

(Drawn by and mail to)
ROBINSON, BRADSHAW & HINSON, P.A.
1800 INDEPENDENCE CENTER
101 N. TRYON STREET
CHARLOTTE, NC 28246

25

STATE OF NORTH CAROLINA

MEMORANDUM OF LEASE

COUNTY OF FORSYTH
COUNTY OF STOKES
COUNTY OF SURRY
COUNTY OF WILKES
COUNTY OF YADKIN

BK1816 P3348

NORFOLK SOUTHERN CORPORATION, a Virginia corporation and successor in interest to Southern Railway Company, hereby leases to L & S HOLDING COMPANY, a North Carolina corporation, successor by merger to Laurinburg and Southern Railroad Company (aka Laurinburg & Southern Railroad Co.), for a term beginning December 11, 1989, and continuing for a maximum period of twenty (20) years, including extensions and renewals, if any, the following property:

(i) a line of railroad including real property, railroad right-of-way, railroad facilities, and appurtenances located thereon and affixed thereto between Milepost K-37.0 at Rural Hall, Forsyth County, North Carolina and Milepost K-100.2 at North Wilkesboro, Wilkes County, North Carolina, and (ii) a line of railroad including real property, railroad right-of-way, railroad facilities, and appurtenances located thereon and affixed thereto between Milepost CF-0.0 at Mount Airy, Surry County, North Carolina and Milepost CF-38.5 near Brook Cove, Stokes County, North Carolina.

There exists an option to purchase with respect to this leased property, in favor of the lessee, that expires upon the expiration or earlier termination of the lease, which is set forth at large in the complete agreement between the parties.

The provisions set forth in a written lease agreement between the parties dated December 8, 1989, are hereby incorporated in this Memorandum.

NORFOLK SOUTHERN CORPORATION,
successor in interest to Southern
Railway Company

By:

W. L. R.
Vice President & Treasurer

[CORPORATE SEAL]

Attest:

J. Pierce
Secretary

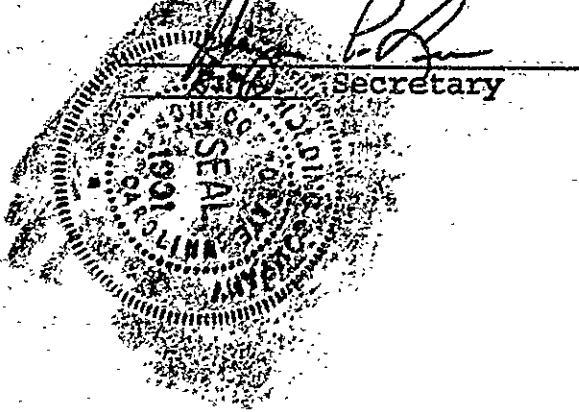
[Signatures Continued]

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L & S HOLDING COMPANY, successor
by merger to Laurinburg and
Southern Railroad Company

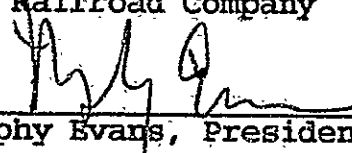
[CORPORATE SEAL]

Attest:



Secretary

By:


Murphy Evans, President

BK1816 P3350

STATE OF Virginia
City
COUNTY OF Norfolk

This 24th day of February, 1994, personally came before me William J. Romig, who, being by me duly sworn, says that he is the Vice President of NORFOLK SOUTHERN CORPORATION, a Virginia corporation, successor in interest to Southern Railway Company, and that the seal affixed to the foregoing instrument in writing is the corporate seal of the company, and that said writing was signed and sealed by him, in behalf of said corporation, by its authority duly given. And the said Vice President acknowledged the said writing to be the act and deed of said corporation.

Debra B. Cyburt (Commissioned Dawson)
Notary Public

My commission expires:

January 31, 1995.

[NOTARIAL SEAL]



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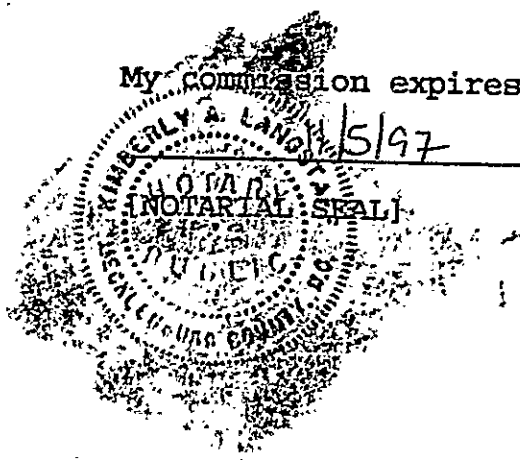
STATE OF NORTH CAROLINA

COUNTY OF Mecklenburg

This 25th day of February, 1994, personally came before me MURPHY EVANS, who, being by me duly sworn, says that he is the President of the L & S HOLDING COMPANY, a North Carolina corporation, successor by merger to Laurinburg and Southern Railroad Company (aka Laurinburg & Southern Railroad Co.), and that the seal affixed to the foregoing instrument in writing is the corporate seal of the company, and that said writing was signed and sealed by him, in behalf of said corporation, by its authority duly given. And the said President of the Railroad Division acknowledged the said writing to be the act and deed of said corporation.

Kimberly A. Langstaff
Notary Public

My commission expires:



STATE OF NORTH CAROLINA—Forsyth County

PRESENTED FOR
The foregoing (or annexed) certificate REGISTERED
AND RECORDED
of Kimberly A. Langstaff, Notary Public, Mecklenburg Co NC
is (are) certified to be correct. This the 4th day of March, 1994

L.E. SPEAS L. E. Speas, Register of Deeds
REGISTER OF DEEDS
FORSYTH CO. N.C.

Probate and Filing Fee \$ 14.00 paid.
Kathy Inman

Kathy Inman Deputy Assistant