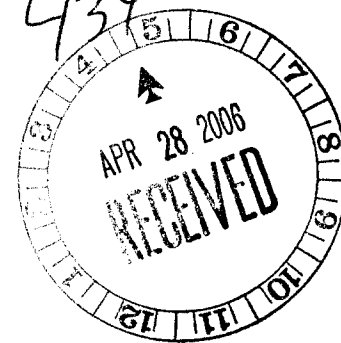


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BAKER & MILLER PLLC

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William A. Mullins

Direct Dial: (202) 663-7823
E-Mail: wmullins@bakerandmiller.com

April 28, 2006

BY HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Re: *Four Rivers Transportation, Inc.-Control Exemption-Appalachian
& Ohio Railroad, Inc.*
STB Finance Docket No. 34856

Dear Secretary Williams:

Enclosed herewith are an original and 11 copies of a Verified Notice of Exemption on behalf of Four Rivers Transportation, Inc. ("Four Rivers"), to acquire control of Appalachian & Ohio Railroad, Inc. ("A&O"), while retaining control of Four Rivers' two other rail carrier subsidiaries, the Paducah & Louisville Railway, Inc., and Evansville Western Railway, Inc. Also enclosed is a filing fee check in the amount of \$1100.00 to cover this exemption notice filed pursuant to 49 CFR §1180.2(d)(2).

Please acknowledge receipt and filing of the enclosed notice of exemption by stamping the enclosed 11th copy of this notice and returning it to the person delivering the notice for return to me. If there are any questions concerning this filing, please contact me at the address and phone listed above or at wmullins@bakerandmiller.com.

FILED

Respectfully submitted,


William A. Mullins

cc: J. Thomas Garrett, Esq.
Watco Companies

TRANSPORTATION BOARD

RECEIVED

TRANSPORTATION BOARD

216434

BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 34856

FOUR RIVERS TRANSPORTATION, INC. — CONTROL EXEMPTION —
APPALACHIAN & OHIO RAILROAD, INC.

VERIFIED NOTICE OF EXEMPTION

RECEIVED
APR 28 2006
SURFACE TRANSPORTATION BOARD

FILED

APR 28 2006

SURFACE
TRANSPORTATION BOARD

J. Thomas Garrett
Executive Vice President and General
Counsel
Four Rivers Transportation, Inc.
1500 Kentucky Avenue
Paducah, KY 42003-2893
Phone: (270) 444-4430
Facsimile: (270) 444-4388

William A. Mullins
David C. Reeves
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Suite 300
Washington, DC 20037
Phone: (202) 663-7820
Facsimile: (202) 663-7849

Attorneys for: Four Rivers Transportation, Inc.

Dated: April 28, 2006

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34856

**FOUR RIVERS TRANSPORTATION, INC. — CONTROL EXEMPTION —
APPALACHIAN & OHIO RAILROAD, INC.**

VERIFIED NOTICE OF EXEMPTION

Pursuant to 49 C.F.R. §§ 1180.2(d)(2) and 1180.4(g), Four Rivers Transportation, Inc. ("Four Rivers"), a non-carrier corporation that currently controls Paducah & Louisville Railway, Inc. ("PAL"), a Class 2 carrier, and Evansville Western Railway, Inc. ("EVWR"), a Class 3 carrier, files with the Surface Transportation Board (the "Board") this Verified Notice of Exemption. This Verified Notice of Exemption is being filed to permit Four Rivers to acquire control of the Appalachian & Ohio Railroad, Inc. ("A&O"), a Class III railroad, through the acquisition of all of A&O's stock by Four Rivers from Watco Companies, Inc. ("Watco"), the non-carrier corporate parent of A&O.

a. **1180.6(a)(1)(i).** A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.

Four Rivers, 1500 Kentucky Avenue, Paducah, KY 42003-2893, 270-444-4430, seeks to acquire 100% of the outstanding stock of A&O from Watco. A&O, 54 N. Kanawha Buckhannon, WV 26201, 304-472-3710, is a Class III common carrier railroad. A&O is currently owned 100% by Watco, a non-carrier corporation whose address is 315 W. 3rd St., Pittsburgh, KS, 66762.

Although no definitive agreement has yet been reached, Four Rivers and Watco have reached preliminary agreement on the significant terms and conditions of the proposed transaction. Under the proposed transaction, Four Rivers will acquire 100% of the outstanding stock of A&O from Watco pursuant to a Stock Purchase Agreement (the "SPA"). A draft of a proposed SPA is being filed under seal in Exhibit B, concurrent with a Motion for Protective Order. If the transaction is ultimately consummated, Four Rivers, a non-carrier holding company that already controls two railroads, will obtain control of A&O.

Four Rivers controls the PAL, which in turn controls the EVWR. PAL is a Class II railroad operating over approximately 262 miles of track it owns from Louisville, KY to Clayburn, KY. EVWR is a Class III railroad operating over approximately 124.5 miles of a rail line between Evansville, IN, milepost OOH-324.0, and Okawville, IL, milepost OOH-445.7, including the Mt. Vernon Branch between milepost OZJ-300 and milepost OZJ-302.8.

A&O leases 158.22 miles of rail lines located between: (1) milepost BUC 0.0, at Berkeley Run Jct., WV, and milepost BUC 119.0, at Cowen, WV; (2) milepost BUN 0.0, at Berryburg Jct., WV, and milepost BUN 4.0, at the Sentinel Mine near Berryburg Jct.; (3) milepost BUO 0.0, at Century Jct., WV, and milepost BUO 5.05, at the Century Mine, near Century Jct.; (4) milepost BUJ 0.0, at Buckhannon, WV, and milepost BUJ 1.65, near Buckhannon; (5) milepost BUF 0.0, at Burnsville, WV, and milepost BUF 6.2, at Gilmer, WV; (6) milepost BUR 0.0, at Cowen, and milepost BUR 1.0, near Cowen; (7) milepost BUH 0.0, at Hampton Jct., WV, and milepost BUH 17.0, at Alexander, WV; and (8) milepost BTF 0.0, at Island Creek Jct., WV, and milepost BTF 4.32, near Island Creek Jct., WV.¹

¹ *Appalachian & Ohio Railroad, Inc.—Lease and Operation Exemption—CSX Transportation, Inc.*, STB Finance Docket No. 34653 (STB served March 11, 2005).

As can be seen from the descriptions of the railroad subsidiaries of Four Rivers and A&O, and the maps contained in Exhibit A, the properties operated by A&O in West Virginia and Four Rivers' subsidiaries in Kentucky, Indiana and Illinois do not connect.

As noted, the properties of A&O and Four Rivers' subsidiaries do not connect and the acquisition of control of A&O by Four Rivers is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in Four Rivers' corporate family. Four Rivers' control of A&O does not involve a Class I carrier. As a result of the transaction, there will not be substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States.

Counsel to whom questions concerning the transaction can be addressed are: J. Thomas Garrett, Executive Vice President and General Counsel, Four Rivers Transportation, Inc., 1500 Kentucky Avenue, Paducah, KY 42003-2893, (270) 444-4430, and William A. Mullins, Baker & Miller PLLC, 2401 Pennsylvania Avenue, NW, Suite 300, Washington, DC 20037, (202) 663-7820.

b. **1180.6(a)(1)(ii).** The proposed time schedule for consummation of the proposed transaction.

Four Rivers intends to acquire the stock of A&O and acquire control of A&O as soon as a definitive agreement can be reached and signed, but in no event will the transaction be consummated before May 5, 2006.

c. **1180.6(a)(1)(iii).** The purpose sought to be accomplished by the proposed transaction, e.g., operating economies, eliminating excess facilities, improving service, or improving the financial viability of the applicants.

Four Rivers has been the successful owner of short line railroads for more than a decade. Four Rivers intends to use its experience and expertise in operating short line railroads,

particularly in coal fields in the eastern United States, to effect operating efficiencies for A&O, to improve A&O's service to shippers, and to strengthen the financial viability of A&O.

d. **1180.6(a)(5).** A list of the State(s) in which any part of the property of each applicant carrier is situated.

Four Rivers' railroad subsidiaries operate in the States of Indiana, Illinois and Kentucky. A&O operates in the State of West Virginia.

e. **1180.6(a)(6). Map (Exhibit A).** Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relations to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed. If a geographically limited transaction is proposed, a map detailing the transaction should also be included. In addition to the map accompanying each application, 20 unbound copies of the map shall be filed with the Board.

See Exhibit A. (EVWR is referred to as "St. Louis Subdivision" on the second map contained in Exhibit A.)

f. **1180.6(a)(7)(ii). Agreement (Exhibit B).** Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction.

Under the proposed SPA, Four Rivers will acquire the stock of A&O from Watco. The proposed SPA is being filed under seal as a Highly Confidential document pursuant to a concurrently filed Motion for Protective Order. As such, it is enclosed in a separate envelope, marked Exhibit B, Highly Confidential Documents.

g. Labor Protection.

As the transaction involves one Class 2 and one or more Class 3 carriers, labor protection will be provided in accordance with 49 U.S.C. § 11326(b).

h. Environmental and Historical documentation.

As the transaction involves continued operations by A&O, Four Rivers' control of A&O will not result in any operational changes that would exceed the thresholds established in 49

C.F.R. §1105.7(e)(4) or (5) and there will be no action that would normally require environmental documentation. Hence, this Notice of Exemption does not require environmental documentation under 49 C.F.R. §1105.6(b)(4) and (c)(2).

An historic report is likewise not required because A&O will continue to operate the Line, will require further Board approval as required to discontinue and abandon any service, and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. §1105.8(b)(1).

Respectfully submitted,



J. Thomas Garrett
Executive Vice President and General Counsel
Four Rivers Transportation, Inc.
1500 Kentucky Avenue
Paducah, KY 42003-2893
Phone: (270) 444-4430
Facsimile: (270) 444-4388

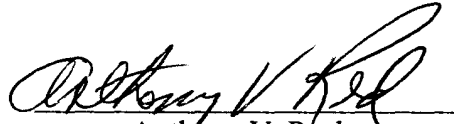
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Attorneys for: Four Rivers Transportation, Inc.

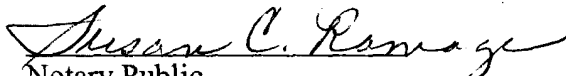
Dated: April 28, 2006

VERIFICATION

Anthony V. Reck, being duly sworn, deposes and says that he is President and Chief Executive Officer of Four Rivers Transportation, Inc., that he has read the foregoing, knows the contents thereof, and that the same are true as stated to the best of his knowledge, information, and belief.


Anthony V. Reck

Subscribed and sworn to before me this 22 day of March, 2006.


Notary Public

My Commission expires: 10-20-2009

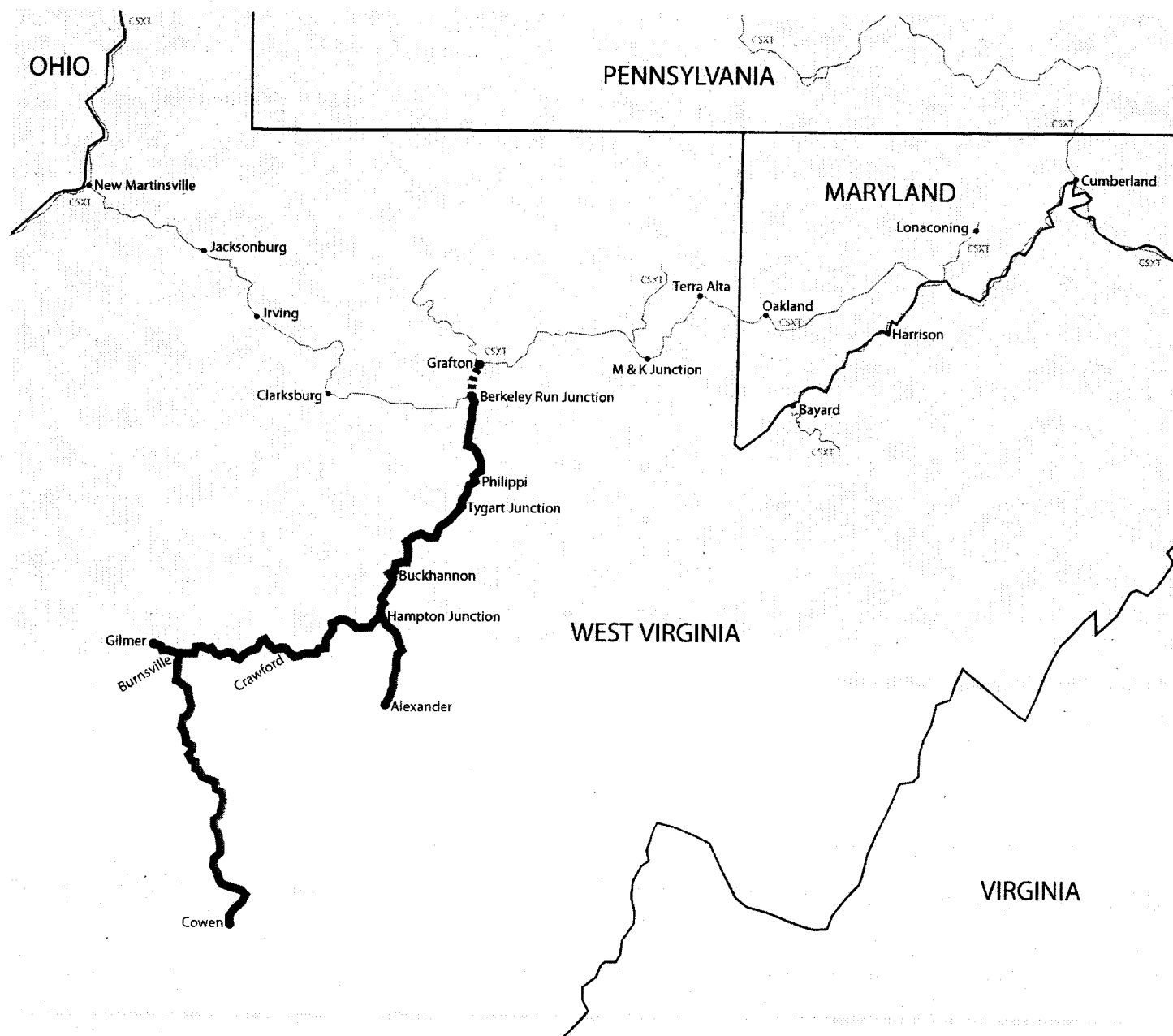
**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34856

**FOUR RIVERS TRANSPORTATION, INC. — CONTROL EXEMPTION —
APPALACHIAN & OHIO RAILROAD, INC.**

VERIFIED NOTICE OF EXEMPTION

EXHIBIT A—MAPS



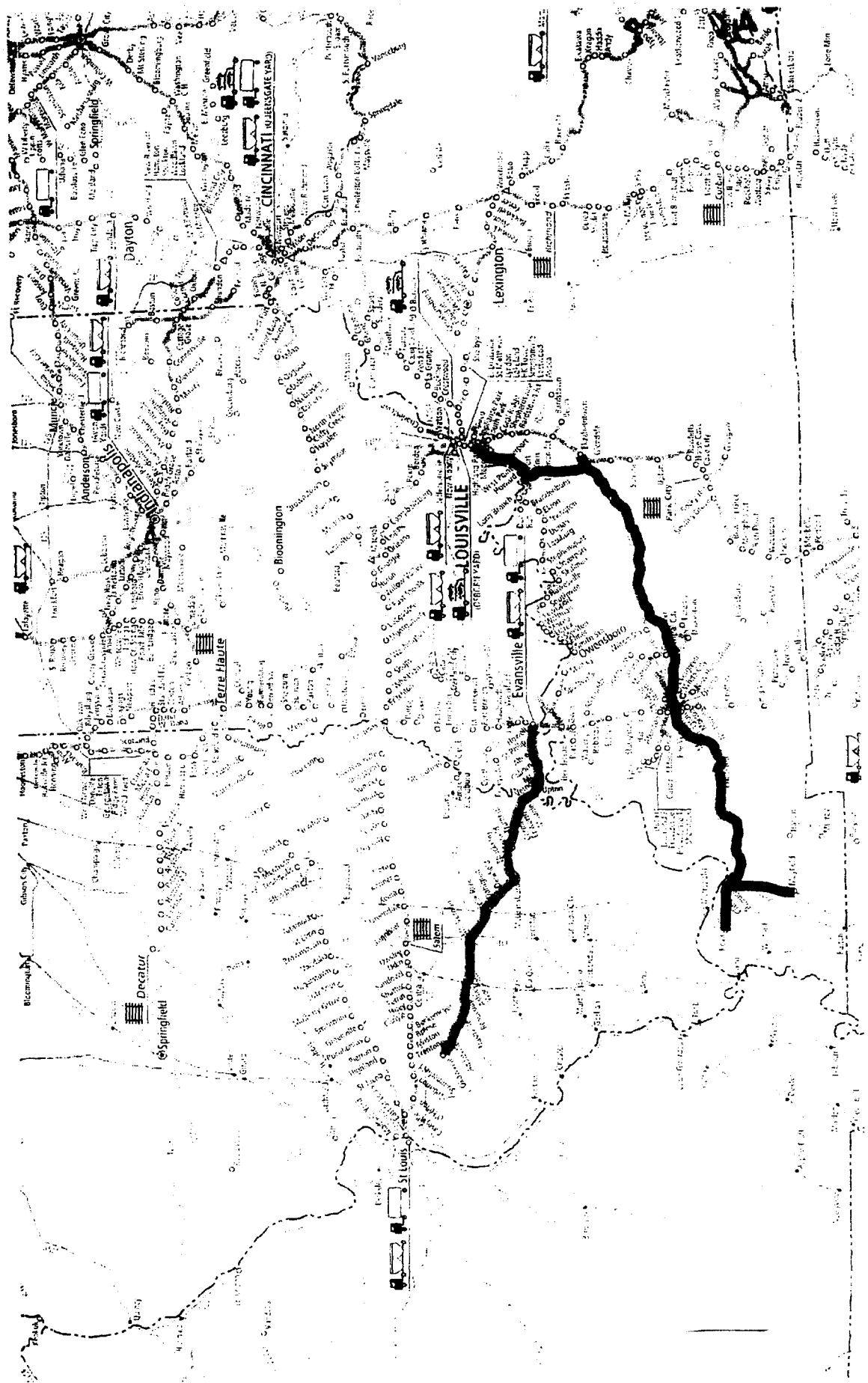
LEGEND:

Appalachian & Ohio Railroad (A&O)
Appalachian & Ohio Trackage Rights



Interchanges
CSXT - Grafton

1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 26



**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34856

**FOUR RIVERS TRANSPORTATION, INC. — CONTROL EXEMPTION —
APPALACHIAN & OHIO RAILROAD, INC.**

VERIFIED NOTICE OF EXEMPTION

EXHIBIT B—AGREEMENT

PUBLIC VERSION (REDACTED)

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement") is made as of April ____, 2006, by FOUR RIVERS TRANSPORTATION, INC., a Delaware corporation ("Buyer"), and WATCO TRANSPORTATION SERVICES, INC., a Kansas corporation ("Seller").

RECITALS

WHEREAS, Buyer desires to purchase from the Seller, on the following terms and conditions, all of the issued and outstanding shares (the "Shares") of capital stock of Appalachian and Ohio Railroad, Inc., a West Virginia corporation (the "Company"), for the consideration and on the terms set forth in this Agreement; and

WHEREAS, the Seller has agreed to sell to Buyer, on the following terms and conditions, the Shares.

NOW, THEREFORE, for and in consideration of the premises, which are not mere recitals, and other good and valuable consideration, the receipt of which and the legal sufficiency of all of which are hereby acknowledged, the parties intending to be legally bound, do hereby covenant and agree as follows:

SECTION 1. DEFINITIONS

For purposes of this Agreement, the following terms have the meanings specified or referred to in this Section 1:

"Applicable Contract"--any Contract (a) under which the Company has or may acquire any rights, (b) under which the Company has or may become subject to any obligation or liability, or (c) by which the Company or any of the assets owned or used by it is or may become bound.

"Breach"--a "Breach" of a representation, warranty, covenant, obligation, or other provision of this Agreement or any instrument delivered pursuant to this Agreement will be deemed to have occurred if there is or has been (other than non-material events, both when viewed individually or collectively if a series of related events) (a) any inaccuracy in or breach of, or any failure to perform or comply with, such representation, warranty, covenant, obligation, or other provision, or (b) any claim (by any Person) or other occurrence or circumstance that is or was inconsistent with such representation, warranty, covenant, obligation, or other provision, and the term "Breach" means any such inaccuracy, breach, failure, claim, occurrence, or circumstance.

"Closing Date"--the date and time as of which the Closing actually takes place.

"Consent"--any approval, consent, ratification, waiver, or other authorization (including any Governmental Authorization).

"Contemplated Transactions"--all of the transactions contemplated by this Agreement, including:

- (a) the sale of the Shares by Seller to Buyer;
- (b) the performance by Buyer and Seller of their respective covenants and obligations under this Agreement; and
- (c) Buyer's acquisition and ownership of the Shares and exercise of control over the Company.

"Contract"--any agreement, contract, obligation, promise, or undertaking (whether written or oral and whether express or implied) that is legally binding.

"Encumbrance"--any charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership.

"Environment"--soil, land surface or subsurface strata, surface waters (including navigable waters, ocean waters, streams, ponds, drainage basins, and wetlands), groundwaters, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life, and any other environmental medium or natural resource.

"Environmental, Health, and Safety Liabilities"--any cost, damages, expense, liability, obligation, or other responsibility arising from or under Environmental Law or Occupational Safety and Health Law and consisting of or relating to:

- (a) any environmental, health, or safety matters or conditions (including on-site or off-site contamination, occupational safety and health, and regulation of chemical substances or products);
- (b) fines, penalties, judgments, awards, settlements, legal or administrative proceedings, damages, losses, claims, demands and response, investigative, remedial, or inspection costs and expenses arising under Environmental Law or Occupational Safety and Health Law;
- (c) financial responsibility under Environmental Law or Occupational Safety and Health Law for cleanup costs or corrective action, including any investigation, cleanup, removal, containment, or other remediation or response actions ("Cleanup") required by applicable Environmental Law or Occupational Safety and Health Law (whether or not such Cleanup has been required or requested by any Governmental Body or any other Person) and for any natural resource damages; or
- (d) any other compliance, corrective, investigative, or remedial measures required under Environmental Law or Occupational Safety and Health Law.

The terms "removal," "remedial," and "response action," include the types of activities covered by the United States Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 et seq., as amended ("CERCLA").

"Environmental Law"--any Legal Requirement that requires or relates to:

- (a) advising appropriate authorities, employees, and the public of intended or actual releases of pollutants or hazardous substances or materials, violations of discharge limits, or other prohibitions and of the commencements of activities, such as resource extraction or construction, that could have significant impact on the Environment;
- (b) preventing or reducing to acceptable levels the release of pollutants or hazardous substances or materials into the Environment;
- (c) reducing the quantities, preventing the release, or minimizing the hazardous characteristics of wastes that are generated;
- (d) reducing to acceptable levels the risks inherent in the transportation of hazardous substances, pollutants, oil, or other potentially harmful substances;
- (e) cleaning up pollutants that have been released, preventing the threat of release, or paying the costs of such clean up or prevention; or
- (f) making responsible parties pay for damages done to their health or the Environment.

"ERISA"--the Employee Retirement Income Security Act of 1974 or any successor law, and regulations and rules issued pursuant to that Act or any successor law.

"Facilities"--any real property, leaseholds, or other interests currently or formerly owned or operated by the Company and any buildings, plants, structures, or equipment (including but not limited to, motor vehicles, railroad engines and cars, tank cars, and rolling stock) currently or formerly owned or operated by the Company.

"Governmental Authorization"--any approval, consent, exemption, license, permit, waiver, or other authorization issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"Governmental Body"— shall mean any federal, state, local, municipal, foreign, or other governmental or quasi-governmental authority of any body (including any governmental agency, branch, department, official, or entity and any court or other tribunal) entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature over the parties.

"Hazardous Activity"--the distribution, generation, handling, importing, management, manufacturing, processing, production, refinement, Release, storage, transfer, transportation,

treatment, or use (including any withdrawal or other use of groundwater) of Hazardous Materials in, on, under, about, or from the Facilities or any part thereof into the Environment, and any other act, business, operation, or thing that increases the danger, or risk of danger, or poses an unreasonable risk of harm to persons or property on or off the Facilities, or that may affect the value of the Facilities or the Company.

“Hazardous Materials”--any waste or other substance that is listed, defined, designated, or classified as, or otherwise determined to be, hazardous, radioactive, or toxic or a pollutant or a contaminant under or pursuant to any Environmental Law, including any admixture or solution thereof, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials.

“IRC”--the Internal Revenue Code of 1986 or any successor law, and regulations issued by the IRS pursuant to the Internal Revenue Code or any successor law.

“IRS”--the United States Internal Revenue Service or any successor agency, and, to the extent relevant, the United States Department of the Treasury.

“Knowledge”--an individual will be deemed to have “Knowledge” of a particular fact or other matter if:

(a) such individual is actually aware of such fact or other matter; or

(b) a prudent individual could be expected to discover or otherwise become aware of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or other matter.

A Person (other than an individual) will be deemed to have “Knowledge” of a particular fact or other matter if any individual who is serving, or who has at any time served, as a director, officer, partner, executor, or trustee of such Person (or in any similar capacity) has, or at any time had, Knowledge of such fact or other matter.

“Legal Requirement”--any federal, state, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute, or treaty.

“Occupational Safety and Health Law”--any Legal Requirement designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards, and any program, whether governmental or private (including those promulgated or sponsored by industry associations and insurance companies), designed to provide safe and healthful working conditions.

“Order”--any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Body or by any arbitrator.

“Ordinary Course of Business”--an action taken by a Person will be deemed to have been taken in the “Ordinary Course of Business” only if:

(a) such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person;

(b) such action is not required to be authorized by the board of directors of such Person (or by any Person or group of Persons exercising similar authority) and is not required to be specifically authorized by the parent company (if any) of such Person; and

(c) such action is similar in nature and magnitude to actions customarily taken, without any authorization by the board of directors (or by any Person or group of Persons exercising similar authority), in the ordinary course of the normal day-to-day operations of other Persons that are in the same line of business as such Person.

“Organizational Documents”--the articles or certificate of incorporation and the bylaws of the Company and any amendment to any of the foregoing.

“Person”--any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Body.

“Proceeding”--any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

“Release”--any spilling, leaking, emitting, discharging, depositing, escaping, leaching, dumping, or other releasing into the Environment, whether intentional or unintentional.

“Representative”--with respect to a particular Person, any director, officer, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

“Securities Act”--the Securities Act of 1933 or any successor law, and regulations and rules issued pursuant to that Act or any successor law.

“Subsidiary”--with respect to any Person (the “Owner”), any corporation or other Person of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred) are held by the Owner or one or more of its Subsidiaries; when used without reference to a particular Person, “Subsidiary” means a Subsidiary of the Company.

“Tax Return”--any return (including any information return), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed

with or submitted to, any Governmental Body in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Legal Requirement relating to any Tax.

“Threat of Release”--a substantial likelihood of a Release that may require action in order to prevent or mitigate damage to the Environment that may result from such Release.

“Threatened”--a claim, Proceeding, dispute, action, or other matter will be deemed to have been “Threatened” if any demand or statement has been made (orally or in writing) or any notice has been given (orally or in writing), or if any other event has occurred or any other circumstances exist, that would lead a prudent Person to conclude that such a claim, Proceeding, dispute, action, or other matter is likely to be asserted, commenced, taken, or otherwise pursued in the future.

SECTION 2. SALE AND TRANSFER OF SHARES; CLOSING

SECTION 2.1 SHARES

Subject to the terms and conditions of this Agreement, at the Closing, Seller will sell and transfer the Shares to Buyer, and Buyer will purchase the Shares from Seller.

SECTION 2.2 PURCHASE PRICE

SECTION 2.3 CLOSING

The purchase and sale (the “Closing”) provided for in this Agreement will take place at the offices of Buyer's counsel at 401 11th Street, Suite 1100, Huntington, West Virginia on the date that is one business day following the receipt of all necessary Consents to the Contemplated Transactions, including but not limited to, receipt of any authorization, approval and/or exemption from the Surface Transportation Board (“STB”). Subject to the provisions of Section 9, failure to consummate the purchase and sale provided for in this Agreement on the date and time and at the place determined pursuant to this Section 2.3 will not result in the termination of this Agreement and will not relieve any party of any obligation under this Agreement.

SECTION 2.4 CLOSING OBLIGATIONS

At the Closing:

(a) Seller will deliver to Buyer:

(i) certificates representing the Shares, duly endorsed (or accompanied by duly executed stock powers), with signatures guaranteed by a commercial bank or by a member firm of the New York Stock Exchange, for transfer to Buyer, free and clear of all Encumbrances;

(ii)

;

(iii) assignment and assumption agreement in the form of Exhibit 2.4(a)(iii)A, executed by Seller (the "Assumption Agreement"). The Assumption Agreement shall set forth that all outstanding known and unknown liabilities and indebtedness of the Company existing or accruing on or before 11:59 p.m. E.S.T. on the Closing Date, except those liabilities listed on Exhibit 2.4(a)(iii)B, shall be assigned by the Company and assumed by the Seller prior to the effectuation of the transfer of the Shares to the Buyer (the "Seller Assumed Liabilities"). Seller shall also deliver at or before the Closing Date such releases and other documents that Buyer deems necessary to evidence that all of the obligees of the Seller Assumed Liabilities have released the assets of the Company from any lien, liability or claim for such Seller Assumed Liabilities;

(iv)

;

(v) evidence reasonably satisfactory to the Buyer that the Contracts set forth on Exhibit 2.4(a)(v) have been terminated without liability to the Company or have been assigned by the Company and assumed by the Seller without liability to the Company or the Buyer (the "Seller Assumed Contracts");

(vi)

;

(vii) a locomotive lease agreement by and between the Seller and the Company, in form and substance satisfactory to the Seller and the Buyer (the "Locomotive Lease Agreement"); and

”).

(b) Buyer will deliver to Seller:

(i) the Purchase Price by check payable to the order of Seller;

(ii) executed by the Company;

(iii) the Locomotive Lease Agreement executed by the Company; and

(iv)

SECTION 3. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

SECTION 3.1 ORGANIZATION AND GOOD STANDING

(a) The Company is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation, with full corporate power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under Applicable Contracts.

(b) Seller has delivered to Buyer copies of the Organizational Documents of the Company, as currently in effect.

SECTION 3.2 AUTHORITY; NO CONFLICT

(a) This Agreement constitutes the legal, valid, and binding obligation of Seller, enforceable against Seller in accordance with its terms. Upon the execution and delivery by Seller of the Agreement, the Assumption Agreement and such other documents contemplated by this Agreement and the Contemplated Transactions (collectively, the "Seller's Closing Documents"), the Seller's Closing Documents will constitute the legal, valid, and binding obligations of Seller, enforceable against Seller in accordance with their respective terms. Seller has the absolute and unrestricted right, power, authority, and capacity to execute and deliver this Agreement and the Seller's Closing Documents and to perform its obligations under this Agreement and the Seller's Closing Documents.

(b) Neither the execution nor delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with, or result in a violation of (A) any provision of the Organizational Documents of the Company, or (B) any resolution adopted by the board of directors or the stockholders of the Company;

(ii) except as contemplated by the rules and regulations of the STB, contravene, conflict with, or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which the Company or Seller, or any of the assets owned or used by the Company, may be subject;

(iii) except as contemplated by the rules and regulations of the STB, contravene, conflict with, or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Governmental Authorization that is held by the Company or that otherwise relates to the business of, or any of the assets owned or used by, the Company;

(iv) except as contemplated by the rules and regulations of the STB, contravene, conflict with, or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Applicable Contract; or

(v) result in the imposition or creation of any Encumbrance upon or with respect to any of the assets owned or used by the Company.

Except as required by the STB, Seller is not or will not be required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

SECTION 3.3.CAPITALIZATION

SECTION 3.4 BOOKS AND RECORDS

The books of account, minute books, stock record books, and other records of the Company, all of which have been made available to Buyer, are complete and correct and have been maintained in accordance with sound business practices. At the Closing, all of those books and records will be delivered to Buyer following or at Closing.

SECTION 3.5 TITLE TO PROPERTIES AND ASSETS; ENCUMBRANCES

, the Company does not own any real property, leaseholds, or other realty interests. Seller has delivered to Buyer a complete copy of the Master Lease and copies of all contracts, title insurance policies, opinions, abstracts, and surveys, if any, in the possession of Seller or the Company that relate to the Master

Lease. The Company owns good and marketable title free of Encumbrances to the Master Lease and to the Company Retained Assets.

SECTION 3.6 TAXES

(a) The Company has timely filed or caused to be filed all Tax Returns that are or were required to be filed by or with respect to it, either separately or as a member of a group of corporations, pursuant to applicable Legal Requirements. All Tax Returns filed by (or that include on a consolidated basis) the Company are true, correct, and complete. Seller has delivered to Buyer copies of all such Tax Returns and has paid, or made provision for payment of, all Taxes that have or become due pursuant to said Tax Returns. All Taxes that the Company is or was required by Legal Requirements to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Body or other Person.

(b) The Seller shall be responsible for timely filing all Tax Returns that are required to be filed on or before March 31, 2006. Seller shall timely pay all Taxes that shall become due pursuant to those Tax Returns. The Buyer and Company shall be responsible for the timely filing of all Tax Returns that are required to be filed for the period after March 31, 2006, and, except as described below, shall pay all Taxes that shall become due pursuant to those Tax Returns. Notwithstanding the foregoing, the Seller shall be responsible for the timely payment of any and all tax liabilities of the Company arising out of, or related to, the consummation of the Contemplated Transactions. The parties shall upon request from the other party share such information as is reasonably necessary for the parties to prepare the required Tax Returns called for hereunder and all such information shall be true, complete and accurate in all material respects.

SECTION 3.7 CONDITION OF ASSETS

The Company Retained Assets are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of the Company Retained Assets is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost.

SECTION 3.8 NO UNDISCLOSED LIABILITIES

Except as set forth in Exhibit 3.8 of the Agreement, the Company has no liabilities or obligations of any nature (whether known or unknown and whether absolute, accrued, contingent, or otherwise).

SECTION 3.9 EMPLOYEE BENEFITS

(a)

(b) Seller has delivered to Buyer prior to the execution of this Agreement:

(i) all documents that set forth the terms of any _____ set forth on Exhibit 3.9(a), including (A) all plan descriptions and summary plan descriptions and (B) all summaries and descriptions furnished to participants and beneficiaries regarding said _____ for which a plan description or summary plan description is not required;

(ii) all personnel, payroll, and employment manuals and policies;

(iii) all collective bargaining agreements pursuant to which contributions have been made or obligations incurred by the Company and all collective bargaining agreements pursuant to which contributions are being made or obligations are owed by such entities;

(iv) a written description of any _____ that is not otherwise in writing;

(c) The Company has performed all of its respective obligations under all _____ and the Company is in full compliance with ERISA, the IRC, and other applicable Laws and with any applicable collective bargaining agreement.

(d) On or before the Closing Date the Seller shall cause the Company to terminate all _____. Seller and the Company shall comply with all Laws, including but not limited to, ERISA and the IRC, with respect to the termination of all _____. Seller shall be responsible for and pay all liabilities and costs to current or former employees of the Company due to the termination of the _____ and the Seller shall be responsible for all expenses associated with the termination of the _____. Seller shall file, or cause the Company to file, prior to the Closing Date, all notices, reports and other documentation required by any Laws due to the termination of the _____. After the Closing Date and subject to Section 4.6 of this Agreement, the employees of the Company shall receive those employee benefits determined by the Buyer in its sole and absolute discretion.

SECTION 3.10 COMPLIANCE WITH LEGAL REQUIREMENTS, GOVERNMENT AUTHORIZATIONS AND ORDERS;

Except as set forth in Exhibit 3.10 of the Agreement, to the Knowledge of the Seller and the Company:

(i) the Company is, and at all times has been, in full compliance with each Legal Requirement, Governmental Authorization, Order and Environmental Law that is or was applicable to it or to the conduct or operation of its business or the ownership or use of any of its assets;

(ii) no event has occurred or circumstance exists that (with or without notice or lapse of time) (A) may constitute or result in a violation by the Company of, or a failure on the part of the Company to comply with, any Legal Requirement, Governmental Authorization or Order, or (B) may give rise to any obligation on the part of the Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature; and

(iii) the Company has not received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding (A) any actual, alleged, possible, or potential violation of, or failure to comply with, any Legal Requirement, Governmental Authorization or Order, or (B) any actual, alleged, possible, or potential obligation on the part of the Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

SECTION 3.11 LEGAL PROCEEDINGS; ORDERS

(a) Except as set forth in Exhibit 3.11 of the Agreement, to the Knowledge of Seller and the Company there is no pending or Threatened Proceeding:

(i) that has been commenced by or against the Company or that otherwise relates to or may affect the business of, or any of the Company Retained Assets owned or used by, the Company;

(ii) that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions; or

(iii) that reasonably could be expected to have a material adverse affect on the business operations of Company.

To the Knowledge of Seller no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any such Proceeding. Seller has delivered to Buyer copies of all pleadings, correspondence, and other documents relating to each Proceeding listed in Exhibit 3.13 of the Agreement.

(b) Except as set forth in Exhibit 3.11 of the Agreement, there is no Order to which any of the Company, or any of the Company Retained Assets, is subject.

SECTION 3.12 CONTRACTS; NO DEFAULTS

(a) Exhibit 3.12(a) of the Agreement contains a complete and accurate list, and Seller has delivered to Buyer true and complete copies, of all oral and written Applicable Contracts under which the Company is or may be bound. Exhibit 3.12(a) of the Agreement sets forth reasonably complete details concerning any such Applicable Contracts, including the parties to the Applicable Contracts and the amount of the remaining commitment of the Company under the Applicable Contracts.

(b) Except as set forth in Exhibit 3.12(b) of the Agreement, each Contract identified or required to be identified in Exhibit 3.12(a) of the Agreement is in full force and effect and is valid and enforceable in accordance with its terms.

(c) Except as set forth in Exhibit 3.12(c) of the Agreement:

(i) the Company is, and at all times has been, in full compliance with all applicable terms and requirements of each Contract under which the Company has or had any obligation or liability or by which the Company or any of the assets owned or used by the Company is or was bound;

(ii)

; and

(iii) no event has occurred or circumstance exists that (with or without notice or lapse of time) may contravene, conflict with, or result in a violation or breach of, or give the Company or other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Applicable Contract;

SECTION 3.13 INSURANCE

(a) Seller has delivered to Buyer a true and complete listing of all policies of insurance to which the Company is or has been covered at any since the effective date of the Master Lease through the Closing Date;

(b) Except as set forth on Exhibit 3.13(b) of the Agreement:

(i) All policies to which the Company is a party or that provide coverage to Seller, the Company, or any director or officer of the Company:

(A) are valid, outstanding, and enforceable;

(B) are issued by an insurer that is financially sound and reputable;

(C) taken together, provide adequate insurance coverage for the assets and the operations of the Company for all risks normally insured against by a Person carrying on the same business or businesses as the Company prior to the Closing Date;

(D) are sufficient for compliance with all Legal Requirements and Contracts to which the Company is a party or by which any of them is bound;

(E) will be caused by Seller to terminate coverage for Company for events arising following the consummation of the Contemplated Transactions on the day following the Closing Date;

(ii) The Company has given notice to the insurer of all claims that may be insured thereby.

SECTION 3.14 ENVIRONMENTAL MATTERS

Except as set forth in Exhibit 3.14 of the Agreement:

(a) To the Knowledge of Seller and the Company, there are no Hazardous Materials present on or in the Environment at the Facilities or at any geologically or hydrologically adjoining property, including any Hazardous Materials contained in barrels, above or underground storage tanks, landfills, land deposits, dumps, equipment (whether moveable or fixed) or other containers, either temporary or permanent, and deposited or located in land, water, sumps, or any other part of the Facilities or such adjoining property, or incorporated into any structure therein or thereon.

(b) During the term of the Master Lease through the Effective Date, there has been no Release or, to the Knowledge of Seller and the Company, Threat of Release, of any Hazardous Materials at or from the Facilities or at any other locations where any Hazardous Materials were generated, manufactured, refined, transferred, produced, imported, used, or processed from or by the Facilities, or from or by any other properties and assets (whether real, personal, or mixed) in which Seller or the Company has or had an interest, or any geologically or hydrologically adjoining property, whether by Seller, the Company, or any other Person.

(c) Seller has delivered to Buyer true and complete copies and results of any reports, studies, analyses, tests, or monitoring possessed or initiated by Seller or the Company pertaining to Hazardous Materials or Hazardous Activities in, on, or under the Facilities, or concerning compliance by Seller, the Company, or any other Person for whose conduct they are or may be held responsible, with Environmental Laws.

SECTION 3.15 EMPLOYEES

Exhibit 3.15 of the Agreement contains a complete and accurate list of the following information for each employee or director of the Company, including each employee on leave of absence or layoff status: employee; name; job title; current compensation paid or payable; and vacation accrued.

SECTION 3.16 LABOR RELATIONS; COMPLIANCE

SECTION 3.17 DISCLOSURE

(a) No representation or warranty of Seller in this Agreement and no statement in the Agreement omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

(b) No notice given by Seller pursuant to the Agreement will contain any untrue statement or omit to state a material fact necessary to make the statements therein or in this Agreement, in light of the circumstances in which they were made, not misleading.

(c)

SECTION 3.18 BROKERS OR FINDERS

Seller and their agents have incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

SECTION 4.1 ORGANIZATION AND GOOD STANDING

Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware.

SECTION 4.2 AUTHORITY; NO CONFLICT

(a) This Agreement constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. Upon the execution and delivery by Buyer of the Agreement and such other documents contemplated by this Agreement and the Contemplated Transactions (collectively, the "Buyer's Closing Documents"), the Buyer's Closing Documents will constitute the legal, valid, and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms. Buyer has the absolute and unrestricted right, power, and authority to execute and deliver this Agreement and the Buyer's Closing Documents and to perform its obligations under this Agreement and the Buyer's Closing Documents.

(b) Except as set forth in Exhibit 4.2 of the Agreement, neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of any of the Contemplated Transactions by Buyer will give any Person the right to prevent, delay, or otherwise interfere with any of the Contemplated Transactions pursuant to:

- (i) any provision of Buyer's Organizational Documents;
- (ii) any resolution adopted by the board of directors or the stockholders of Buyer;
- (iii) any Legal Requirement or Order to which Buyer may be subject; or
- (iv) any Contract to which Buyer is a party or by which Buyer may be bound.

Except as set forth in Exhibit 4.2 of the Agreement, Buyer is not and will not be required to obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

SECTION 4.3 INVESTMENT INTENT

Buyer is acquiring the Shares for its own account and not with a view to their distribution within the meaning of Section 2(11) of the Securities Act.

SECTION 4.4 CERTAIN PROCEEDINGS

There is no pending Proceeding that has been commenced against Buyer and that challenges, or may have the effect of preventing, delaying, making illegal, or otherwise

interfering with, any of the Contemplated Transactions. To Buyer's Knowledge, no such Proceeding has been Threatened.

SECTION 4.5 BROKERS OR FINDERS

Buyer and its officers and agents have incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement and will indemnify and hold Seller harmless from any such payment alleged to be due by or through Buyer as a result of the action of Buyer or its officers or agents.

SECTION 4.6 COMPANY EMPLOYEES

Buyer will cause the Company, at the expense of the Company, to provide a fair and equitable arrangement for the protection of the interests of employees who may be affected by Buyer's purchase of the Company. The arrangement shall consist exclusively of one year of severance pay, which shall not exceed the amount of earnings from railroad employment of the employee during the 12-month period immediately preceding the date on which the Company filed for regulatory approval from the STB. The amount of such severance pay shall be reduced by the amount of earnings from railroad employment of the employee with the Company during the 12-month period immediately following the effective date of the transaction.

SECTION 5. [INTENTIONALLY OMITTED]

SECTION 6. [INTENTIONALLY OMITTED]

SECTION 7. CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE

Buyer's obligation to purchase the Shares and to take the other actions required to be taken by Buyer at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Buyer, in whole or in part):

SECTION 7.1 ACCURACY OF REPRESENTATIONS

All of Seller's representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), must have been accurate in all material respects as of the date of this Agreement, and must be accurate in all material respects as of the Closing Date as if made on the Closing Date.

SECTION 7.2 SELLER'S PERFORMANCE

(a) All of the covenants and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), must have been duly performed and complied with in all material respects.

(b) Each document required to be delivered pursuant to Section 2.4 must have been delivered.

SECTION 7.3 CONSENTS

Each of the Consents identified in the Agreement, and each Consent identified in the Exhibits to the Agreement, must have been obtained and must be in full force and effect.

SECTION 7.4 ADDITIONAL DOCUMENTS

Each of the following documents must have been delivered to Buyer:

(a) the documents and agreements set forth in Section 2.4(a) of the Agreement;

(b) such other documents as Buyer may reasonably request for the purpose of (i) evidencing the accuracy of any of Seller's representations and warranties, (ii) evidencing the performance by Seller of, or the compliance by either Seller with, any covenant or obligation required to be performed or complied with by Seller, (iii) evidencing the satisfaction of any condition referred to in this Section 7, or (iv) otherwise facilitating the consummation or performance of any of the Contemplated Transactions.

SECTION 7.5 NO PROCEEDINGS

Since the date of this Agreement, there must not have been commenced or Threatened against Buyer, or against any Person affiliated with Buyer, any Proceeding (a) involving any challenge to, or seeking damages or other relief in connection with, any of the Contemplated Transactions, or (b) that may have the effect of preventing, delaying, making illegal, or otherwise interfering with any of the Contemplated Transactions.

SECTION 7.6 NO CLAIM REGARDING STOCK OWNERSHIP OR SALE PROCEEDS

There must not have been made or Threatened by any Person any claim asserting that such Person (a) is the holder or the beneficial owner of, or has the right to acquire or to obtain beneficial ownership of, any stock of, or any other voting, equity, or ownership interest in, any of the Company, or (b) is entitled to all or any portion of the Purchase Price payable for the Shares.

SECTION 7.7 NO PROHIBITION

Neither the consummation nor the performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time), materially contravene, or conflict with, or result in a material violation of, or cause Buyer or any Person affiliated with Buyer to suffer any material adverse consequence under, (a) any applicable Legal Requirement or Order, or (b) any Legal Requirement or Order that has been published, introduced, or otherwise proposed by or before any Governmental Body.

SECTION 7.8 NO MATERIAL CHANGES

The business, properties and operations of the Company shall not have been materially affected adversely as a result of any fire, accident, or other casualty of any Act of God or the public enemy, unless they shall have been protected and fully covered by insurance. Except as envisioned by this Agreement, there shall have been no changes in the business, properties, operations, or financial condition of the Company since the execution of this Agreement, other than changes in the ordinary course of business that do not have a materially adverse effect on the value of the business of the Company.

SECTION 7.9 REQUIRED APPROVALS

SECTION 8. CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE

Seller's obligation to sell the Shares and to take the other actions required to be taken by Seller at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Seller, in whole or in part):

SECTION 8.1 ACCURACY OF REPRESENTATIONS

All of Buyer's representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), must have been accurate in all material respects as of the date of this Agreement and must be accurate in all material respects as of the Closing Date as if made on the Closing Date.

SECTION 8.2 BUYER'S PERFORMANCE

(a) All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), must have been performed and complied with in all material respects.

(b) Buyer must have delivered each of the documents required to be delivered by Buyer pursuant to Section 2.4 and must have made the cash payments required to be made by Buyer pursuant to Sections 2.4(b)(i).

SECTION 8.3 CONSENTS

Each of the Consents identified in Exhibit 4.2 of the Agreement must have been obtained and must be in full force and effect.

SECTION 8.4 ADDITIONAL DOCUMENTS

Buyer must have caused the following documents to be delivered to Seller:

- (a) the documents and agreements set forth in Section 2.4(b) of the Agreement;
- (b) such other documents as Seller may reasonably request for the purpose of (i) evidencing the accuracy of any representation or warranty of Buyer, (ii) evidencing the performance by Buyer of, or the compliance by Buyer with, any covenant or obligation required to be performed or complied with by Buyer, (iii) evidencing the satisfaction of any condition referred to in this Section 8, or (iv) otherwise facilitating the consummation of any of the Contemplated Transactions.

SECTION 8.5 NO INJUNCTION

There must not be in effect any Legal Requirement or any injunction or other Order that (a) prohibits the sale of the Shares by Seller to Buyer, and (b) has been adopted or issued, or has otherwise become effective, since the date of this Agreement.

SECTION 8.6 INSURANCE

Buyer shall, at all times on and after the Effective Date at its own expense, cause Company to carry and maintain (and shall furnish to Seller upon request therefore, a certificate evidencing the same) all insurance as is required to be carried pursuant to the Master Lease, provide that any such policies not be cancelled or materially altered without thirty (30) days prior written notice to Seller, and will contain such other appropriate provisions as are agreed upon by the parties. If Buyer shall fail to carry and maintain the insurance required hereunder, Seller shall have the right but not the obligation to obtain such insurance and Buyer shall reimburse Seller for all costs incurred by Seller in connection with obtaining such insurance.

SECTION 9. TERMINATION; RECISION

SECTION 9.1 TERMINATION EVENTS

This Agreement may, by notice given, be terminated:

(a) by either Buyer or Seller if a material Breach of any provision of this Agreement has been committed by the other party and such Breach has not been waived;

(b)(i) by Buyer if any of the conditions in Section 7 has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of Buyer to comply with its obligations under this Agreement) and Buyer has not waived such condition on or before the Closing Date; or (ii) by Seller, if any of the conditions in Section 8 has not been satisfied of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of Seller to comply with their obligations under this Agreement) and Seller have not waived such condition on or before the Closing Date;

(c) by mutual consent of Buyer and Seller; or

(d) by either Buyer or Seller if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before _____, or such later date as the parties may agree upon.

SECTION 9.2 EFFECT OF TERMINATION

SECTION 9.3 RECISION

SECTION 10 INDEMNIFICATION; REMEDIES

SECTION 10.1 SURVIVAL; RIGHT TO INDEMNIFICATION NOT AFFECTED BY KNOWLEDGE

All representations, warranties, covenants, and obligations in the Agreement, the Exhibits to the Agreement, and any other certificate or document delivered pursuant to this Agreement will survive the Closing; provided, however, that representations and warranties shall survive for a period of five (5) years from the Closing Date. The right to indemnification, payment of Damages or other remedy based on such representations, warranties, covenants, and obligations will not be affected by any investigation conducted with respect to, or any Knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant, or obligation.

SECTION 10.2 INDEMNIFICATION AND PAYMENT OF DAMAGES

(a) Subject to the provisions of Section 10.7, Seller will indemnify, defend and hold harmless Buyer, the Company, and their respective Representatives, stockholders, controlling persons, and affiliates (collectively, the "Buyer Indemnified Persons") for, and will pay to the Buyer Indemnified Persons the amount of, any loss, liability, claim, damage (including incidental and consequential damages), expense (including costs of investigation and defense and reasonable attorneys' fees) or diminution of value, whether or not involving a third-party claim (collectively, "Damages"), arising, directly or indirectly, from or in connection with:

(i) any Breach of any representation or warranty made by Seller in the Agreement, the Exhibits to the Agreement, or any other certificate or document delivered by Seller pursuant to this Agreement;

(ii) any Breach by Seller of any covenant or obligation of Seller in the Agreement or the Assumption Agreement;

(iii) any product shipped or manufactured by, or any services provided by, the Company prior to the Closing Date;

(iv) any Damages arising out of, or related to the Seller Excluded Assets, the Company Retained Assets, the Seller Assumed Contracts and/or the Seller Assumed Liabilities, including but not limited to, any Damages arising out of, or related to, claims against the Company for personal injury, death or property damage that arose or accrued prior to the Closing Date; or

(v) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by any such Person with either Seller or the Company (or any Person acting on their behalf) in connection with any of the Contemplated Transactions.

(b) Buyer will indemnify, defend and hold harmless Seller and its respective Representatives, stockholders, controlling persons, and affiliates (collectively, the "Seller

Indemnified Persons”) for, and will pay to the Seller Indemnified Persons the amount of, any loss, liability, claim, damage (including incidental and consequential damages), expense (including costs of investigation and defense and reasonable attorneys' fees) or diminution of value, whether or not involving a third-party claim (collectively, “Damages”), arising, directly or indirectly, from or in connection with:

(i) any Breach of any representation or warranty made by Buyer in the Agreement, the Exhibits to the Agreement, or any other certificate or document delivered by Buyer pursuant to this Agreement;

(ii) any Breach by Buyer of any covenant or obligation of Buyer in the Agreement or the Assumption Agreement;

(iii) any product shipped or manufactured by, or any services provided by, the Company after the Closing Date;

(iv) any Damages or Environmental, Health and Safety Liabilities, Hazardous Activity or violation of Legal Requirement arising out of, or related to claims against the Company for personal injury, death, Damages, property damage or Company's operations and activities that arose or accrued after to the Closing Date; or

(v) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by any such Person with Buyer (or any Person acting on its behalf) in connection with any of the Contemplated Transactions.

(c) Collectively, Buyer Indemnified Persons and Seller Indemnified Person shall be referred to as the “Indemnified Persons”. Subject to the provisions of Section 10.7, the remedies provided in this Section 10.2 will not be exclusive of or limit any other remedies that may be available to the parties or the other Indemnified Persons.

SECTION 10.3 INDEMNIFICATION AND PAYMENT OF DAMAGES FOR ENVIRONMENTAL MATTERS

Subject to the provisions of Section 10.7, in addition to the provisions of Section 10.2, Seller will indemnify, defend and hold harmless Buyer, the Company, and the other Indemnified Persons for, and will pay to Buyer, the Company, and the other Indemnified Persons the amount of, any Damages (including costs of cleanup, containment, or other remediation) arising, directly or indirectly, from or in connection with:

(a) any Environmental, Health, and Safety Liabilities arising out of or relating to: (i) (A) the ownership, operation, or condition at any time on or prior to the effective date of the Master Lease through the Closing Date of the Facilities or any other properties and assets (whether real, personal, or mixed and whether tangible or intangible) in which Seller or the Company has or had an interest, or (B) any Hazardous Materials or other contaminants that were present on the Facilities or such other properties and assets at any time from the effective date of

the Master Lease on or prior to the Closing Date; or (ii) (A) any Hazardous Materials or other contaminants, wherever located, that were, or were allegedly, generated, transported, stored, treated, Released, or otherwise handled by Seller or the Company or by any other Person for whose conduct they are or may be held responsible at any time from the effective date of the Master Lease on or prior to the Closing Date, or (B) any Hazardous Activities that were, or were allegedly, conducted by Seller or the Company or by any other Person for whose conduct they are or may be held responsible; or

(b) any bodily injury (including illness, disability, and death, and regardless of when any such bodily injury occurred, was incurred, or manifested itself), personal injury, property damage (including trespass, nuisance, wrongful eviction, and deprivation of the use of real property), or other damage of or to any Person, including any employee or former employee of Seller or the Company or any other Person for whose conduct they are or may be held responsible, in any way arising from or allegedly arising from any Hazardous Activity conducted or allegedly conducted with respect to the Facilities or the operation of the Company following the effective date of the Master Lease through the Closing Date, or from Hazardous Material that was (i) present or suspected to be present beginning after the effective date of the Master Lease through the Closing Date on or at the Facilities (or present or suspected to be present on any other property, if such Hazardous Material emanated or allegedly emanated from any of the Facilities and was present or suspected to be present on any of the Facilities after the effective date of the Master Lease through the Closing Date) or (ii) Released or allegedly Released by Seller or the Company or any other Person for whose conduct they are or may be held responsible, at any time after the effective date of the Master Lease through the Closing Date.

(c) Buyer will be entitled to control any Cleanup, any related Proceeding, and, except as provided in the following sentence, any other Proceeding with respect to which indemnity may be sought under this Section 10.3. The procedure described in Section 10.5 will apply to any claim solely for monetary damages relating to a matter covered by this Section 10.3.

SECTION 10.4 INTENTIONALLY OMITTED

SECTION 10.5 PROCEDURE FOR INDEMNIFICATION--THIRD PARTY CLAIMS

(a) Promptly after receipt by an indemnified party under Section 10.2 or (to the extent provided in the last sentence of Section 10.3) Section 10.3 of notice of the commencement of any Proceeding against it, such indemnified party will, if a claim is to be made against an indemnifying party under such Section, give notice to the indemnifying party of the commencement of such claim, but the failure to notify the indemnifying party will not relieve the indemnifying party of any liability that it may have to any indemnified party, except to the extent that the indemnifying party demonstrates that the defense of such action is prejudiced by the indemnifying party's failure to give such notice.

(b) If any Proceeding referred to in Section 10.5(a) is brought against an indemnified party and it gives notice to the indemnifying party of the commencement of such Proceeding, the indemnifying party will, unless the claim involves Taxes, be entitled to participate in such Proceeding and, to the extent that it wishes (unless (i) the indemnifying party is also a party to

such Proceeding and the indemnified party determines in good faith that joint representation would be inappropriate, or (ii) the indemnifying party fails to provide reasonable assurance to the indemnified party of its financial capacity to defend such Proceeding and provide indemnification with respect to such Proceeding), to assume the defense of such Proceeding with counsel satisfactory to the indemnified party and, after notice from the indemnifying party to the indemnified party of its election to assume the defense of such Proceeding, the indemnifying party will not, as long as it diligently conducts such defense, be liable to the indemnified party under this Section 10 for any fees of other counsel or any other expenses with respect to the defense of such Proceeding, in each case subsequently incurred by the indemnified party in connection with the defense of such Proceeding, other than reasonable costs of investigation. If the indemnifying party assumes the defense of a Proceeding, (i) it will be conclusively established for purposes of this Agreement that the claims made in that Proceeding are within the scope of and subject to indemnification; (ii) no compromise or settlement of such claims may be effected by the indemnifying party without the indemnified party's consent unless (A) there is no finding or admission of any violation of Legal Requirements or any violation of the rights of any Person and no effect on any other claims that may be made against the indemnified party, and (B) the sole relief provided is monetary damages that are paid in full by the indemnifying party; and (iii) the indemnified party will have no liability with respect to any compromise or settlement of such claims effected without its consent. If notice is given to an indemnifying party of the commencement of any Proceeding and the indemnifying party does not, within ten days after the indemnified party's notice is given, give notice to the indemnified party of its election to assume the defense of such Proceeding, the indemnifying party will be bound by any determination made in such Proceeding or any compromise or settlement effected by the indemnified party.

(c) Notwithstanding the foregoing, if an indemnified party determines in good faith that there is a reasonable probability that a Proceeding may adversely affect it or its affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the indemnified party may, by notice to the indemnifying party, assume the exclusive right to defend, compromise, or settle such Proceeding, but the indemnifying party will not be bound by any determination of a Proceeding so defended or any compromise or settlement effected without its consent (which may not be unreasonably withheld).

SECTION 10.6 PROCEDURE FOR INDEMNIFICATION--OTHER CLAIMS

A claim for indemnification for any matter not involving a third-party claim may be asserted by notice to the party from whom indemnification is sought.

SECTION 10.7 LIMITATIONS ON INDEMNITY AND LIABILITY

Buyer acknowledges that Seller has provided Buyer with full access to inspect the rail lines identified in the Master Lease. Buyer further acknowledges that Seller makes only those representations and warranties to Buyer concerning the existence of any Hazardous Materials on or near the property of Company or compliance of said rail lines with any Legal Requirement as are specifically set forth in this Agreement. Otherwise, Buyer accepts the condition of any property or assets of Company that will remain with Company in an "AS IS, WHERE IS AND

WITH ALL FAULTS CONDITION”.

SECTION 11. GENERAL PROVISIONS

SECTION 11.1 EXPENSES

Except as otherwise expressly provided in this Agreement, each party to this Agreement will bear its respective expenses incurred in connection with the preparation, execution, and performance of this Agreement and the Contemplated Transactions, including all fees and expenses of agents, representatives, counsel, and accountants. Seller will cause the Company not to incur any out-of-pocket expenses in connection with this Agreement. In the event of termination of this Agreement, the obligation of each party to pay its own expenses will be subject to any rights of such party arising from a breach of this Agreement by another party.

SECTION 11.2 PUBLIC ANNOUNCEMENTS

Any public announcement or similar publicity with respect to this Agreement or the Contemplated Transactions will be issued, if at all, at such time and in such manner as mutually agreed upon by the parties. Seller and Buyer will consult with each other concerning the means by which the Company's employees, customers, and suppliers and others having dealings with the Company will be informed of the Contemplated Transactions, and Buyer will have the right to be present for any such communication.

SECTION 11.3 CONFIDENTIALITY

Between the date of this Agreement and the Closing Date, Buyer and Seller will maintain in confidence, and will cause the directors, officers, employees, agents, and advisors of Buyer and the Company to maintain in confidence, and not use to the detriment of another party or the Company any written, oral, or other information obtained in confidence from another party or the Company in connection with this Agreement or the Contemplated Transactions, unless (a) such information is already known to such party or to others not bound by a duty of confidentiality or such information becomes publicly available through no fault of such party, (b) the use of such information is necessary or appropriate in making any filing or obtaining any consent or approval required for the consummation of the Contemplated Transactions, or (c) the furnishing or use of such information is necessary or appropriate in connection with legal proceedings.

SECTION 11.4 NOTICES

All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by telecopier (with written confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and telecopier numbers set forth below (or to such other addresses and telecopier numbers as a party may designate by notice to the other parties):

Seller:

Watco Transportation Services, Inc.
315 W. 3rd Street
Pittsburg, Kansas 66762
Attention: _____
Facsimile No.: _____

Buyer:

Four Rivers Transportation, Inc.
1500 Kentucky Avenue
Paducah, Kentucky 42003
Attention: J. Thomas Garrett,
Executive Vice President and General Counsel
Facsimile No.: (270) 444-4364

SECTION 11.5 ARBITRATION

SECTION 11.6 FURTHER ASSURANCES

The parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

SECTION 11.7 WAIVER

The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no

notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

SECTION 11.8 ENTIRE AGREEMENT AND MODIFICATION

This Agreement supersedes all prior agreements between the parties with respect to its subject matter (including any Letters of Intent between Buyer and Seller) and constitutes (along with the documents referred to in this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended except by a written agreement executed by the party to be charged with the amendment.

SECTION 11.9 ASSIGNMENTS, SUCCESSORS, AND NO THIRD-PARTY RIGHTS

Neither party may assign any of its rights under this Agreement without the prior consent of the other parties, which will not be unreasonably withheld, except that Buyer may assign any of its rights under this Agreement to any Subsidiary of Buyer so long as Buyer guarantees the performance of its obligations hereunder. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

SECTION 11.11 SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

SECTION 11.12 SECTION HEADINGS; CONSTRUCTION; MISCELLANEOUS PROVISIONS

The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence. This Agreement will be governed by the laws of the State of West Virginia without regard to conflicts of laws principles. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

SECTION 12. GUARANTY PROVISION

:

(a) **GUARANTY**. Guarantor absolutely and unconditionally hereby guarantees (the "Guaranty") to Buyer the prompt and full payment and performance of Seller's obligations to Buyer under this Agreement (the "Obligations").

(b) **OTHER REMEDIES**. Buyer shall not be required to pursue any other remedies before invoking the benefits of this Guaranty; specifically, Buyer shall not be required to take any action against Seller or any other person, to exhaust its remedies against endorsers, collateral and other security.

(c) **OBLIGATIONS NOT IMPAIRED**. The obligations of Guarantor under this Guaranty shall not be released or impaired without the express prior written consent of Buyer. Without limiting the generality of the foregoing, the obligations of Guarantor shall not be released or impaired on account of the following events:

(i) the voluntary or involuntary liquidation, sale, or other disposition of all or substantially all of the assets of Seller, or any receivership, insolvency, bankruptcy, reorganization or other similar proceedings affecting Seller or any of its assets;

(ii) the addition of a new guarantor or guarantors;

(iii) any impairment, modification, release or limitation of liability of, or stay of lien enforcement proceedings against Seller, its property, or its estate in bankruptcy or any modification, discharge or extension of the Obligations resulting from the operation of any present or future provision of the Federal Bankruptcy Code or any other similar national, federal or state statute, or from the decision of any court, it being the intention hereof that Guarantor shall remain liable on the Obligations notwithstanding any act, omission or thing which might, but for the provisions hereof, otherwise operate as a legal or equitable discharge of Guarantor;

(iv) Buyer's failure to use diligence in preserving the liability of any person or the Obligations, or in bringing suit to enforce collection of the Obligations;

(v) the substitution or withdrawal of collateral or release of security, and the exercise or failure to exercise by Buyer of any right conferred upon it herein or in any collateral agreement;

(vi) if Seller is not liable because the act of creating the Obligations is ultra vires or the officers or persons creating the Obligations acted in excess of their authority, or for any reason the Obligations cannot be enforced against Seller; or

(vii) any payment by Seller to Buyer if such payment is held to constitute a preference under the bankruptcy laws, or if for any other reason Buyer is required to refund such payment to Seller or pay the amount thereof to any other party.

(d) **WAIVER OF NOTICE.** Guarantor waives diligence on the part of Buyer in the collection of the Obligations, protest, or notice. Buyer shall be under no obligation to notify Guarantor of its acceptance hereof, nor of any advances made or credit extended on the faith hereof, nor of the failure of Seller to pay the Obligations when due.

(e) **DURATION OF GUARANTY.** This Guaranty shall remain in full force and effect until such time as the Obligations shall be paid, performed, satisfied in full or terminated.

(f) **JOINT, SEVERAL AND SOLIDARY LIABILITY.** Subject to the limitations set forth in this Agreement, Guarantor's obligations and liabilities under this Guaranty shall be on a "solidary" or "joint and several" basis along with Seller to the same degree and extent as if Guarantor had been or will be a co-borrower, co-principal obligor or co-maker of the Obligations. In the event there are other guarantors, endorsers, sureties of all or any portion of the Obligations, Guarantor's obligations and liability hereunder shall be on a "solidary" or "joint and several" basis along with such other guarantors, endorsers and/ or sureties.

(g) **MODIFICATION OR CONSENT.** No modification, consent or waiver of any provision of this Guaranty, or consent to any departure by the Guarantor therefrom, shall be effective unless the same shall be in writing and signed by an officer of Buyer, and then shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Guarantor in any case shall, of itself, entitle Guarantor to any other or further notice or demand in similar or other circumstances. No delay or omission by Buyer in exercising any power or right hereunder shall impair any such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such power preclude other or further exercise thereof or the exercise of any other right or power hereunder. All rights and remedies of Buyer hereunder are cumulative of each other and of every other right or remedy which Buyer may otherwise have at law or in equity or under any other contract or document, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

(h) **WAIVER OF SURETY PROVISIONS.** Guarantor waives any rights Guarantor has under, or any requirements imposed by the Kansas Uniform Commercial Code, as in effect on the date of this Agreement or as it may be amended from time to time.

(i) **COSTS OF COLLECTION.** Guarantor agrees to pay all reasonable costs of collection, including reasonable attorney's fees and expenses, if this Guaranty is placed in the hands of an attorney for collection or is collected through any court.

(j) **SUCCESSORS AND ASSIGNS.** This Guaranty is for the benefit of Buyer, its successors and assigns, and, in the event of an assignment by Buyer, its successors or assigns, of the Obligations, or any part thereof, the rights and benefits hereunder, to the extent applicable to the Obligations so assigned, may be transferred with such Obligations.

(k) **HEADINGS.** The paragraph headings hereof are inserted for convenience of reference only and shall not alter, define or be used in construing the text of such paragraphs.

(l) **GOVERNING LAW AND PLACE OF PERFORMANCE.**

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

Seller:

WATCO TRANSPORTION SERVICES,
INC., a Kansas corporation

By: _____

Its: _____

Buyer:

FOUR RIVERS TRANSPORTATION,
INC., a Delaware corporation

By: _____

Its: _____

Guarantor:

By: _____

Its: _____