

Prepared By: Robinson, Bradshaw & Hinton, P.A.  
Return To: David R. Fricke, Hunton & Williams, P. O. Box 109, Raleigh, NC 27602

STATE OF NORTH CAROLINA

MEMORANDUM OF SUBLEASE

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

88

BM1818 P2238

L & S HOLDING COMPANY ("Sublessor"), a North Carolina corporation, successor by merger to Laurinburg and Southern Railroad Company (aka Laurinburg & Southern Railroad Co.), hereby subleases to PIEDMONT & ATLANTIC RAILROAD CO., INC. ("Sublessee"), a Tennessee corporation, for a term beginning February 28, 1994, and continuing for a maximum period of five (5) 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.

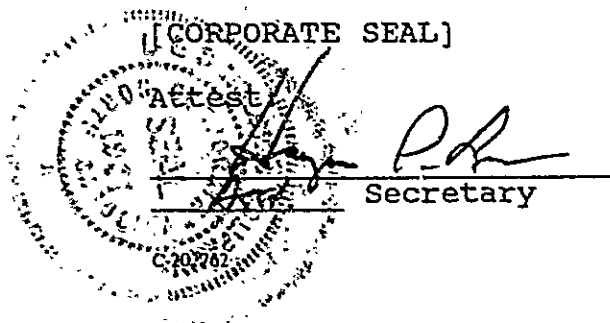
There exists an option to purchase with respect to this subleased property, in favor of the Sublessee, that expires upon the expiration or earlier termination of the sublease, which is set forth at large in the complete agreement between the parties.

The provisions set forth in a written sublease agreement between the parties dated as of February 28, 1994, are hereby incorporated in this Memorandum. Sublessor leases the above described property from NORFOLK SOUTHERN CORPORATION, a Virginia corporation and successor in interest to Southern Railway Company, pursuant to a written agreement dated December 8, 1989.

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

By:

Murphy Evans, President



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[Signatures Continued]



[CORPORATE SEAL]

PIEDMONT & ATLANTIC RAILROAD CO.,  
INC., a Tennessee corporation

Attest:

*L. L. L.*  
Secretary

By:

*[Signature]*  
President

BK1818 P2240

*Tennessee*

~~STATE OF NORTH CAROLINA~~

COUNTY OF *Knox*

This *24<sup>th</sup>* 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.

*Lisa L. Powers*  
Notary Public

My commission expires:

*4-17-95*

[NOTARIAL SEAL]

*Tennessee*

~~STATE OF NORTH CAROLINA~~

COUNTY OF *Knox*

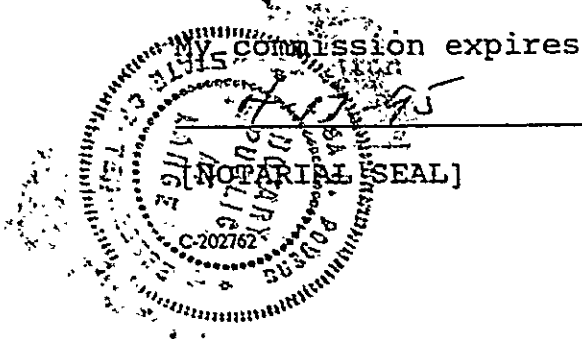
This *24<sup>th</sup>* day of *February*, 1994, personally came before me *H. Peter Clayton*, who, being by me duly sworn, says that he is the        President of PIEDMONT & ATLANTIC RAILROAD CO., INC., a Tennessee corporation, and that the seal affixed to the foregoing instrument in writing is the corporate 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 acknowledged the said writing to be the act and deed of said corporation.

*Lisa L. Powers*  
Notary Public

My commission expires:

*4-17-95*

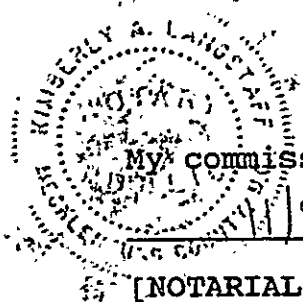
[NOTARIAL SEAL]



STATE OF NORTH CAROLINA

COUNTY OF Mocklenburg

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:

[NOTARIAL SEAL]

STATE OF NORTH CAROLINA

COUNTY OF \_\_\_\_\_

This \_\_\_\_\_ day of \_\_\_\_\_, 1994, personally came before me \_\_\_\_\_, who, being by me duly sworn, says that he is the \_\_\_\_\_ President of PIEDMONT & ATLANTIC RAILROAD CO., INC., a Tennessee corporation, 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 acknowledged the said writing to be the act and deed of said corporation.

STATE OF NORTH CAROLINA—Forsyth County

The foregoing (or annexed) certificate \_\_\_\_\_

\_\_\_\_\_ (here give name and official title of the officer signing the certificate passed upon)

/ (are) certified to be correct. This the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

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

Deputy Assistant

Probate and Filing Fee \$ 14.00 paid.

Kathy J. Mowbray