailAmerica Intermodal Services, Inc., RailAmerica Operations Shared Services, Inc., RailAmerica Operations Support Group, Inc., RailTex, Inc., Rockdale, Sandow & Southern Railroad Company, San Diego & Imperial Valley Railroad Company, Inc., San Joaquin Valley Railroad Company, San Pedro Trails, Inc., South Carolina Central Railroad Company, Inc., South East Rail, Inc., StatesRail II Railroad Corp., StatesRail, Inc., Toledo, Peoria & Western Railway Corporation, Ventura County Railroad Company, Conecuh Valley Railway, LLC, Three Notch Railway, LLC, Wiregrass Central Railway, LLC and Delphos Terminal Company, Inc., and that the instrument was signed on behalf of the said corporation or said limited liability company by authority of its board of directors, and he acknowledged that the execution of said instrument to be its voluntary act and deed. Before me:

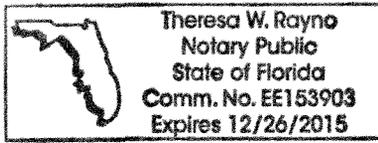


Theresa W. Rayno  
Notary Public for Florida  
My Commission expires: 12/26/15

SEAL

STATE OF FLORIDA        )  
  )        SS:  
COUNTY OF DUVAL        )

On this 1<sup>st</sup> day of October, 2012, before me personally appeared David Novak, to me personally known, who being duly sworn, stated that he is the President of RailAmerica Operations Shared Services, Inc. and a Vice President of Marquette Rail, LLC, and that the instrument was signed on behalf of the said corporation by authority of its board of directors, and he acknowledged that the execution of said instrument to be its voluntary act and deed. Before me:



Theresa W. Rayno  
Notary Public for Florida  
My Commission expires: 12/26/15

SEAL