

- (a) Any act in contravention of this Agreement; or
- (b) Any transaction to liquidate or dissolve the Company.

6.5 Member Compensation. No Member shall receive any interest, salary or drawing with respect to its Capital Contributions or its Capital Account or for services rendered on behalf of the Company, or otherwise, in its capacity as a Member, except as otherwise provided in this Agreement, any of the JV Transaction Agreements or in another agreement among the Company and a Member that received approval by the Management Committee in accordance with Section 5.6.

6.6 Members' Liability. No Member shall be liable under a judgment, decree or order of a court, or in any other manner for the debts or any other obligations or liabilities of the Company. A Member shall be liable only to make its Capital Contributions and shall not be required to restore a deficit balance in its Capital Account or to lend any funds to the Company or, after its Capital Contributions have been made, to make any additional contributions, assessments or payments to the Company, provided that a Member may be required to repay distributions made to it as provided in Section 4 or the Act. A Committee Representative shall not have any personal liability for the repayment of any Capital Contributions of any Member.

6.7 Partition. While the Company remains in effect or is continued, each Member agrees and waives its rights to have any Company Property partitioned, or to file a complaint or to institute any suit, action or proceeding at law or in equity to have any Company Property partitioned, and each Member, on behalf of itself, its successors and its assigns hereby waives any such right.

6.8 Transactions Between a Member and the Company. Except as otherwise provided by applicable law and the provisions of this Agreement or as contemplated by the Transaction Agreement, subject to the Management Committee's approval in accordance with Section 5.6, any Member or any Affiliate of any Member may, but is not required to, enter into, directly or indirectly, any transaction, agreement, joint enterprise or arrangement, guarantee, loan, advance or investment with the Company provided the same is on an arms length basis and at fair market value. No Member may, without the approval of the other Member, enter into, directly or indirectly, any transaction, agreement, joint enterprise or arrangement, guarantee, loan, advance or investment with the Company other than on an arms length basis and at fair market value. The existence of these relationships and acting in such capacities will not result in the Member being deemed to be participating in the control of the business of the Company or otherwise affect the limited liability of the Member.

6.9 Other Instruments. Each Member hereby agrees to execute and deliver to the Company within five days after receipt of a written request therefor, such other and further documents and instruments, statements of interest and holdings, designations, powers of attorney and other instruments and to take such other action as the Management Committee deems necessary, useful or appropriate to comply with any laws, rules or relations as may be necessary to enable the Company to fulfill its responsibilities under this Agreement.

6.10 Advise of Changes. Each Member hereby agrees to notify the other Members as soon as practicable of any event, circumstance or fact of which it has knowledge which has had, or is reasonably likely to have, a material adverse effect on such Member's ability to fulfill its obligations under this Agreement.

6.11 NS Change in Control.

Notwithstanding anything to the contrary herein, in the event of a NS Change in Control, the Company shall enter into an agreement with Springfield Terminal granting to Springfield Terminal overhead trackage rights ("CoC Trackage Rights") between: (a) CPF 312 and Mechanicville for the sole purpose of interchanging traffic with Canadian Pacific Railway Company, or its wholly-owned subsidiary, at Mohawk Yard, NY; (b) CPF 312 and a connection with Vermont Railway at Hoosick Junction; (c) New England Central Railway at East Northfield, MA, or, should the Company's connection with New England Central Railway be moved to Millers Falls, MA, at Millers Falls; and (d) CSXT at Rotterdam Junction, NY. The agreement shall have the same general terms and conditions as that governing the Harvard Trackage Rights, except that: (1) the compensation shall be the \$0.24 per car mile (indexed beginning the Effective Date in the same manner as the compensation for the Harvard Trackage Rights); (2) the route will be over the main line of the Company between CPF 312 and the relevant entry-exit locations (Mechanicville, Hoosick Junction, East Northfield (or Millers Falls) and Rotterdam Junction); and (3) operations will be limited to two train pairs per day – one for carrying out the interchange with CP and CSXT and one for carrying out the interchange with Vermont Railway and New England Central. Further, the Company and Springfield Terminal shall amend the Springfield Terminal Joint Use Agreement to permit an unlimited number of cars to move via those trackage rights; in all other ways the Springfield Terminal Joint Use Agreement shall be unmodified. In addition, the Company shall agree to invest up to \$5 million in a capital improvement as may be reasonably necessary to facilitate the use of the Harvard Trackage Rights under the amended agreement.

SECTION 7

ACCOUNTING BOOKS AND RECORDS

7.1 Accounting Books and Records.

(a) The Company shall keep on site at its principal place of business, or in such other place as the Management Committee may determine from time to time (which such location shall be immediately communicated to each Committee Representative), each of the following:

(i) Separate books of account for the Company which shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received, and all income derived in connection with the conduct of the Company and the operation of the Business in accordance with this Agreement, and, where costs and expenses, or costs and expenses inputs, are derived by taking a ratio of Springfield Terminal's costs, the Company shall show a true and accurate record of Springfield Terminal's total costs subject to the ratio, as well as true and accurate records of the metrics from which the applicable ratio is generated,

(ii) A current list of the full name and last known business, residence or mailing address of each Member and Committee Representative, both past and present,

(iii) A copy of the Certificate of Formation and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any amendment has been executed,

(iv) Copies of the Company's federal, state, and local income tax returns and reports, if any, until one year after the period of limitations for auditing the return by the federal government or by any applicable state or local government expires,

(v) Copies of this Agreement (including any amendments thereto),

(vi) Copies of any writings permitted or required under the Act regarding the obligation of a Member to perform any enforceable promise to contribute cash or property or to perform services as consideration for such Member's Capital Contribution, and

(vii) Any written consents obtained from Members pursuant to the Act regarding action taken by Members without a meeting.

(b) The Company shall use the accrual method of accounting in preparation of its financial reports and for tax purposes and shall keep its books and records accordingly. Any Member or its designated representative has the right to access and audit, inspect and copy the contents of such books or records and shall also have access during normal business hours to such additional financial information, documents, books and records as may be reasonably requested (including in order to comply with any reporting requirements of such Member under applicable laws or stock exchange regulations). The rights granted to a Member pursuant to this Section 7.1 are expressly subject to compliance by such Member with the safety, security and confidentiality procedures and guidelines of the Company, as such procedures and guidelines may be established from time to time.

(c) The accounting period of the Company shall be the Fiscal Year.

7.2 Reports.

(a) In General. The Railroad Operator shall be responsible for causing the preparation of financial reports of the Company and the coordination of financial matters of the Company with the Company's accountants.

(b) Periodic and Other Reports. The Company shall cause to be delivered to each Member the financial statements listed in clauses (i) and (ii) below, prepared, in each case (other than with respect to Member's Capital Accounts, which shall be prepared in accordance with this Agreement) in accordance with GAAP consistently applied (and, if required by any Member or its Affiliates for purposes of reporting under the Exchange Act Regulation S-

X), including any reports as may be required in accordance with the Company's or any of its Members' status as a rail carrier, and such other reports, representations and certifications as any Member may reasonably request from time to time, provided that, if the Management Committee so determines within 30 days thereof, such other reports shall be provided at such requesting Member's sole cost and expense. The monthly and quarterly financial statements referred to in clause (ii) below may be subject to normal year-end audit adjustments.

(i) As soon as practicable following the end of each Fiscal Year (and in any event not later than [120] days after the end of such Fiscal Year) the Company shall cause to be delivered to each Member, an income statement and a balance sheet of the Company as of the end of such Fiscal Year and the related statements of operations, Members' Capital Accounts and changes therein, and cash flows for such Fiscal Year, together with appropriate notes to such financial statements and supporting schedules, all of which shall be audited and certified by the Auditors, and in each case, to the extent the Company was in existence, setting forth in comparative form the corresponding figures for the immediately preceding Fiscal Year end (in the case of the balance sheet) and the two immediately preceding Fiscal Years (in the case of the statements), and

(ii) As soon as practicable following the end of each month and following the end of the first eleven months of each Fiscal Year (and in any event not later than 30 days after the end of each month and the end of each such month), the Company shall cause to be delivered to each Member, a balance sheet of the Company as of the end of each such month and each such Fiscal Quarter and the related statements of operations and cash flows for each such month and each such Fiscal Quarter and for the Fiscal Year to date, in each case, to the extent the Company was in existence, setting forth in comparative form the corresponding figures for the prior Fiscal Year's month and for the prior Year's Fiscal Quarter and the interim period corresponding to the month and the interim period just completed.

The periodic statements described in clause (ii) above shall be accompanied by a written certification of the General Manager that such statements have been prepared in accordance with GAAP consistently applied or this Agreement, as the case may be. The Company and the Management Committee shall also distribute to all Members, at the same time such reports are circulated, delivered or distributed internally, each and every internal management report prepared by, for or circulated among senior management of the Company relating to the business or financial performance of the Company.

7.3 Tax Matters.

(a) Partnership Status. It is the intent of the Members that the Company be classified as a partnership for U.S. federal, state and local income tax purposes. The Members hereby agree not to elect to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Code or any similar state statute.

(b) Company Tax Returns. The Tax Matters Partner (as defined in Section 7.3(d)) shall prepare (or cause to be prepared) the U.S. federal and state income tax

returns and information returns (including, but not limited to, employment tax returns and various Forms 1099) and all other tax and information returns of the Company in a manner consistent with this Agreement. The federal income tax return shall contain an election under Section 6231(a)(1)(B)(ii) of the Code and the regulations thereunder to treat the Company as a partnership to which the provisions of Sections 6221 through 6234 of the Code, inclusive, apply. The Tax Matters Partner shall cause the Company's accountants to prepare and review the necessary federal and state income tax returns and information returns for the Company, always reporting in a manner that legally produces the lowest Company taxable income (e.g., reporting depreciation under the accelerated method rather than under the straight-line or alternative depreciation system or electing any bonus depreciation that may be allowed in the future). Each Member shall provide such information, if any, as may be needed by the Company for purposes of preparing such tax and information returns, provided that such information is readily available from regularly maintained accounting records. Prior to April 1st of each year, or sooner as applicable, the Tax Matters Partner shall deliver to the other Member for its review a copy of the Company's federal and state income tax returns and information returns in the form proposed to be filed for each Fiscal Year, and shall reasonably consider and take into account all reasonable comments to such proposed tax returns and information returns provided by the other Member at least ten (10) days prior to the filing date for such returns. After taking into account any such comments, the Tax Matters Partner shall cause the Company to timely file such tax returns. Within two (2) Business Days after filing such federal and state income tax returns and information returns, the Tax Matters Partner shall cause the Company to deliver to each Member a copy of the Company's federal and state income tax returns and information returns as filed for each Fiscal Year, together with any additional tax-related information in the possession of the Company that such Member may reasonably and timely request in order to properly prepare its own income tax returns.

(c) Tax Information. The U.S. federal and state income tax returns for the Company (and other tax information if reasonably required by a Member, including a detailed calculation of each Member's Adjusted Capital Account for purposes of section 704(b) of the Code) shall be delivered to each Member as soon as practicable after the end of each Fiscal Year of the Company but not later than five months after the end of each Fiscal Year. Tax information needed by each Member for financial reporting purposes shall be delivered to each Member within three (3) days after the end of each Fiscal Quarter.

(d) Tax Audits.

(i) At all times prior to a Pan Am Change in Control, the Pan Member shall be the "tax matters partner," as that term is defined in Section 6231(a)(7) of the Code (the "Tax Matters Partner"); at all times upon and after a Pan Am Change in Control, the NS Member shall be the Tax Matters Partner. The Tax Matters Partner is hereby directed and authorized to take whatever steps the Tax Matters Partner, in its sole discretion, deems necessary or desirable to perfect such designation, including, without limitation, filing any forms or documents with the IRS and taking such other action as from time to time is required under the Regulations.

(ii) The Tax Matters Partner, in consultation with the other Member, shall direct the defense of any claims made by the IRS (or by any other taxing

authority) to the extent that such claims relate to the adjustment of Company items at the Company level and, in connection therewith, shall cause the Company to retain and to pay the fees and expenses of counsel and other advisors chosen by the Tax Matters Partner with the consent of the other Member. The Tax Matters Partner shall promptly deliver to each other Member a copy of all notices, communications, reports and writings received from the IRS relating to or potentially resulting in an adjustment of Company items, shall promptly advise the other Member of the substance of any conversations with the IRS in connection therewith, and shall keep the other Member advised of all developments with respect to any proposed adjustments which come to its attention. In addition, the Tax Matters Partner shall (A) provide in a timely manner the other Member with a draft copy of any correspondence or filing to be submitted by the Company in connection with any administrative or judicial proceedings relating to the determination of Company items at the Company level reasonably in advance of such submission, (B) incorporate all reasonable changes or comments to such correspondence or filing requested by the other Member and (C) provide the other Member with a final copy of correspondence or filing. The Tax Matters Partner will provide the other Member with notice reasonably in advance of any meetings or conferences with respect to any administrative or judicial proceedings relating to the determination of Company items at the Company level (including any meetings or conferences with counsel or advisors to the Company with respect to such proceedings), and the other Member shall have the right to participate, at its sole cost and expense, in any such meetings or conferences.

(iii) Notwithstanding anything in this Section 7.3, the Tax Matters Partner shall not (A) extend the period of limitations for any tax year for Federal, state, and local income tax purposes, (B) enter into any settlement agreement that is binding upon the Members with respect to the determination of Company items at the Company level, (C) file a petition under Section 6226(a) of the Code for the readjustment of Company items, or (D) appeal any judicial decision with respect to any Company item, without the prior consent of the other Member which consent shall not be unreasonably withheld, conditioned or delayed.

SECTION 8

AMENDMENTS

8.1 Amendments. Amendments to this Agreement may be proposed by any Committee Representative or any Member. Following such proposal, the Management Committee shall submit to the Members a verbatim statement of any proposed amendment, and the Management Committee shall include in any such submission a recommendation as to the proposed amendment. The Management Committee shall seek the written consent of the Members pursuant to Section 6.3(f) on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that it may deem appropriate. A proposed amendment shall be adopted and be effective as an amendment hereto only if it receives the affirmative vote of each of the Members.

SECTION 9

TRANSFERS

9.1 Restrictions on Transfers. Except as provided in Section 9.2 of this Agreement, no Member shall Transfer all or any portion of its Membership Interest.

9.2 Permitted Transfers. Subject to the conditions and restrictions set forth in Section 9.3, a Member may at any time Transfer all or any portion of its Membership Interest to (a) any Wholly-Owned Affiliate of either the NS Parent or Pan Am Parent, (b) subject to the prior written consent of all other Members, any Person, (c) any Person that (i) is the surviving Person as a result of any merger or consolidation of the NS Parent with or into any such Person or (ii) acquires all or substantially all of the assets of the NS Parent, (d) any other Member, (e) any administrator, trustee or other Person to whom the NS Member or the NS Member's Membership Interest is transferred involuntarily by operation of law, (f) any Person that (i) is the surviving Person as a result of any merger or consolidation of the Pan Am Parent with or into any such Person or (ii) acquires all or substantially all of the assets of the Pan Am Parent, (g) any administrator, trustee or other Person to whom the Pan Am Member or the Pan Am Member's Membership Interest is transferred involuntarily by operation of law (any such Transfer being referred to in this Agreement as a "Permitted Transfer"). Any "Permitted Transfer" described in clauses (a) through (e) shall not constitute a Pan Am Change in Control and shall not effect a modification of the rights or obligations of the Members. Any "Permitted Transfer" described in clauses (f) or (g) (even if such transfer also is described in clause (a)) shall constitute a Pan Am Change in Control and shall effect a modification of the rights or obligations of the Members as further set forth herein.

9.3 Conditions to Permitted Transfers. A Transfer of a Membership Interest shall not be treated as a Permitted Transfer under Section 9.2 unless and until the following conditions are satisfied:

(a) Except in the case of a Transfer involuntarily by operation of law, the transferor and transferee shall execute and deliver to the Company such documents and instruments of conveyance as may be reasonably necessary or appropriate in the opinion of counsel to the Company to effect such Transfer. In the case of a Transfer of a Membership Interest involuntarily by operation of law, the Transfer shall be confirmed by presentation to the Company of legal evidence of such Transfer, in form and substance satisfactory to counsel to the Company. In all cases, the transferor and/or transferee shall reimburse the Company for all costs and expenses that the Company reasonably incurs in connection with such Transfer.

(b) The transferor and transferee shall furnish the Company with the transferee's taxpayer identification number and any other information reasonably necessary to permit the Company to file all required federal and state tax returns and other legally required information, statements or returns. Without limiting the generality of the foregoing, the Company shall not be required to make any distribution otherwise provided for in this Agreement with respect to any transferred Membership Interest until it has received such information.

(c) Except in the case of a Transfer of a Membership Interest involuntarily by operation of law, either (i) such Membership Interest shall be registered under the Securities Act and any applicable state securities laws or (ii) the transferor shall provide (unless waived by the Management Committee) an opinion of counsel which opinion and

counsel shall be reasonably satisfactory to the Management Committee to the effect that such Transfer is exempt from all applicable registration requirements and that such Transfer will not violate any applicable laws regulating the Transfer of securities.

(d) Prior to any such Transfer, the Transferee shall deliver to each Member a written commitment from such Transferee to be bound by this Agreement and to comply with the applicable provisions of Section 9.6.

(e) Prior to any such Transfer, the transferor delivers to all other Members a written explanation about why or why not the Transfer would not cause the Company to terminate under Section 708(b)(1)(B) of the Code and the Regulations thereunder as a result of such Transfer.

(f) Prior to any such Transfer, each other Member delivers to the transferor either

(i) The Member's written agreement that the Transfer would not cause the Company to terminate under Section 708(b)(1)(B) of the Code and the Regulations thereunder solely as a result of such Transfer, or

(ii) The Member's written consent for the Transfer.

9.4 Prohibited Transfers. Any purported Transfer of a Membership Interest that is not permitted by the terms of this Agreement shall be null and void and of no force or effect whatever; provided that, if the Company is required as a matter of law to recognize a Transfer that is not a Transfer permitted by the terms of this Agreement (unless the Management Committee, in its sole discretion and by unanimous action or consent, elects to recognize a Transfer that is not a Transfer permitted by the terms of this Agreement), the Membership Interest Transferred shall be strictly limited to the transferor's rights to allocations and distributions as provided by this Agreement with respect to the transferred Membership Interest, which allocations and distributions may be applied (without limiting any other legal or equitable rights of the Company) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee of such Membership Interest may have to the Company.

In the case of a Transfer or attempted Transfer of a Membership Interest that is not a Transfer permitted by the terms of this Agreement, the parties engaging or attempting to engage in such Transfer shall be liable to indemnify, and hold harmless the Company and the other Members from all cost, liability, and damage that any of such indemnified Person may incur (including, without limitation, incremental tax liabilities, attorneys' fees, fees of experts and accountants, and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

9.5 Rights of Unadmitted Assignees. A Person who acquires a Membership Interest, but who is not admitted as a substituted Member pursuant to Section 9.6 shall be entitled only to allocations and distributions with respect to such Membership Interest in accordance with this Agreement, and shall have no right to any information or accounting of the affairs of the Company, shall not be entitled to inspect the books or records of the Company, and shall not have any of the rights of a Member under the Act or this Agreement but shall succeed to all of

the obligations of the Member who purported to transfer a Membership Interest in violation hereof including without limitation the obligation of the transferee under this Section 9 with respect to any subsequent transfers.

9.6 Admission of New and Substituted Members. Subject to the other provisions of this Section 9, a transferee or acquiror of a Membership Interest shall be admitted to the Company as a new or substituted Member upon satisfaction of the conditions set forth in this Section 9.6:

(a) The Membership Interest with respect to which the transferee is being admitted was acquired by means of a Transfer permitted by the terms of this Agreement.

(b) The transferee of the Membership Interest (other than, with respect to clauses (i) and (ii) below, a transferee that was a Member or a Wholly-Owned Affiliate of a Member prior to the Transfer) shall, by written instrument in form and substance reasonably satisfactory to the Management Committee (and, in the case of clause (iii) below, the transferor Member), (i) make customary representations and warranties to each non-transferring Member as to its due organization, authority to become a party to this Agreement, litigation and required consents, (ii) accept and adopt the terms and provisions of this Agreement, including Section 5.2(c), this Section 9 and Section 10, and (iii) assume the obligations of the transferor Member under this Agreement with respect to the transferred Membership Interest. Upon unanimous agreement of all Members, a transferor Member transferring all but not less than all of its Membership Interest to any Permitted Transferee shall be released from all such assumed obligations except (x) those obligations or liabilities of the transferor Member arising out of a breach of this Agreement, and (y) in the case of a Transfer to any Person other than a Member or any of its Affiliates, those obligations or liabilities of the transferor Member based on events occurring, arising or maturing prior to the date of Transfer.

(c) A new Member acquiring a Membership Interest from the Company shall by written instrument in form and substance reasonably satisfactory to the Management Committee (i) make representations and warranties to the Members equivalent to those set forth in Section 9.6(b)(i) and (ii) accept and adopt the terms and provisions of this Agreement.

(d) The transferee or acquiror pays or reimburses the Company for all reasonable legal, filing, and publication costs that the Company incurs in connection with the admission of the transferee or acquiror as a Member with respect to the Transferred Membership Interest.

(e) Except in the case of a Transfer involuntarily by operation of law, if required by the Management Committee, the transferee (other than a transferee that was a Member or a Wholly-Owned Affiliate of a Member prior to the Transfer) shall deliver to the Company evidence of the authority of such Person to become a Member and to be bound by all of the terms and conditions of this Agreement, and the transferee and transferor shall each execute and deliver such other instruments as the Management Committee reasonably deems necessary or appropriate to effect, and as a condition to, such Transfer, including amendments to the Certificate or any other instrument filed with the State of Delaware or any other state or

governmental authority. In the event of an involuntary Transfer by operation of law the transferee shall succeed to all of the obligations of the transferring Member under this Agreement but shall not have any rights (including rights with respect to Management Committee membership or under Section 9) other than with respect to allocations or distributions under this Agreement.

9.7 Representations Regarding Transfers; Legend. Each Member hereby represents and warrants to the Company and the Members that such Member's acquisition of a Membership Interest hereunder is made as principal for such Member's own account and not for resale or distribution of such Membership Interest. Each Member further hereby agrees that the following legends may be placed upon any counterpart of this Agreement, the Certificate of Formation, or any other document or instrument evidencing ownership of a Membership Interest:

The Membership Interest represented by this document has not been registered under any securities laws and the transferability of such Membership Interest is restricted. Such Membership Interest may not be sold, assigned, or transferred, nor will any assignee, vendee, transferee, or endorsee thereof be recognized as having acquired any such Membership Interest by the issuer for any purposes, unless (1) a registration statement under the United States Securities Act of 1933, as amended, with respect to such Membership Interest shall then be in effect and such transfer has been qualified under all applicable state securities laws or (2) the availability of an exemption from such registration and qualification shall be established to the satisfaction of counsel to the Company; and

The Membership Interest represented by this document is subject to, and is transferable only upon compliance with, the provisions of a limited liability company agreement, dated as of [], 2008. A copy of the above-referenced agreement is on file at the principal office of the Company.

SECTION 10

EVENTS OF DEFAULT

10.1 Events of Default. The following acts shall constitute an Event of Default hereunder:

- (a) A Transfer by any Member that is not a Permitted Transfer;
- (b) Failure of any Member to materially comply with any material covenant or agreement hereunder in accordance with its terms within thirty (30) days after receipt of notice thereof; or
- (c) The Bankruptcy of any Member.

10.2 Remedies Upon an Event of Default. If an Event of Default has occurred and is continuing:

(a) The non-defaulting Members may seek specific performance of any covenant or agreement contained herein, and may seek to enjoin the breach of any covenant or agreement. It is acknowledged that in such event it would be impossible to measure in money the damages that would be suffered if the parties hereto fail to comply with any of the obligations imposed herein on them and that, in the event of any such failure, an aggrieved party hereto will be irreparably damaged and will not have an adequate remedy at law. In addition to being entitled to exercise all rights granted by law, any such party shall therefore, be entitled to equitable relief from any court having jurisdiction over such dispute, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties shall raise the defense that there is an adequate remedy at law; and

(b) Each non-defaulting Member shall be entitled to recover from the defaulting Member in an appropriate proceeding any and all claims, damages, losses, liabilities and expenses of whatever nature (including reasonable attorneys' fees and disbursements) (collectively, "Damages") suffered or incurred by the Company or the non-defaulting Members as a result of such Event of Default. No punitive damages shall be awarded as a result of an Event of Default hereunder.

(c) If the Event of Default arises from the Bankruptcy of a Member, no less than five Business Days after the commencement of a Bankruptcy proceeding, whether Voluntary or Involuntary, such Member shall provide notice of its offer to sell to all non-defaulting Members (the "Default Sale Notice") all but not less than all of the Membership Interest of the Company held by such defaulting Member. Each non-defaulting Member shall have the option within forty-five days of receiving the Default Sale Notice (the "Acceptance Period") to purchase all, but not less than all, of its pro rata share (based on the number of Membership Interests held by such non-defaulting Member as compared to the total number of Membership Interests held by all non-defaulting Members) of the Membership Interests offered. The price of the Membership Interests offered by the defaulting Member shall be the Fair Value of such Membership Interests less any Damages incurred by the non-defaulting Member that are recoverable pursuant to Section 10.2(b). If such offer to purchase is accepted such that all of the Membership Interests of the defaulting Member are purchased, and at least two Members remain, such Bankruptcy shall not be a Dissolution Event.

(d) Each non-defaulting Member shall if it so desires, exercise its rights under Section 10.2(c) by delivering to the defaulting Member written notice of election (the "Acceptance Agreement") prior to 5:00 p.m., Eastern standard time, on or before the last day of the Acceptance Period. By delivering the Acceptance Agreement, the non-defaulting Member agrees to purchase, and the defaulting Member agrees to sell, that portion of the defaulting Member's Membership Interests which corresponds to the defaulting Member's pro rata share. The Acceptance Agreement shall identify the committed source of financing for such purchase or provide evidence that the non-defaulting Member is able to effect the purchase.

The completion of the sale pursuant to Section 10.2(c) shall occur on a date to be mutually agreed between the defaulting Member and the non-defaulting Member(s), but in no event later than five Business Days after the latter of (i) the delivery date of the Acceptance Agreement or (ii) the date on which the last of any required regulatory approvals in connection with such transaction is received. All payments of the purchase price for a

transaction pursuant to Section 10.2(c) shall be made by wire transfer of immediately available funds to an account or accounts designated by the defaulting Member for such purpose.

(e) If the Event of Default arises from a Transfer that is not a Permitted Transfer, the transferring Member shall take or cause to be taken all action necessary to reverse such Transfer.

(f) In addition to the foregoing remedies, each defaulting Member hereby agrees to indemnify, defend and hold harmless each non-defaulting Member, the Company, their Affiliates and their respective partners, officers, directors, agents, representatives, employees and trustees ("Indemnified Parties") from and against all Damages arising out of or related to such Event of Default.

SECTION 11

DISSOLUTION AND WINDING UP

11.1 Dissolution Events. The Company shall dissolve and shall commence winding up and liquidating upon the first to occur of any of the following (each a "Dissolution Event"):

(i) The unanimous vote of the Members to dissolve, wind up, and liquidate the Company; or

(ii) A judicial dissolution under Section 18-802 of the Act.

The Members hereby agree that, notwithstanding any provision of the Act, the Company shall not dissolve prior to the occurrence of a Dissolution Event. The Members acknowledge that, prior to a Pan Am Change in Control, the Management Committee has the potential to be deadlocked on certain decisions, and it is the intent of the Members that such deadlock shall not constitute grounds for a judicial dissolution under Section 18-802 of the Act.

11.2 Winding Up. Upon the occurrence of a Dissolution Event, the Company shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Members, and no Member shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company's business and affairs, provided that all covenants contained in this Agreement and obligations provided for in this Agreement shall continue to be fully binding upon the Members until such time as the Property has been distributed pursuant to this Section 11.2 and the Certificate of Formation has been canceled pursuant to the Act. The Liquidator shall be responsible for overseeing the winding up and dissolution of the Company, which winding up and dissolution shall be completed within ninety days of the occurrence of the Dissolution Event. The Liquidator shall take full account of the Company's liabilities and Property and shall cause the Property or the proceeds from the sale thereof, to the extent sufficient therefor, to be applied and distributed, to the maximum extent permitted by law, in the following order:

(a) First, to creditors (including Members and Committee Representatives who are creditors, to the extent otherwise permitted by law) in satisfaction of all

of the Company's debts and other liabilities (whether by payment or the making of reasonable provision for payment thereof), other than liabilities for which reasonable provision for payment has been made;

(b) Second, except as provided in this Agreement, to Members and former Members of the Company in satisfaction of liabilities for distribution under the Act;

(c) The balance, if any, to the Members in accordance with their positive Capital Account balances (after taking into account all adjustments thereto for contributions, distributions and allocations for the year of dissolution and all prior periods).

(d) Notwithstanding the foregoing, in the event of a Dissolution Event, the holder(s) of the NS Member's Membership Interests shall have a right to in-kind distribution of the Line upon payment of an amount equal to the difference between the Fair Value of the Line and the amount the NS Member would otherwise be entitled to after giving effect to Section 11.2(a) through Section 11.2(c) above.

(e) Members or Committee Representatives may receive reasonable compensation for any services performed pursuant to this Section 11.

11.3 Compliance With Certain Requirements of Regulations; Deficit Capital Accounts. In the event the Company is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), and any Member has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all Fiscal Years, including the Fiscal Year during which such liquidation occurs), such Member shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the company or to any other Person for any purpose whatsoever. In the discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Members pursuant to this Section 11 may be:

(a) Distributed to a trust established for the benefit of the Members for the purposes of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Liquidator, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to Section 11.2; or

(b) Withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Members as soon as practicable.

11.4 Distributions in Kind. Any non-cash asset distributed to one or more Members shall first be valued at its Fair Value to determine Profit and Loss that would have resulted if such asset were sold for such value. Such Profit or Loss shall then be allocated to reflect such allocation.

11.5 Rights of Members. In the event of any distribution of Property in accordance with Section 11 hereof, except as provided in Section 11.2(d), no Member shall have the right or power to demand or receive Property other than cash from the Company. If the assets of the Company remaining after payment or discharge of the debts or liabilities of the Company are insufficient to return such Capital Contributions, the Members shall have no recourse against the Company or any other Member or Committee Representative.

11.6 Notice of Dissolution/Termination.

(a) In the event a Dissolution Event occurs, the Management Committee shall promptly, but in no event later than seven (7) days thereafter, provide written notice thereof to each of the Members.

(b) Upon completion of the distribution of the Company's Property as provided in this Section 11, the Company shall be terminated, and the Liquidator shall cause the filing of the Certificate of Cancellation pursuant to the Act and shall take all such other actions as may be necessary to terminate the Company.

11.7 Allocations During Period of Liquidation. During the period commencing on the first day of the Fiscal Year during which a Dissolution Event occurs and ending on the date on which all of the assets of the Company have been distributed to the Members pursuant to Section 11.2 (the "Liquidation Period"), the Members shall continue to share Profits, Losses, gain, loss and other items of Company income, gain, loss or deduction in the manner provided in Section 3.

11.8 Character of Liquidating Distributions. All payments made in liquidation of the interest of a Member in the Company shall be made in exchange for the interest of such Member in Property pursuant to Section 736(b)(1) of the Code, including the interest of such Member in Company goodwill.

11.9 The Liquidator.

(a) Definition. The "Liquidator" shall mean a Person appointed by the unanimous vote of the Members to oversee the liquidation of the Company.

(b) Fees. The Company is authorized to pay a reasonable fee to the Liquidator for its services performed pursuant to this Section 11 and to reimburse the Liquidator for its reasonable costs and expenses incurred in performing those services.

(c) Indemnification. The Company shall indemnify, save harmless, and pay all judgments and claims against such Liquidator or any officers, directors, agents or employees of the Liquidator relating to any liability or damage incurred by reason of any act performed or omitted to be performed by the Liquidator, or any officers, directors, agents or employees of the Liquidator in connection with the liquidation of the Company, including reasonable attorneys' fees incurred by the Liquidator, officer, director, agent or employee in connection with the defense of any action based on any such act or omission, which attorneys' fees may be paid as incurred, except to the extent such liability or damage is caused by the fraud,

intentional misconduct of, or a knowing violation of the laws by the Liquidator which was material to the cause of action.

SECTION 12

MISCELLANEOUS

12.1 Notices. Any notice, payment, demand, or communication required or permitted to be given by any provision of this Agreement (each a "Notice") shall be in writing and shall be deemed to have been delivered, given, and received for all purposes (i) if delivered personally to the Person or to an officer of the Person to whom the same is directed or (ii) when the same is actually received, if sent either by express delivery service or registered or certified mail, postage and charges prepaid and return receipt requested, or by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent promptly thereafter by registered or certified mail, postage and charges prepaid, addressed as follows or to such other address as such Person may from time to time specify, by notice to the Members and Committee Representatives:

If to the Company: Chairman
Pan Am Southern LLC
c/o Pan Am Railways
Iron Horse Park
North Billerica, MA 01862-1692

With a copy to the
NS Member and the
Pan Am Member

If to NS Member: Mike R. McClellan
Vice President – Intermodal and
Automotive Marketing
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

With a copy to: Vice President – Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510
(757) 629-2374
(757) 533-4872 (fax)

If to the Pan Am
Member: David A. Fink
President
Pan Am Railways
Iron Horse Park
North Billerica, MA 01862-1692
(978) 663-1186
(978) 663-6907 (fax)

With a copy to: Robert Culliford
Vice President Law
Pan Am Systems
Iron Horse Park
North Billerica, MA 01862-1692
(603) 766-2002
(603) 766-2094 (fax)

12.2 Certificates.

(a) Right of the Management Committee to Issue Certificates. If at any time the Management Committee determines that it is in the best interests of the Company to issue certificates attesting to the ownership of Membership Interest in the Company by its Members, the provisions of this Section shall thereafter apply (and prior to such determination by the Management Committee, if any, this Section shall have no force or effect).

(b) Form of Certificates. Certificates attesting to the ownership of interests in the Company shall be in such form as shall be approved unanimously by the Management Committee and shall state that the Company is a limited liability company formed under the laws of the State of Delaware, the name of the Member to whom such certificate is issued and that the certificates represent limited liability company interests within the meaning of the Act. Each such certificate shall be signed by one Committee Representative appointed by the Pan Am Member and one Committee Member appointed by the NS Member and shall include the legends referred to in Section 9.7.

(c) Register. The transfer register or transfer books and blank share certificates shall be kept by the Secretary of the Company or by any transfer agent or registrar designated by the Management Committee for that purpose.

(d) Issuance. The certificates of the Company shall be numbered and registered in the share register or transfer books of the Company as they are issued.

(e) Transfer. Subject to all provisions hereof relating to Transfers of Membership Interest, if the Company shall issue certificates in accordance with the provisions of this Section, Transfers of Membership Interests shall be made on the register or transfer books of the Company upon surrender of the certificate therefor, endorsed by the Person named in the certificate or by an attorney lawfully constituted in writing.

(f) Record Holder. Except to the extent that the Company shall have received written notice of an assignment of a Membership Interest in the Company, the Company shall be entitled to treat the Person in whose name any certificates issued by the Company stand on the books of the Company as the absolute owner thereof, and shall not be bound to recognize any equitable or other claim to, or interest in, such Membership Interest on the part of any other Person.

(g) Lost Destroyed or Mutilated Certificates. The holder of any certificates issued by the Company shall promptly notify the Company of any loss, destruction or mutilation of such certificates, and the Management Committee may cause a new certificate or certificates to be issued to such holder, in case of mutilation of the certificate upon the surrender of the mutilated certificate or, in case of loss or destruction of the certificate, upon satisfactory proof of such loss or destruction and, if the Management Committee shall so determine, the granting of an indemnity and/or the deposit of a bond in such form and in such sum, and with such surety or sureties, as the Management Committee may direct.

12.3 Binding Effect. Except as otherwise provided in this Agreement every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the Members and their respective successors, transferees and assigns.

12.4 Time. In computing any period of time pursuant to this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included, but the time shall begin to run on the next succeeding day. The last day of the period so computed shall be included, unless it is not a Business Day, in which event the period shall run until the end of the next day which is a Business Day.

12.5 Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof.

12.6 Prior Agreements. This Agreement, the JV Transaction Agreements and the Certificate of Formation supersede all prior agreements among the parties hereto, written or oral, with respect to the operation of the Company or the transactions referred to herein and specifically any and all term sheets prepared in respect of such transactions.

12.7 Severability. Except as otherwise provided in the succeeding sentence, every provision of this Agreement is intended to be severable, and, if any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement. The preceding sentence of this Section 12.7 shall be of no force or effect if the consequence of enforcing the remainder of this Agreement without such illegal or invalid term or provision would be to cause any Member to lose the material benefit of its economic bargain.

12.8 Incorporation by Reference. Every exhibit and other appendix attached to this Agreement and referred to herein is incorporated in this Agreement by reference unless this Agreement expressly otherwise provides.

12.9 Variation of Terms. All terms and any variations thereof shall be deemed to refer to masculine, feminine, or neuter, similar or plural, as the identity of the Person or Persons may require.

12.10 Counterpart Execution. This Agreement may be executed in any number of counterparts with the same effect as if all of the Members had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

12.11 Third Party Beneficiaries. Except for Indemnified Persons, this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the parties hereto.

12.12 GOVERNING LAW. THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER.

12.13 Confidentiality. Any information obtained by any Member, its respective Affiliates and respective employees in connection with this Agreement or the JV Transaction Agreements shall be subject to the confidentiality provision set forth in Section 17.5 of the Transaction Agreement. Notwithstanding anything herein to the contrary, any Member may share this Agreement and related information with its external auditors, the IRS any other tax authority or as may otherwise be required by applicable law.

SECTION 13 DISPUTE RESOLUTION

13.1 Reference to JOC.

Subject to Sections 5.6 and 5.11 hereof, any dispute, controversy or claim between or among any two or more of the Company, the NS Member and the Pan Am Member and arising out of or relating to this Agreement or the breach, termination or validity thereof (“Dispute”) shall be referred to the JOC for resolution and if the JOC is unable to resolve the dispute, it will be referred, in writing, to the Management Committee to resolve.

13.2 Reference for Formal Dispute Resolution.

Any Dispute not resolved within sixty (60) days after receipt by any of the involved parties of written notice of reference of such Dispute to the Management Committee pursuant to Section 13.1, shall be submitted, by either Member for formal dispute resolution pursuant to Section 13.3.

13.3 Formal Dispute Resolution.

(a) Submission to Jurisdiction. Each of the Company, the NS Member and the Pan Am Member hereto hereby (i) consents to submit itself to the exclusive jurisdiction of any Federal or state court located in the State of Delaware (the “Delaware Courts”) in any

action to enforce or in aid of the agreement to arbitrate in Section 13.3(b) herein or for provisional relief to maintain the status quo or prevent irreparable harm pending the appointment of the arbitrator, and to the non-exclusive jurisdiction of the Delaware Courts for enforcement of any award issued hereunder, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (iii) waives any objection based on forum non conveniens or any other objection to venue thereof.

(b) Dispute Resolution. Except as provided in Section 10.2, each of the Company, the NS Member and the Pan Am Member hereto stipulates and agrees that any Dispute that is not resolved pursuant to Section 13.1 will be submitted for formal dispute resolution, if at all, to mandatory and binding arbitration, in Washington, D.C., by a single arbitrator, under the Commercial Arbitration Rules and the Large Complex Case Procedures of the AAA then in effect (the “Rules”), under the following terms and conditions:

(i) Selection of Arbitrator. A single independent arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator.

(ii) Conduct of Arbitration. The arbitration shall be held and the award shall be issued in Washington, D.C. In addition to money damages, the arbitrator may award any remedy provided for under applicable law and the terms of this Agreement, including, without limitation, specific performance or other forms of injunctive relief. The arbitrator shall apply the law of the State of Delaware to the substance of the Dispute and will have no power or authority, under the rules of the AAA or otherwise, to amend or disregard any provision of this Agreement.

(iii) Replacement of Arbitrator. Should the arbitrator refuse or be unable to proceed with arbitration proceedings, a replacement arbitrator will be selected using the same method of selection as the original arbitrator.

(iv) Findings and Conclusions. The arbitrator will, after reaching judgment and award, prepare and distribute to the parties a written award including the findings of fact and conclusions of law relevant to such award and containing an opinion setting forth the reasons for the giving or denial of any award.

(v) Time is of the Essence. The arbitrator is hereby instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against any party if, upon a showing that such party is unreasonably delaying the proceeding.

(vi) Temporary Equitable Relief. By agreeing to arbitration, the parties do not intend to deprive any Delaware Court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a Delaware Court, the arbitrator shall have full authority to grant

provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award money damages for the failure of any party to respect the arbitrator's orders to that effect.

(vii) Consolidation. The parties are committed to the prompt and efficient resolution of Disputes. Accordingly, if more than one Dispute arise under this Agreement and/or any JV Transaction Agreement, such Disputes may be brought in a single arbitration. If more than one arbitration is brought with respect to Disputes under this Agreement and/or any JV Transaction Agreement, then any party may request that any arbitration or any new Dispute arising under this Agreement or the JV Agreement be consolidated into any prior arbitration. The new Dispute or arbitration shall be so consolidated, provided that the arbitrator for the prior (or first filed) arbitration determines that (x) the new Dispute or arbitration presents significant issues of law or fact common with those in the pending arbitration; (y) no party would be unduly prejudiced and (z) consolidation under such circumstances would not result in undue delay for the prior arbitration. Any order of consolidation issued by such arbitrator shall be final and binding upon the parties. Unless the parties otherwise agree, the arbitrator appointed first in time shall serve as the arbitrator for the consolidated arbitration. The parties waive any right they have to appeal or to seek interpretation, revision or annulment of such order of consolidation under the Rules or in any court. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Agreement, the subject of which has been consolidated into another arbitral proceeding.

(viii) Discovery. Recognizing the express desire of the parties for an expeditious means of dispute resolution, the arbitrator will allow for limited discovery as may be reasonable under the circumstances.

(ix) Costs and Attorneys' Fees. Notwithstanding any rule of the AAA to the contrary, the arbitrators rendering judgment under this Section 13.3(b) will have the power to award the costs of the arbitration, including reasonable attorneys' fees and expenses to the prevailing party or parties in the arbitration. In any action to enforce this agreement to arbitrate or any arbitral award rendered hereunder, the court may award costs and attorneys' fees against the party resisting enforcement.

(x) Miscellaneous. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrator. An arbitrator's award may be appealed in accord with Section 23 of the Uniform Arbitration Act.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the day first above set forth.

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule 1.1
Description of the Assets, including the Line

EXHIBIT B

PROPOSED CAPITAL PROJECTS

Exhibit 2.2

Initial Capital Accounts of the Members

Norfolk Southern Railway Company	\$65,000,000*
Boston and Maine Corporation	\$140,000,000

*If, before the NS initial contribution is made, Pan Am receives public funding to improve the Line, then the NS amount shall be adjusted downward by the amount of such public funding.

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PROPOSED CAPITAL EXPENDITURE PLAN

REVISED BY PAN AM 5/12/08

ITEM	Roadbed, Track & Structures Maintenance Program	Amount/ Unit	Unit Cost	Estimated Cost	2008	2009	2010	2011	Comments
1	Tree grove 415 @ average 800 per mile)	128,898	Tie	\$1,674,432	0%	0%	0%	0%	\$0
2	Surfacing	159	Mile	\$13,800	0%	40%	50%	0%	\$0
3	Rail Replacement (New T38RCE)	25	TM	\$11,088,000	0%	100%	0%	0%	\$0
4	Grade Crossings	400	TF	\$100	0%	0%	50%	50%	\$0
5	Rail Lubrication	30	EA	\$7,500	0%	0%	100%	0%	\$0
6	Joint Elimination	310	EA	\$6,000	0%	0%	100%	0%	\$0
7	Turnout Steel Replacement	51	EA	\$5,000	0%	100%	0%	0%	\$0
8	Switch Tie Replacement	1888	EA	\$150	0%	100%	0%	0%	\$0
9	Brush Cutting & Vegetation Control	1	L8	\$350,000	0%	30%	40%	30%	\$105,000
10	Drainage & Ditching	1	L8	\$350,000	0%	30%	40%	30%	\$105,000
11	Bridge Work (21 Bridges - 28M" Lag)	1	L8	\$6,850,318	2%	35%	35%	28%	\$133,000
12	Bridge Tie Replacement	1629	EA	\$400	0%	40%	40%	20%	\$0
13	Communications & Signal Improvements	1	L8	\$5,430,760	2%	30%	30%	38%	\$108,615
Subtotal for Rehabilitation				\$39,510,000					\$241,621
14	Miller's Falls Connection	1	L8	\$250,000	0%	100%	0%	0%	\$0
15	Construct 11,000 TF siding - MP CFF 432 to 434	1	EA	\$3,830,000	0%	20%	60%	20%	\$0
16	19'-4" Clearance on Siding & 2nd Main Track 9 Locations	1	L8	\$4,160,000	2%	35%	35%	28%	\$83,200
Subtotal for Core Capacity Improvements				\$8,240,000					\$83,200
17	Ayer/MF Expansion	1	L8	\$2,050,000	0%	0%	50%	50%	\$0
18	Ayer Served Site Entrance	1	L8	\$200,000	0%	100%	0%	0%	\$0
19	Mechanicsville MP/Auto	1	L8	\$37,500,000	5%	45%	50%	0%	\$1,875,000
Subtotal for Facilities				\$39,750,000					\$1,875,000
TOTAL				\$87,500,000					\$2,199,821

Notes

Rehabilitation Budget does not provide any funds for Core Capacity Improvements or Trackwork related to Intermodal Facility construction.
 Budget allocation for items highlighted in Tan based on work task / service to be performed by NSR forces or contractors.
 Budget allocation for items highlighted in Blue based on work task / service being performed by Pan Am Railways forces or contractors.

Exhibit 5.2(b)

Initial Management Committee Representative

Exhibit 5.3(b)(i)

Initial Members of Capital Project Committee

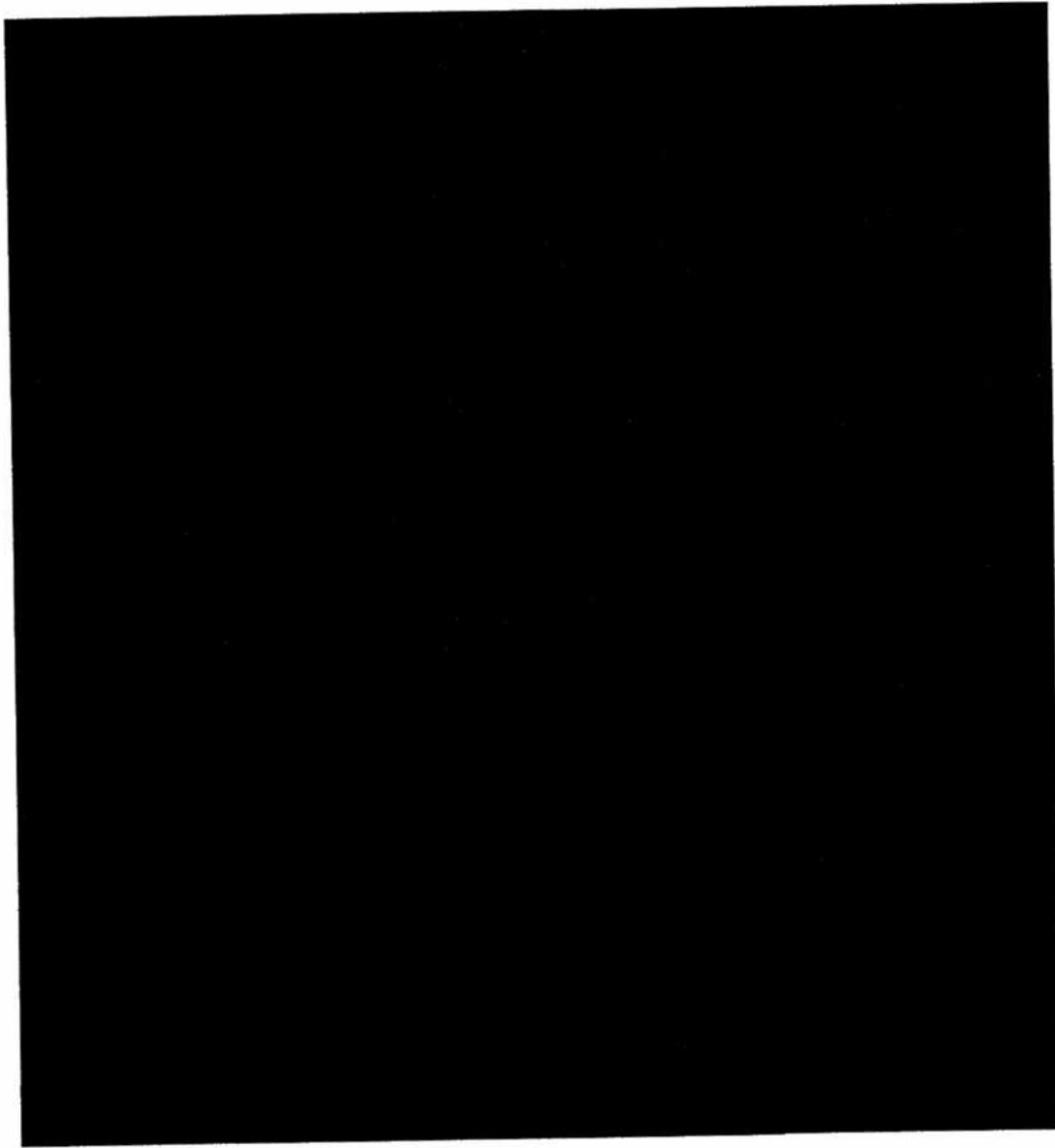
Exhibit 5.7(a)

Approved Budget and Business Plan

Pan Am Southern 2008 Pro Forma Operating Expenses

Springfield Terminal Cost Category	Cost Description	Annual Amount	Direct Cost	Indirect Cost

Patriot Corridor



[Redacted line of text]

[Redacted line of text]

[Redacted line of text]

Exhibit 5.7(b)

Approved Investment Policies

The Person designated by the Management Committee (which initially shall be the Railroad Operator) is authorized to purchase and sell from time to time on behalf of the Company the classes of United States dollar securities, described herein, subject to the specified limitations and ratings, and subject to any limitations that may be fixed from time to time by the Management Committee of the Company.

Securities in the short-term portfolio will consist of those maturing not later than one year from date of purchase. Securities in the intermediate-term portfolio will consist of those maturing from one to five years from date of purchase.

I. SHORT-TERM PORTFOLIO

Investments and Credit Quality (See Item 11 this section)

1. U.S. Treasury obligations
2. Federal Agency obligations
3. Bank obligations (Domestic and Eurodollar)
 - U.S. and foreign banks: Time deposits, money market demand accounts, certificates of deposit, bankers' acceptances, letter of credit-backed paper, and commercial paper issued by domestic bank holding companies and foreign bank owned funding subsidiaries.
 - Minimum equity of \$500 million for U.S. banks; \$1 billion for foreign banks.
 - Thompson Financial Services rating of B/C (domestic banks) or II/III (foreign banks).
 - Moody's Aa long-term deposit rating, or Moody's Aa or S&P AA or Fitch long-term debt ratings. A1/P1 ratings on short-term deposits and commercial paper. In the absence of long-term ratings, Thompson Financial Services' ratings are acceptable.
4. Commercial Paper (U. S. and non-U.S.) Asset-backed and non asset-backed
 - Long-term debt ratings of Aa/AA, short-term ratings of A1/P1. If an issuer does not have a long-term debt rating, S&P common stock rating of A or better may be substituted for this debt requirement. In the case of asset-backed paper, the issuer may be backed by a letter of credit from a financial institution with a long-term debt rating of AA or better.
5. Repurchase Agreements
 - Overnight or term repos up to 30-day maturity.
 - Collateral coverage of not less than 102% (based upon current market value plus accrued interest), using Government, federal agencies and obligations of banks which otherwise meet the criteria of this policy.
6. Overnight Institutional Money Market Funds
 - a. Minimum equity of \$1 billion.

- b. Money market mutual funds organized under the laws of the United States or any state thereof which have daily pricing and daily redemption features and invest at least ninety percent (90%) of their assets in the investments described in the investment policy.
- 7. Tax-exempt and taxable municipal securities –
 - a. General obligation notes; state and municipal authorities, school districts and other revenue notes and bonds; variable rate demand/Put notes and bonds; and Daily, Weekly, Monthly Floaters.
 - Long-term debt ratings of Aa by Standard & Poor's, Moody's or Fitch
 - Short-term debt ratings of MIG-1/VMIG-1 or SP-1/A-1.
 - Long-term ratings of Aa and AA on issues insured by Municipal Bond Insurance Association (MBIA); Financial Guaranty Insurance Company (FGIC), and Bond Investors Guaranty Insurance Company (BIG).
 - In the case of variable rate/Put bonds, underlying issuer must be rated A by at least one of the rating agencies. If the underlying issuer's rating is no higher than A, then the issue must be supported by an irrevocable letter of credit issued by a bank qualifying under
 - the above credit quality standards.
 - b. Tax-exempt commercial paper
 - Long-term debt ratings of Aa or AA , or backed by a letter of credit from a financial institution rated AA, commercial paper ratings of A1 or P1.
- 8. Variable Rate Preferred Stock
 - Issuer's equity must meet minimum standards outlined above.
 - Long-term debt ratings of Aa/AA.
- 9. Corporate Obligations
 - Floating and fixed rates credit rating by at least one rating agency of AA.
- 10. Broker LLC private investment funds rated AAA.
- 11. Credit Quality Exception-
 - Long-term rating requirements as stated above are Aa by Moody's and/or AA by Standard and Poor's. This requirement is modified to the extent that up to 25% of total securities in short and intermediate-term portfolios may carry a rating of A by Moody's and/or A by Standard and Poor's or Fitch.

II. INTERMEDIATE-TERM PORTFOLIO

- Credit requirements for these issues must adhere to the same standards as short-term issues. If the total of the short-term and intermediate-term portfolios exceeds \$100 million, then no more than 50% of the total investments may be placed in the intermediate-term portfolio.

INVESTMENTS

1. All instruments included in the short-term portfolio.
2. Corporate Notes and Bonds, both Fixed and Floating rates.
3. Corporate Notes and Bonds with Put Features.
 - Puts must be at par and unconditional, date thereof to be considered final maturity date.
4. Eurodollar and Yankee Notes and Bonds.
5. Term Certificates of Deposit issued by U.S. and foreign banks.
6. Floating Rate Instruments –
 - a. Domestic and Eurodollar certificates of deposit and notes.
 - b. Variable Coupon Renewable Notes.
7. Asset-backed securities, defined as:
 - a. Government National Mortgage Association (GNMA) Pass-Through Certificates.
 - b. Federal National Mortgage Association (FNMA) Mortgage-Backed Securities.
 - c. Federal Home Loan Mortgage Corporation (FHLMC) Participation Certificates.
 - d. Collateralized Mortgage Obligations (CMOs) issued by Federal Home Loan Mortgage Corporation and Wall Street dealer-sponsored special purpose corporations.
 - e. Auto Loan or Credit Card-backed Notes issued by various finance companies.

III. PORTFOLIO LIMITS

1. U. S. Treasury obligations – no limits.
2. Federal Agency obligations – not more than 50% of the total portfolio.
3. Bank obligations
 - a. Any single issuer is limited to 10% of total portfolio.
 - b. Total bank related obligations may not exceed 50% of total portfolio.
 - c. Foreign bank obligations may not exceed 25% of the total portfolio.
4. Commercial Paper
 - a. Any single issuer is limited to 10% of the total portfolio.
 - b. Not more than 50% of the total portfolio may be invested in commercial paper.
 - c. Not more than 25% of the total portfolio may be invested in foreign commercial paper (excluding foreign bank related commercial paper).
5. Repurchase Agreements
 - a. No limits on total repurchase agreements.
 - b. Any approved dealer is limited to 10% of total portfolio.
6. Tax-exempt and taxable securities
 - a. Any single issuer is limited to 10% of total portfolio.
 - b. Total tax-exempt obligations shall not exceed 2%.
7. Variable Rate Preferred Stock

- a. Any single issuer is limited to 5% of the total portfolio, with a maximum of 5% of any single issue.
 - b. Total Variable Rate Preferred Stock may not exceed 10% of the total portfolio.
- 8. Corporate obligations (other than bank obligations)
 - a. Any single issue is limited to 10% of total portfolio.
 - b. Corporate obligations may not exceed 50% of total portfolio.
- 9. Miscellaneous
 - a. Obligations of any one industry shall not exceed 25% of the total Portfolio, with the exception of 50% limitation for bank related obligations.
 - b. Not more than 5% of the total portfolio may be invested in any category or obligation of any issuer not covered by the limitations or credit standards established above, provided the investment within this limitation are consistent with the objectives of the portfolio.
 - c. The total of all securities issued by foreign governments and agencies, foreign supra-national corporations, U.S. subsidiaries of foreign corporations, and foreign banks (including U. S. subsidiaries) shall not exceed 50% of the total portfolio with no more than 10% of the total portfolio invested in any one country.
 - d. The total limitations on Federal Agency, Commercial Paper, bank obligations and corporate obligations will not apply when the total of the short-term and intermediate portfolios \$200 million or less.
 - e. Any single issuer cannot exceed the lesser of \$50 million or 10% of the portfolio.

RAILROAD OPERATING AGREEMENT

THIS RAILROAD OPERATING AGREEMENT ("Agreement") is made and entered into as of this ____ day of _____, 2008, by and among Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern"), Springfield Terminal Railway Company ("Springfield Terminal"), Pan Am Railways, Inc. ("Pan Am") and Norfolk Southern Railway Company ("NSR"). Each of Pan Am Southern, Springfield Terminal, Pan Am and NSR is sometimes referred to as a "Party" and collectively as "Parties."

RECITALS

WHEREAS, Pan Am, on behalf of itself and its subsidiaries, Boston and Maine Corporation ("B&M"), Springfield Terminal (collectively with Pan Am and B&M, the "Pan Am System Parties") and NSR entered into a Transaction Agreement (the "Transaction Agreement"), dated as of [], 2008, which provides, among other things, for NSR and B&M to form Pan Am Southern pursuant to a Limited Liability Company Agreement of Pan Am Southern between NSR and B&M, dated as of [], 2008 (the "LLC Agreement"); and

WHEREAS, prior to Closing, as defined in the Transaction Agreement, Springfield Terminal was responsible for performing the administrative and railroad maintenance and operating tasks involved in the rail transportation system for the then-existing Springfield Terminal system (the portion of such system as is not included in the Pan Am Southern Assets (as hereinafter defined) being defined as "Remaining Springfield Terminal Assets"); and

WHEREAS, the Transaction Agreement provides for B&M and the other Pan Am System Parties to sell in part and contribute in part certain railroad lines and trackage rights constituting a portion of the Springfield Terminal system and owned or operated generally in New York, Vermont, Connecticut, Massachusetts, and New Hampshire (the portions of which that are to be sold and contributed being the "Line", as more specifically defined in the Transaction Agreement) and certain other related assets, all of which were previously operated in a unified manner with other railroad lines and trackage rights by one or more of the Pan Am System Parties (together with the Line, the "Pan Am Southern Assets", as more specifically defined as the Assets in the Transaction Agreement) to Pan Am Southern (the "Pan Am Contribution"); and

WHEREAS, as a result of the Pan Am Contribution, the Pan Am Southern Assets previously operated in a unified manner will, after Closing, be operated by two entities, Pan Am Southern (as to the Pan Am Southern Assets) and Springfield Terminal (as to the Remaining Springfield Terminal Assets); and

WHEREAS, the Transaction Agreement contemplates that railroad operations over the Line, including the quoting of Rates and Allowances (as defined in the Transportation Agreement Assignment and Division Allocation Agreement, hereinafter

defined), initially will be performed on behalf of Pan Am Southern by a railroad operator (the "Railroad Operator") and that the initial Railroad Operator shall be Springfield Terminal; and

WHEREAS, NSR, Pan Am Southern and Springfield Terminal have entered into an agreement (the "Transportation Agreement Assignment and Division Allocation Agreement") pursuant to which, among other things, the Railroad Operator will quote Rates and Allowances, and allocate revenues to be collected, on behalf of Pan Am Southern and Springfield Terminal; and

WHEREAS, the Pan Am System Parties and Pan Am Southern have entered into an agreement (the "Miscellaneous Assignment and Assumption Agreement") pursuant to which, among other things, each member of the Pan Am System Parties has assigned to Pan Am Southern all of their respective rights and obligations to certain contracts, agreements, leases and licenses pursuant to which third parties have rights with respect to the Pan Am Southern Assets, including, without limitation, the lateral and perpendicular fiber and wire agreements, pipeline agreements, rental agreements, clearance agreements, agreements concerning the performance of any grade crossing facility maintenance, repair and inspection obligations (such agreements as assigned and as entered into after the date hereof pursuant to Section 4(b), the "Ancillary Agreements"); and

WHEREAS, Pan Am Southern and NSR have entered into an agreement (the "NSR Joint Use Agreement") pursuant to which, among other things, Pan Am Southern will provide certain haulage services to NSR and has committed to certain service standards with regard to the provision of those haulage services; and

WHEREAS, NSR, Pan Am, B&M and Springfield Terminal obtained the prior consent of the Surface Transportation Board to consummate the transactions set forth in the Transaction Agreement, including the authority to enter into, and perform pursuant to, this Agreement;

WHEREAS, the Parties desire to enter into this Agreement to, among other things, set forth (i) the obligations of Springfield Terminal as the Railroad Operator and (ii) the compensation to be paid to Springfield Terminal therefor;

WHEREAS, the Parties desire that Springfield Terminal incur certain operating expenses on behalf of Pan Am Southern and be reimbursed therefor in the manner described in Appendices C and D and that Springfield Terminal pay all of Pan Am Southern's other operating expenses out of Pan Am Southern's accounts and using Pan Am Southern's funds; provided that certain of such expenses may be subject to indemnification from Springfield Terminal as provided in this Agreement, the Transaction Agreement or other agreements contemplated by the Transaction Agreement;

NOW, THEREFORE, with reference to the foregoing facts and in consideration of the mutual agreements and understandings set forth herein, the Parties hereto, intending to be legally bound, agree as follows:

SECTION 1. DEFINITIONS

(a) Interpretation Generally.

Unless otherwise defined herein, all words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.

(b) Capitalized Terms.

Appendix D contains several terms that are defined therein. All other capitalized terms shall have the defined meaning set forth below:

“Additional Repair Item” shall have the meaning given to that term in Section 3(a)(ii)(A).

“Administrative Services” shall have the meaning given to that term in Section 2(a)(i).

“Agreement” shall have the meaning given to that term in the introductory paragraph.

“Ancillary Agreements” shall have the meaning given to that term in the Recitals.

“Ayer Switching Agreement” shall mean that switching agreement by and between Springfield Terminal and Pan Am Southern, dated as of [], pursuant to which Pan Am Southern provides to Springfield Terminal certain switching services generally between CPF 312 and Ayer, MA, as is more definitively set forth therein and in the schematic attached thereto.

“B&M” shall have the meaning given to that term in the Recitals.

“Claim” or **“Claims”** shall mean any and all claims, demands, losses (including the loss of use), costs (including investigation, remedial and clean-up costs), expenses (including attorneys’, consultants’ or experts’ fees and expenses), judgments, awards, penalties, governmental action (including fines and liens), causes of action, liens, suits or liability of every kind and nature suffered, including for exemplary, special or consequential damages.

“Cleanup” shall mean all actions, including investigations, required by Law to: (1) cleanup, remove, treat or remediate Hazardous Materials in the environment; (2) prevent the Release of Hazardous Materials so that they do not migrate, endanger or threaten to endanger public health or welfare or the environment; (3) perform pre-remedial studies and investigations and post-remedial monitoring and care; or (4) respond

to any government requests for information or documents in any way relating to cleanup, removal, treatment or remediation or potential cleanup, removal, treatment or remediation of Hazardous Materials in the environment.

“Delaware Courts” shall have the meaning given to that term in Section 17(c)(i).

“Designated Engineer” shall mean, as to each of NSR and Springfield Terminal, the engineering representative that is a designated contact for matters relating to this Agreement.

“Dispute” shall have the meaning given to that term in Section 17(a).

“Effective Date” shall have the meaning given to that term in Section 11(a).

“Environmental Claim” means any fine, claim, action, lien, cause of action, investigation or notice by any Person alleging potential liability (including potential liability for Cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, manufacture, processing, distribution, use, treatment, storage, Release or threatened Release, disposal, transport or handling, of any Hazardous Materials, or (b) circumstances forming the basis of any violation of any Environmental Law.

“Environmental Laws” means all Laws relating to pollution or protection of human health or the environment, including all Laws relating to Releases or threatened Releases of Hazardous Materials or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, disposal, transport or handling of Hazardous Materials, all Laws relating to record keeping, notification, disclosure and reporting requirements respecting Hazardous Materials and all Laws relating to endangered or threatened species of fish, wildlife and plants and natural resources.

“Financial Activities” shall have the meaning given to that term in Section 4(c).

“Freight Railroad Service” shall have the meaning given to that term in Section 2(a)(i).

“General Manager” shall have the meaning given to that term in Section 2(b).

“Governmental Action” shall mean any applicable law, rule, regulation or ordinance promulgated by any Governmental Authority having jurisdiction.

“Governmental Authority” shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or any mediation body or arbitral tribunal, including the STB.

“Grade Crossing Facility Maintenance and Repair” shall have the meaning given to that term in Section 3(a)(iii).

“Hazardous Materials” shall mean all substances defined as Hazardous Substances, Oils, Pollutants or Contaminants in the National Oil and Hazardous Substances Pollution Contingency Plan, 40 C.F.R. § 300.5, or defined as such by, or regulated as such under, any Environmental Law.

“Invoiced Party” shall have the meaning given to that term in Section 14(a).

“Invoicing Party” shall have the meaning given to that term in Section 14(a).

“JOC” shall mean the Joint Operating Committee established by Section 5.3(c) of the LLC Agreement.

“Law” shall mean any U.S. federal, state or local or foreign statute, law, rule, regulation, ordinance, order, code, policy or rule of common law, now or hereafter in effect and, in each case, as amended, any binding judicial or administrative interpretation thereof by a Governmental Authority or otherwise, including any judicial or administrative order, consent, decree or judgment.

“Lien” shall have the meaning given to that term in Section 9(h)(i).

“Line” shall have the meaning given to that term in the Recitals.

“LLC Agreement” shall have the meaning given to that term in the Recitals.

“Local Services” shall mean those local services not necessary for completion of the line haul transportation, including, without limitation, loading or unloading, weighing of cars, intra-plant switching, storage or warehousing. The weighing of cars for the purpose of assessing transportation charges shall be a Local Service.

“Local Service Charge” shall mean charges assessed for the provision of Local Services.

“Main Line” shall mean that portion of the Line between Mechanicville, NY at Milepost 467.40, and a connection with Remaining Springfield Terminal Assets at CPF 312 at Milepost 311.97.

“Maintenance and Inspection” shall have the meaning given to that term in Section 3(a)(i)(A).

“Maintenance Item” shall have the meaning given to that term in Section 3(a)(i)(A).

“Management Committee” shall mean the management committee of Pan Am Southern as provided for in the LLC Agreement.

“MBTA” shall mean the Massachusetts Bay Transportation Authority.

“Miscellaneous Assignment and Assumption Agreement” shall have the meaning given to that term in the Recitals.

“Monthly Statement” shall have the meaning given to that term in Section 14(a).

“NSR” shall have the meaning given to that term in the introductory paragraph.

“NSR Joint Use Agreement” shall have the meaning given to that term in the Recitals.

“Operating Fee Additive Element” shall have the meaning ascribed to that term in Section 2 of Appendix C.

“Operating Fee Base Element” shall have the meaning ascribed to that term in Section 1 of Appendix C.

“Option Agreement” shall mean that agreement dated May 1, 2008 by and among Pan Am, B&M and NSR, concerning the acquisition of an option to purchase a certain undivided interest in the Assets, as defined therein, among other things.

“Pan Am” shall have the meaning given to that term in the introductory paragraph.

“Pan Am Change in Control” shall mean: (1) the establishment of a voting trust as described in 49 C.F.R. Part 1013 – Guidelines for the Proper Use of Voting Trusts, or any subsequent regulation, with regard to the acquisition of a controlling block of voting securities of the Pan Am Member, Pan Am, B&M or Springfield Terminal, or any entity having direct or indirect control over any of the same, including but not limited to the Pan Am Parent; (2) the submission to the STB of any application, petition for exemption, or notice of exemption seeking approval, or exemption from approval, to effect a change in control of the Pan Am Member, Pan Am, B&M or Springfield Terminal or any entity having direct or indirect control over any of the same; (3) any Permitted Transfer as described in Section 9.2 clauses (f) or (g) of the LLC Agreement; or (4) not taking into account the Pan Am Member’s membership interest in Pan Am Southern, the sale, transfer or other distribution of all or substantially all of the assets of the Pan Am Member, Pan Am, B&M or Springfield Terminal.

“Pan Am Contribution” shall have the meaning given to that term in the Recitals.

“Pan Am Member” shall mean B&M or any permitted transferee of its membership interest in Pan Am Southern under the LLC Agreement.

“Pan Am Parent” shall mean Pan Am Systems, Inc., a Florida corporation, and the ultimate parent of the Pan Am System Parties.

“Pan Am Southern” shall have the meaning given to that term in the introductory paragraph.

“Pan Am Southern Assets” shall have the meaning given to that term in the Recitals.

“Pan Am System Parties” shall have the meaning given to that term in the Recitals.

“Party” or **“Parties”** shall have the meaning given to that term in the introductory paragraph.

“Person” shall mean an individual or a partnership, corporation, trust, association, limited liability company, Governmental Authority or other entity.

“Railroad Operator” shall have the meaning given to that term in the Recitals.

“Release” shall mean any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, or leaching into the environment (including ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property of any Hazardous Material, including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

“Remaining Springfield Terminal Assets” shall have the meaning given to that term in the Recitals.

“Required Personnel and Tools” shall have the meaning given to that term in Section 9(d)(ii).

“Rules” shall have the meaning given to that term in Section 17(c)(ii).

“Springfield Terminal” shall have the meaning given to that term in the introductory paragraph.

“Springfield Terminal Joint Use Agreement” shall mean that joint use agreement by and among Pan Am Southern, Springfield Terminal and NSR, dated as of [], pursuant to which, among other things, Pan Am Southern granted to Springfield Terminal certain overhead trackage rights generally between CPF 312 and Harvard, MA for the purpose of interchange with CSX Transportation, Inc. and for service to both existing and future customers on Springfield Terminal trackage south of Harvard.

“STB” shall mean the Surface Transportation Board or any successor entity thereto.

“Swapped-out Property” shall have the meaning given to that term in Section 9(c).

“Transaction Agreement” shall have the meaning given to that term in the Recitals.

“Transportation Agreement Assignment and Division Allocation Agreement” shall have the meaning given to that term in the recitals.

“Work” shall mean all tasks, duties, obligations, services, requirements and activities of whatever kind or nature, express or implied, direct or incidental, to be performed, and all items tangible and intangible, to be provided by Springfield Terminal pursuant to this Agreement.

(c) Construction of Certain Terms and Phrases

Unless the context otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms “hereof,” “herein,” “hereby” and derivative or similar words refer to this entire Agreement; (iv) the terms “Article” or “Section” refers to the specified Article or Section of this Agreement; (v) the terms “and” and “or” include the term “and/or” when the context is appropriate; (vi) the terms “include” or “including” also include the words “without limitation” when the context is appropriate. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under generally accepted accounting principles, as in effect in the United States of America. All dollar amounts set forth herein are in United States currency. Whenever this Agreement refers to an Appendix, Exhibit or Schedule attached hereto, the Appendix, Exhibit or Schedule shall be deemed to be incorporated by reference. References herein to any agreement or contract mean such agreement or contract as amended.

SECTION 2. DESIGNATED RAILROAD OPERATOR

(a) Engagement of Springfield Terminal as Designated Railroad Operator.

(i) Pan Am Southern hereby retains and engages Springfield Terminal, and Springfield Terminal agrees, to become and act as the designated Railroad Operator for the Line, to manage, administer, supervise, perform and provide all railroad services over the Line (the “Freight Railroad Service”) on behalf of Pan Am Southern, including but not limited to Local Services, maintaining, dispatching and providing transportation rail services over the Line, and to provide all of the management, administration, supervision and performance of all general and administrative services necessary or appropriate to the conduct of the business of Pan Am Southern (“Administrative Services”), including, but not limited to accounting, treasury and tax services, legal services, claims handling, information technology services, ancillary agreement management, human resources and labor relations services, and, pursuant to the Transportation Agreement Assignment and Divisions Allocation Agreement, the

billing and collection of all Local Service Charges and revenues for railroad transportation, and the quotation of rates, on behalf of Pan Am Southern. The Administrative Services also include the performance of all functions assigned to the Railroad Operator under the LLC Agreement, including without limitation (i) the preparation of the Budget and the Business Plan (each as defined in the LLC Agreement) as provided in Section 5.7(a) of the LLC Agreement and (ii) the performance of accounting functions and preparation and delivery of financial reports as provided in Section 7 of the LLC Agreement.

(ii) It is the intention of the Parties that Section 2(a)(i) be read expansively in order to effectuate the intention of this Agreement as set forth in the Recitals. Notwithstanding the generality of the foregoing, the Freight Railroad Service shall include, among other things, the specific items set forth in Appendix A – Specific Freight Railroad Service Obligations.

(iii) Springfield Terminal shall be authorized to negotiate and pay, on behalf of Pan Am Southern, certain costs, invoices and claims (such as payment for freight claims, taxes, or leases or other expenses that Pan Am Southern is initially obligated to pay). Nothing in this Agreement (pursuant to which Springfield Terminal acts as a contractor to Pan Am Southern) is meant to modify the allocation of liability, costs or obligations pursuant to the Transaction Agreement or any other JV Transaction Agreement (as defined in the LLC Agreement), entered into contemporaneously with this Agreement or otherwise. By way of illustration only, and without intending to modify the foregoing, pursuant to the NS Joint Use Agreement, Pan Am Southern is not to settle without NSR input certain claims for which NSR provides an indemnification pursuant to that agreement. The provisions of Section 4(a)(iii) of this Agreement dictate the responsibilities that Springfield Terminal has with regard to freight claim settlement vis a vis Pan Am Southern. If, as is the case under the NS Joint Use Agreement, Pan Am Southern has an obligation to consult with NSR with regard to certain claims, the provisions of this Agreement are not meant to modify that consultation requirement, and Springfield Terminal, as Pan Am Southern's contractor, is required to comply with that consultation requirement. Similarly, and by way of further illustration only, any requirement set forth herein for Springfield Terminal to pay, as a contractor hereunder but using Pan Am Southern funds, invoices for certain claims shall have no effect upon any requirement found in the Transaction Agreement or other JV Transaction Agreement for indemnification of Springfield Terminal.

(iv) Springfield Terminal shall not, by reason of this Agreement, have any right to permit any rail carrier access to operate or use the Line or the other Pan Am Southern Assets.

(b) General Manager.

(i) Springfield Terminal shall appoint an individual ("General Manager") who shall manage and supervise the operation, maintenance and use of the Pan Am Southern Assets in accordance with this Agreement and directives and policies

of Pan Am Southern. Pan Am Southern acknowledges that the General Manager also shall have responsibilities with regard to Pan Am operations. Notwithstanding the foregoing, Springfield Terminal agrees that the General Manager shall perform his or her responsibilities on an impartial and non-discriminatory basis as between Pan Am Southern and Pan Am. Springfield Terminal shall promptly appoint a new General Manager to fill any vacancy caused by the retirement, removal or otherwise long-term unavailability of the then-current General Manager.

(ii) Pan Am Southern may require that Springfield Terminal remove, and Springfield Terminal shall promptly remove, the current General Manager at any time for serious misconduct, which shall mean conduct that would make it unreasonable to retain the General Manager as manager of Pan Am Southern's business, including but not limited to conduct such as: (A) violation of applicable alcohol or drug use policies, (B) fraud, (C) embezzlement or other act of dishonesty against Pan Am Southern, Pan Am or NSR or any of their customers or suppliers, (D) activities willfully undertaken by the General Manager which reflect adversely upon the reputation of Pan Am Southern, Pan Am or NSR, (E) refusal to perform or substantial neglect of the responsibilities assigned to the General Manager, (F) failure to perform his or her responsibilities on an impartial and non-discriminatory basis as between Pan Am Southern and Pan Am after 45-days' written notice from Pan Am Southern or Pan Am describing such failure, (G) any violation of law or rule or regulation of any Governmental Authority which results in serious adverse consequences to Pan Am Southern, Pan Am or NSR, or (H) any material violation of any directive or policy of Pan Am Southern.

SECTION 3. MAINTENANCE OF THE RAILROAD PREMISES

(a) Without intending to limit the provisions of Section 2(a)(i), the Parties intend that the Freight Railroad Services that Springfield Terminal shall provide and perform include the following:

(i) Maintenance and Inspection.

(A) Springfield Terminal shall provide inspection and maintenance and repair (the "Maintenance and Inspection," any specified item of which may be referred to as a "Maintenance Item") of the Line's right-of-way, track, structures, communications and signals fixtures and appurtenances.

(B) Springfield Terminal and Pan Am Southern shall quarterly meet to review the maintenance program, and Springfield Terminal and Pan Am Southern shall mutually determine any adjustments thereto.

(ii) Additional Maintenance and Repair.

(A) Springfield Terminal shall provide, or cause to be provided, any repair or upgrade item that is not a Maintenance Item (an "Additional Repair Item") that is required in order to keep the Assets (including the Line) in good operating condition.

(B) Such Additional Repair Items include, but are not limited to, any capital maintenance, or other maintenance, repair, upgrade or other additional maintenance items caused by: (u) an unforeseen or unanticipated condition; (v) a casualty loss or damage, including but not limited to a derailment involving any carrier operating on the Line or third-party events such as an automobile accident damaging any portion of a grade crossing, the associated gates, signalization or warning devices; (w) a force majeure event as described in Section 18; (x) a Governmental Action (including a change in regulatory compliance requirements), mandate, order, judgment or award by a Governmental Authority with jurisdiction over the Line or rail transport thereover; (y) environmental investigation, cleanup or remediation required by Governmental Action or by the performance of the Freight Rail Services and Maintenance and Inspection or the Additional Repair Items pursuant to this Agreement; or (z) other like condition or occurrence, but in any event the Additional Repair Items shall not include those items that are Capital Projects (as defined in the LLC Agreement).

(iii) Grade Crossing Facility Maintenance and Repair.

Springfield Terminal shall fulfill, or cause to be fulfilled, any grade crossing facility maintenance, repair and inspection obligation ("Grade Crossing Facility Maintenance and Repair") of Pan Am Southern arising from the creation or maintenance of any public highway-railroad grade crossing or private grade crossing, including any present or future obligations that may arise as a result of the receipt of funding or other support from a Governmental Authority for the grade crossing warning devices or other highway-railroad grade crossing facility such as those assigned pursuant to the Miscellaneous Assignment and Assumption Agreement and listed in Appendix B – Assigned Grade Crossing Agreements or otherwise governing such facilities regardless of the fact that said agreement(s) may not have been assigned to Pan Am Southern.

(b) Minimum Standards.

Springfield Terminal shall keep and maintain the Pan Am Southern Assets, including any buildings or other structures in current use or leased or occupied by Springfield Terminal on the Closing Date (as defined in the Transaction Agreement), (a) in good operating condition and repair in a manner consistent with sound, accepted engineering principles and maintain the Main Line of the Line at least to a minimum condition existing as of the Effective Date hereof until the completion of the certain capital improvement projects described in Schedule 2.5 of the Transaction Agreement that would permit Federal Railroad Administration Class 3 standards (or any successor standard thereto), capable of handling cars of 286,000 lbs., after which Springfield Terminal shall keep and maintain the Pan Am Southern Assets in good operating condition and repair in a manner consistent with sound, accepted engineering principles and maintain the Main Line of the Line at least to a minimum existing as of the Effective Date hereof until the completion of the certain capital improvement projects described in Schedule 2.5 of the Transaction Agreement that would permit Federal Railroad Administration Class 3 standards (or any successor standard thereto), capable of handling

cars of 286,000 lbs. Springfield Terminal shall provide Freight Railroad Services reasonably capable of satisfying the services standards committed to NSR in the Joint Use Agreement.

SECTION 4. SPECIFIC ADMINISTRATIVE SERVICES

Without intending to limit the provisions of Section 2(a)(i), the Parties intend that the Administrative Services that Springfield Terminal shall provide and perform include the following:

(a) Claims Handling Services.

(i) Springfield Terminal shall provide a claims handling service including but not limited to claims intake and classification, fraud screening, investigation, review and settlement, and litigation support. Pan Am Southern shall be responsible for amounts owed to third parties with respect to third party claims for which Pan Am Southern is responsible and Springfield Terminal shall cause the payment of such amounts from Pan Am Southern's accounts as and when due.

(ii) The Parties agree to cooperate in the defense of claims to the extent reasonable and necessary; and to execute all documents reasonably required to enable the other Party to recover amounts paid by or on behalf of that Party on account of such claims to persons other than the Parties hereto.

(iii) Springfield Terminal shall have the authority to settle, on behalf of Pan Am Southern, claims handled under the claims handling service provided such settlement does not exceed \$100,000 per incident. In all other cases, Springfield Terminal shall consult with, and receive approval of, Pan Am Southern, prior to settling any claim pursuant to this Section 4(a).

(b) Ancillary Agreement Management.

Springfield Terminal shall negotiate new pipe, wire and other such Ancillary Agreements, and shall manage all existing Ancillary Agreements. Pan Am Southern, and not Springfield Terminal, shall be a party to new Ancillary Agreements. Springfield Terminal shall report periodically (but no less often than quarterly) to Pan Am Southern the nature and status of newly proposed and executed Ancillary Agreements. Springfield Terminal shall manage the Ancillary Agreements (those existing on the Effective Date, as well as those entered into following the Effective Date) on behalf of Pan Am Southern, which such management shall include the collection and payment of such rents and fees as required under such Ancillary Agreements, the providing and receipt of notices and other communications as required or advisable under such Ancillary Agreements, the performance and receipt of the performance of such other acts including renewals or terminations as may be required or advisable under such Ancillary Agreements, all in accordance with the terms and conditions thereof.

(c) Accounting.

Springfield Terminal shall keep proper books of record and account in which full and correct entries shall be made of all Pan Am Southern transactions, costs, expenses and revenues ("Financial Activities"), including but not limited to those associated with the management of the Ancillary Agreements, the provision of Local Services, the assessment and collection of demurrage, and the assessment and collection of transportation revenues. Such books of record and account shall be in accordance with then-current generally accepted accounting principles, but in any case shall be maintained for a period not less than seven (7) years from its creation. All Financial Activities shall be readily identifiable by distinct accounting codes and be reported in a manner that allows Pan Am Southern to comply with its election under Rev. Proc. 2002-65. The books of record and account shall be owned by Pan Am Southern.

(d) MBTA and Other Passenger Service Interface.

Springfield Terminal, through the General Manager, shall constitute the primary communications and negotiations interface between MBTA and other passenger service operators, on the one hand, and Pan Am Southern, on the other hand. The General Manager shall report from time to time, but no less than on a monthly basis, on matters of significant interest to Pan Am Southern regarding the relationship and negotiations pursued under this Section 4(d), including but not limited to matters identified by any member of the Management Committee.

(e) Trackage/Operating Rights Review.

Springfield Terminal, through the General Manager, shall constitute the primary communications and oversight interface between Pan Am Southern, on the one hand, and the trackage/operating rights landlord, on the other hand. The General Manager shall report from time to time, but no less than on a monthly basis, on matters of significant interest to Pan Am Southern regarding the relationship and oversight pursued under this Section 4(e), including but not limited to matters identified by any member of the Management Committee.

SECTION 5. [INTENTIONALLY OMITTED]

SECTION 6. CONTRACTOR INDEMNIFICATION

Springfield Terminal shall indemnify, defend and hold harmless Pan Am Southern, its members, and each of the affiliated and subsidiary companies of the foregoing (except Springfield Terminal itself), and each of their respective directors, officers, employees and agents (collectively, the "Indemnified Parties") from and against any and all claims, fines, penalties, demands, suits, liability, damages, losses, costs (including, but not limited to, attorneys' fees) and expenses arising from or in connection with:

(a) (i) any alleged loss of life of or personal injury to the officers, employees or agents of Springfield Terminal or the damage to or loss of the property of Springfield Terminal, its officers, employees or agents, arising from, incident to or occurring in connection with the performance by Springfield Terminal of its obligations under this Agreement or the presence of the officers, employees or agents of Springfield Terminal on or around the Line and the other Pan Am Southern Assets,

(ii) except with respect to persons and property covered by subsection (a)(i) above, any alleged loss of life of or personal injury to any person or the loss of or damage to any property arising from, incident to or in connection with the negligent acts or omissions or willful misconduct of Springfield Terminal,

(b) any alleged violation of any law, statute, code, ordinance or regulation of the United States or of any state, county or municipal government (including, without limitation, those relating to air, water, noise, solid waste and other forms of environmental protection, contamination or pollution or to discrimination on any basis) that results in whole or in part, directly or indirectly, from the activities of Springfield Terminal or its officers, agents, employees or subcontractors related in any way to this Agreement or from any other act or omission of Springfield Terminal, its officers, agents, employees or subcontractors contributing to such violation, regardless of whether such activities, acts or omissions are intentional or negligent, and regardless of any specification by Pan Am Southern without actual knowledge that it might violate any such law, statute, code, ordinance or regulation.

SECTION 7. RELATIONSHIP TO TRANSPORTED TRAFFIC

(a) Except pursuant to the Springfield Terminal Joint Use Agreement and the Ayer Switching Agreement, no freight rail traffic transported over all or any portion of the Pan Am Southern Assets pursuant to this Agreement shall move in the revenue waybill of Springfield Terminal.

(b) Springfield Terminal shall not, pursuant to this Agreement, on its own account or behalf:

- (i) participate or appear in any rates, routes or divisions,
- (ii) establish rates, charges, service terms, routes or divisions, or enter into any transportation contracts, or
- (iii) collect freight revenues or demurrage or detention charges

relating to any freight traffic whatsoever that is transported over all or any portion of the Pan Am Southern Assets, though nothing in this Section 7(b) shall limit its rights or responsibilities under either the Transportation Agreement Assignment and Divisions Allocation Agreement or the Springfield Terminal Joint Use Agreement.

(c) Springfield Terminal shall not, pursuant to this Agreement, have any right to require shippers or carriers to provide to it the nature, level or existence of any rates or

charges levied against, charged to or otherwise applicable to shippers for traffic that moves over all or any portion of the Pan Am Southern Assets pursuant to the NSR Joint Use Agreement.

SECTION 8. ENVIRONMENTAL MATTERS

In performance of its obligations hereunder, Springfield Terminal shall comply with all applicable laws, ordinances, rules, and regulations and all lawful orders of any Governmental Authority including, without limitation, the Resource Conservation and Recovery Act (42 USC § 6901 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act (42 USC § 9601 et seq.) and the Toxic Substances Control Act (15 USC § 2601 et seq.) and all other laws pertaining to the generation, handling, transportation, treatment, release, storage and disposal of municipal, solid, and hazardous materials, substances and wastes, pollutants and contaminants. Springfield Terminal shall establish and maintain and, upon request of Pan Am Southern, Pan Am or NSR, furnish to Pan Am Southern, Pan Am and NSR appropriate records, receipts and documents, papers and any other data or information covering or pertaining to the generation, handling, transportation, treatment, release, storage and disposal of any municipal, solid or hazardous materials, substances and wastes, pollutants and contaminants.

SECTION 9. MISCELLANEOUS PROVISIONS APPLICABLE TO ALL WORK PERFORMED

(a) Right(s) of Entry for Freight Railroad Operations.

Pan Am Southern hereby provides Springfield Terminal with access to and use of the Pan Am Southern Assets, under the terms and conditions of this Agreement, for the purposes of providing the Freight Railroad Services and the Administrative Services. Pan Am Southern, its members, or their respective designated representatives, shall have the right to enter upon the Pan Am Southern Assets upon reasonable notice at any time for the purpose of inspecting and examining the property, the facilities, and the performance of the obligations of Springfield Terminal hereunder.

(b) Right(s) of Entry for Administrative Services.

Springfield Terminal grants to each of Pan Am Southern, Pan Am and NSR access, during normal business hours, to inspect and make copies of any and all books of record and accounts relating to this Agreement, all of which shall be maintained by Springfield Terminal at its headquarters in North Billerica, MA, or such other location as Springfield Terminal shall specify to Pan Am Southern, Pan Am and NSR from time to time.

(c) Ownership of Materials.

Any rails, ties and other items of track, signaling equipment or other materials that Springfield Terminal installs into the Line in furtherance thereof shall become the property of Pan Am Southern. Any rails, ties and other items of track, signaling equipment or other materials that Springfield Terminal removes from the Line in furtherance thereof ("Swapped-out Property") shall remain the property of Pan Am Southern. Notwithstanding the foregoing, Springfield Terminal may retain such Swapped-out Property in partial payment for the services provided hereunder, valued at market value; provided that Springfield Terminal shall provide a full accounting thereof in accordance with Section 9(g).

(d) Provision of Equipment, Labor and Materials.

(i) Springfield Terminal shall furnish, and/or shall cause to be furnished, all labor, materials, supplies, tools and equipment needed to perform the Work.

(ii) Springfield Terminal shall be responsible at its own risk and expense for providing, training, maintaining, fueling, servicing, licensing and replacing all employees, equipment and facilities (employees, training facilities for its employees, locomotives, rolling stock maintenance equipment, office space, computer facilities and equipment, licenses, rail yards (other than those included in the Pan Am Southern Assets)), repair facilities, engineering design and planning, customer service operations and dispatch operations center and other such personnel, equipment, licenses and property as may be reasonable or required for Springfield Terminal's provision of the Freight Railroad Service and the Administrative Services hereunder ("Required Personnel and Tools"). Notwithstanding that these Required Personnel and Tools may be leased, licensed or otherwise held by Springfield Terminal, as between Pan Am Southern and Springfield Terminal, these Required Personnel and Tools shall be considered the personnel and property of Springfield Terminal. Springfield Terminal shall receive no additional compensation for the provision of the same other than as is set forth in Section 10.

(iii) All equipment provided by Springfield Terminal to perform the Work shall be in good operating condition and shall conform to any and all applicable standards prescribed by the Association of American Railroads and the Federal Railroad Administration for such type of equipment.

(iv) Springfield Terminal shall cooperate with Pan Am Southern to maintain and meet the metric goals established by the JOC pursuant to Section 5.3(c) of the LLC Agreement.

(e) Condition of the Line and the Other Pan Am Southern Assets.

Springfield Terminal accepts the Pan Am Southern Assets in a "where is, as is" condition, without recourse to Pan Am Southern, for the purposes of fulfilling its obligations hereunder. Pan Am Southern makes no representation or warranty as to the physical condition of the Line and the other Pan Am Southern Assets, or the condition of

the legal title thereto, nor does Pan Am Southern make any representation or warranty as to the suitability or fitness of the Line and the other Pan Am Southern Assets for railroad operating purposes or any other purpose.

(f) Performance of the Work.

(i) Springfield Terminal shall use its best efforts to conduct the Freight Railroad Service and the Administrative Services in a manner that meets or exceeds the highest standards attained by competitive services.

(ii) In performing its obligations under this Agreement, Springfield Terminal shall, at all times:

(A) act in accordance with its then-current collective bargaining agreements as if the Pan Am Southern Assets were an integral part of the Springfield Terminal railroad network;

(B) observe and comply with any and all requirements of the constituted public authorities and with all applicable federal, state and local statutes, ordinances, regulations and standards applicable to Springfield Terminal or its operation of the Pan Am Southern Assets;

(C) obtain all applicable approvals, authorizations, franchises, licenses and permits of any Governmental Authority as may be required;

(D) use no less than the degree of care, skill, accuracy, quality, completeness and effort as it uses in performing the same or similar services on its own behalf;

(E) effectively guard against all accidents on or damages to the Pan Am Southern Assets and its and others' employees, agents and contractors,

(F) ensure that all of its employees, agents and contractors are familiar with, and comply with, all applicable operating, safety and roadway worker rules, and

(G) cooperate with, and permit inspection by, members of the JOC in order to review compliance with this Agreement.

(iii) Safety and Operating Rules.

Springfield Terminal shall use the utmost diligence in the prosecution of the Work to effectively guard against all accidents on or damages to the Pan Am Southern Assets in its performance of the Work. Springfield Terminal shall comply with all applicable Pan Am Southern operating, safety and roadway worker rules when performing the Work. The Springfield Terminal Designated Engineer shall ensure that

all persons engaged in the Work are familiar with all applicable Pan Am Southern operating, safety and roadway worker rules. Springfield Terminal shall require its employees and/or contractors, if any, to comply with all applicable safety requirements contained in the laws, ordinances, rules and regulations of any Governmental Authority having jurisdiction over the Work.

(g) Accounting.

Springfield Terminal shall keep proper books of record and account in which full and correct entries shall be made of all Springfield Terminal Financial Activities that arise from the rights and obligations of Springfield Terminal pursuant to this Agreement. Such books of record and account shall be in accordance with then-current generally accepted accounting principles. All Financial Activities shall be readily identifiable by distinct accounting codes.

(h) Liens.

(i) Springfield Terminal shall not create, permit to be created, or permit to remain undischarged, any contingent or actual lien, encumbrance or charge (each a "Lien") as to any of the Pan Am Southern Assets that: (x) arise out of the obligations it has undertaken pursuant to this Agreement; (y) involve services, materials and/or supplies furnished and/or delivered by Springfield Terminal or its permitted subcontractors; or (z) arise out of any mortgage, conditional sale, security agreement or chattel mortgage.

(ii) Springfield Terminal shall, within ten (10) days after acquiring knowledge thereof, provide notice to Pan Am Southern, Pan Am and NSR of any Lien against the Line, any part thereof, or any of the Pan Am Southern Assets. Springfield Terminal shall, within ten (10) days after demand from Pan Am Southern, Pan Am or NSR, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise.

SECTION 10. COMPENSATION

Pan Am Southern shall pay to Springfield Terminal an Operating Fee Base Element and an Operating Fee Additive Element as provided in Appendix C -- Operating Fee and Appendix D -- Operating Expense Accounting Plan.

SECTION 11. TERM AND TERMINATION

(a) Effective Date.

This Agreement shall become effective following the latest date of: (i) the date first written above; (ii) following receipt of any required regulatory approvals or exemptions; and (iii) following the expiration of any time periods required by the issuance of labor notices by any of the Parties, should such labor notices be required

("Effective Date"). The Parties shall determine the Effective Date through an exchange of written correspondence.

(b) Term.

This Agreement shall commence on the Effective Date, and shall continue until terminated by mutual agreement. This Agreement may be terminated by Pan Am Southern, without penalty or payment to any Party, upon a Pan Am Change of Control. This Agreement shall be terminated, without penalty or payment to any Party, should Pan Am Southern abandon its common carrier rights over all or substantially all of the Line. This Agreement may be terminated immediately by Pan Am Southern upon a material breach of this Agreement by Springfield Terminal.

(c) No Release.

Termination of this Agreement shall not relieve or release any Party hereto from any obligations assumed or from any liability which may have arisen or been incurred by such Party under the terms of this Agreement prior to termination hereof.

SECTION 12. INDEMNIFICATION

(a) Springfield Terminal shall reimburse and indemnify Pan Am Southern, Pan Am and NSR for or on account of:

(i) any breach of this Agreement, and

(ii) any fine, penalty, cost, or charge, and all expenses incurred in connection therewith, that is imposed or assessed on, or against, such Parties by reason of Springfield Terminal's non-compliance with any applicable federal, state or local law, rule, regulation or order promulgated by any Governmental Authority that relates to the provision of services hereunder,

without regard as to any contributory actions of Pan Am Southern, Pan Am or NSR. Except as provided in Section 12(b), no expenditure made pursuant to this Section 12(a) shall be included in the Operating Fee Base Element, as defined in Appendix C, for reimbursement or payment by Pan Am Southern pursuant to Section 10.

(b) To the extent feasible, Springfield Terminal shall defend the interests of Pan Am Southern in any related legal proceeding arising out of the matters referenced in Section 12(a)(ii), and the cost of the conduct of the legal proceedings, including attorneys' fees, shall be an expenditure that may be included in the Operating Fee Base Element for reimbursement or payment by Pan Am Southern pursuant to Section 10.

(c) Springfield Terminal agrees to indemnify, defend and hold harmless Pan Am Southern, Pan Am and NSR from and against Claims arising from its failure, or

alleged failure, to comply with any applicable collective bargaining agreement, without regard as to any contributory actions of Pan Am Southern, Pan Am and NSR.

(d) Notwithstanding anything herein to the contrary, the Parties agree that to the extent that there is an Environmental Claim, the Parties will jointly pursue indemnification from third parties and to the extent that the effort to obtain such third party indemnification is not successful, Springfield Terminal shall indemnify Pan Am Southern, Pan Am and NSR to the extent provided under Section 12(a) as if there is no third party indemnification.

(e) As a part of the consideration hereof, Springfield Terminal hereby agrees that each and every one of its indemnity commitments in this Agreement in favor of any other Party hereto shall extend to and indemnify the parent or members (including, as to Pan Am Southern, Pan Am and NSR), Norfolk Southern Corporation (on whose behalf, with regard to this Agreement, the Parties agree that NSR may act), subsidiaries (except, as to Pan Am, Springfield Terminal) and affiliates of such other Party (except, as to Pan Am Southern and Pan Am, Springfield Terminal), and all of their respective directors, officers, agents and employees.

(f) Each of the Parties shall indemnify and hold harmless the other Parties against any and all costs and payments, including benefits, allowances, and arbitration, administrative and litigation expenses, arising out of lawsuits, claims or grievances brought by or on behalf of its own employees or their collective bargaining representatives, either pursuant to employee protective conditions imposed by a governmental agency upon the agency's approval or exemption of this Agreement and operations hereunder or pursuant to a collective bargaining agreement. It is the Parties' intention that each of the Parties shall bear the full costs of protection of its own employees under employee protective conditions that may be imposed, and of grievances filed by its own employees arising under its collective bargaining agreements with its employees. Similarly each Party agrees to indemnify and hold harmless the other Party against any and all costs and payments, including judgments, damages, attorneys' fees and litigation expenses, arising out of claims, lawsuits and actions brought by or on behalf of its own employees pursuant to any provision of law, including common law, and based on employment arising out of the operations covered by this Agreement, except to extent otherwise specifically provided in this Agreement.

SECTION 13. INSURANCE

Springfield Terminal shall name each of Pan Am Southern, Pan Am and NSR as an additional named insured under any comprehensive general liability, federal employer's liability act, cargo legal liability, automotive liability, railroad hazards, or terrorism insurance policies carried by Springfield Terminal that would cover Springfield Terminal in its operations or activities related to, on or over the Line or the other Pan Am Southern Assets pursuant to this Agreement.

SECTION 14. INVOICES AND PAYMENT OF BILLS

(a) On or before the 15th day of each calendar month during the term of this Agreement, the Party seeking to provide an invoice to another Party (the “Invoicing Party”) shall prepare and deliver to the other Party (the “Invoiced Party”) and NSR a statement setting forth the charges to be invoiced, the basis for the charges, and any other information relating to such charges that the Invoiced Party may reasonably request in connection with accounting for the use of the services and rights provided hereunder (the “Monthly Statement”). The Invoicing Party shall deliver the Monthly Statement to the Invoiced Party’s designee in electronic format, with a copy thereof to Pan Am and NSR. The Invoiced Party shall make payment to Invoicing Party within sixty (60) days after the date of such Monthly Statement, with confirmation of such payment provided to Pan Am and NSR.

(b) Any dispute regarding the amount of a Monthly Statement shall be reconciled between the Parties, and any adjustment resulting from such reconciliation shall be reflected in a subsequent Monthly Statement. If the Invoiced Party disputes any portion of a Monthly Statement, it shall nevertheless pay such Monthly Statement in full (unless such dispute involves a material amount in relation to the total amount of such Monthly Statement), subject to adjustment upon resolution of the dispute; provided, however, that (i) no exception to any charge in a Monthly Statement shall be honored, recognized or considered if filed after the expiration of three (3) years from the date of the Monthly Statement, and (ii) no invoice shall be rendered more than three (3) years (A) after the last day of the calendar month in which the expense covered thereby is incurred, or (B) in the case of charges disputed as to amount or liability, after the amount owed or liability therefor is established. Any claim for the adjustment of a Monthly Statement shall be deemed to be waived if not made in writing within three (3) years after the date of the relevant Monthly Statement.

SECTION 15. AUDIT

Pan Am Southern, Pan Am and NSR shall each have the right, at its own expense, to audit the records of any other Party pertaining to the subject matter of this Agreement, and any invoice issued by Springfield Terminal pursuant to this Agreement, provided such audit is initiated at any time within three (3) years of the date of the relevant invoice. All such audits shall be conducted at reasonable intervals, locations and times. All such audits shall be prosecuted with reasonable due diligence. Each agrees that all information disclosed to it or its representatives in connection with such an audit will be held in strictest confidence and will not be disclosed to any third party (other than to an arbitrator in connection with an arbitration conducted pursuant to this Agreement or as required by applicable law). Any adjustment resulting from an audit conducted pursuant to this Section 15 with respect to which Springfield Terminal, Pan Am Southern, Pan Am and NSR are in concurrence shall be reflected in a subsequent invoice.

SECTION 16. STATUS OF SPRINGFIELD TERMINAL

(a) In the performance of the services described herein, Springfield Terminal shall be an independent contractor of Pan Am Southern. Springfield Terminal shall have managerial control with respect to the provision of the Freight Railroad Services and Administrative Services provided hereunder. All personnel of Springfield Terminal shall be subject to the direction, supervision and control of Springfield Terminal and not Pan Am Southern, Pan Am or NSR. Nothing herein shall be interpreted as creating an association, partnership, joint venture or other joint undertaking between Springfield Terminal and Pan Am Southern.

(b) For the services provided by Springfield Terminal, including the provision of equipment, Springfield Terminal may engage the services of subcontractors or agents to the extent consistent with Springfield Terminal's collective bargaining agreements.

SECTION 17. DISPUTE RESOLUTION

(a) Reference to JOC.

Any dispute, controversy or claim between the Parties and arising out of or relating to this Agreement or the breach, termination or validity thereof ("Dispute") shall be referred to the JOC (for Pan Am Southern) for resolution and if the parties are unable to resolve the dispute, it will be referred, in writing, to the Management Committee (for Pan Am Southern) to resolve.

(b) Reference for Formal Dispute Resolution.

Any Dispute not resolved within sixty (60) days after receipt by any of the involved Parties of written notice of reference of such Dispute to the senior management pursuant to Section 17(a), shall be submitted for formal dispute resolution, if at all, by either Party for formal dispute resolution pursuant to Section 17(c).

(c) Formal Dispute Resolution.

(i) Submission to Jurisdiction.

Each of the Parties hereby (i) consents to submit itself to the exclusive jurisdiction of any Federal or state court located in the State of Delaware (the "Delaware Courts") in any action to enforce or in aid of the agreement to arbitrate in Section 17(b) herein or for provisional relief to maintain the status quo or prevent irreparable harm pending the appointment of the arbitrator, and to the non-exclusive jurisdiction of the Delaware Courts for enforcement of any award issued hereunder, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (iii) waives any objection based on forum non conveniens or any other objection to venue thereof.

(ii) Dispute Resolution.

Each of the Parties hereby stipulates and agrees that any Dispute that is not resolved pursuant to Section 17(a) will be submitted for formal dispute resolution, if at all, to mandatory and binding arbitration, in Washington, D.C., by a single arbitrator, under the Commercial Arbitration Rules and the Large Complex Case Procedures of the AAA then in effect (the “Rules”), under the following terms and conditions:

(iii) Selection of Arbitrator.

A single independent arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator.

(iv) Conduct of Arbitration.

The arbitration shall be held and the award shall be issued in Washington, D.C. In addition to money damages, the arbitrator may award any remedy provided for under applicable law and the terms of this Agreement, including, without limitation, specific performance or other forms of injunctive relief. The arbitrator shall apply the law of the State of Delaware to the substance of the Dispute and will have no power or authority, under the rules of the AAA or otherwise, to amend or disregard any provision of this Agreement.

(v) Replacement of Arbitrator.

Should the arbitrator refuse or be unable to proceed with arbitration proceedings, a replacement arbitrator will be selected using the same method of selection as the original arbitrator.

(vi) Findings and Conclusions.

The arbitrator will, after reaching judgment and award, prepare and distribute to the parties a written award including the findings of fact and conclusions of law relevant to such award and containing an opinion setting forth the reasons for the giving or denial of any award.

(v) Time is of the Essence.

The arbitrator is hereby instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against any party if, upon a showing that such party is unreasonably delaying the proceeding.

(vi) Temporary Equitable Relief.

By agreeing to arbitration, the Parties do not intend to deprive any

Delaware Court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a Delaware Court, the arbitrator shall have full authority to grant provisional remedies and to direct the Parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award money damages for the failure of any party to respect the arbitrator's orders to that effect.

(vii) Consolidation.

The Parties are committed to the prompt and efficient resolution of Disputes. Accordingly, if more than one Dispute arise under this Agreement and/or any Ancillary Agreement and/or the Transaction Agreement or any other agreement contemplated by the Transaction Agreement, such Disputes may be brought in a single arbitration. If more than one arbitration is brought with respect to Disputes under such agreements, then any Party may request that any arbitration or any new Dispute arising under this Agreement or the Ancillary be consolidated into any prior arbitration. The new Dispute or arbitration shall be so consolidated, provided that the arbitrator for the prior (or first filed) arbitration determines that (x) the new Dispute or arbitration presents significant issues of law or fact common with those in the pending arbitration; (y) no Party would be unduly prejudiced and (z) consolidation under such circumstances would not result in undue delay for the prior arbitration. Any order of consolidation issued by such arbitrator shall be final and binding upon the parties. Unless the Parties otherwise agree, the arbitrator appointed first in time shall serve as the arbitrator for the consolidated arbitration. The Parties waive any right they have to appeal or to seek interpretation, revision or annulment of such order of consolidation under the Rules or in any court. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Agreement, the subject of which has been consolidated into another arbitral proceeding.

(viii) Discovery.

Recognizing the express desire of the Parties for an expeditious means of dispute resolution, the arbitrator will allow for limited discovery as may be reasonable under the circumstances.

(ix) Costs and Attorneys' Fees.

Notwithstanding any rule of the AAA to the contrary, the arbitrators rendering judgment under this Section 17(c) will have the power to award the costs of the arbitration, including reasonable attorneys' fees and expenses to the prevailing Party or parties in the arbitration. In any action to enforce this agreement to arbitrate or any arbitral award rendered hereunder, the court may award costs and attorneys' fees against the Party resisting enforcement.

(x) Miscellaneous.

The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrator. An arbitrator's award may be appealed in accord with Section 23 of the Uniform Arbitration Act.

(d) As a third party beneficiary, NSR may initiate and prosecute arbitration pursuant to Section 17(b) on behalf of Pan Am Southern. Pan Am Southern and Springfield Terminal shall cooperate with NSR in the Pan Am Southern preparation for, and the initiation and prosecution of, such arbitration, at Pan Am Southern's expense.

SECTION 18. FORCE MAJEURE

The obligations, other than payment obligations, of Springfield Terminal under this Agreement shall be subject to force majeure (including flood, earthquake, hurricane, tornado, or other such severe weather or climatic condition, riot, wreck, derailment, washout, explosion, Acts of God, act of terrorism and public enemy, war, blockage, insurrection, vandalism or sabotage, fire, strike, lockout or labor dispute, embargoes or AAR service orders, or governmental laws, orders or regulations, and other causes or circumstances beyond the control of the Party invoking such force majeure as an excuse for nonperformance), but only as long as, and to the extent that, such force majeure shall reasonably prevent performance of such obligations by the affected Party. In the event that an event of force majeure impairs Springfield Terminal's ability to fulfill its obligations to the other Parties under this Agreement, Springfield Terminal shall take all commercially reasonable measures to restore performance of its obligations in a timely manner.

SECTION 19. MISCELLANEOUS

(a) Notices.

All notices, requests, demands and other communications (collectively, "Notices") given pursuant to this Agreement shall be in writing, and shall be delivered by personal service, courier, overnight delivery service, facsimile transmission (which must be confirmed) or by United States registered or certified mail, postage prepaid, return receipt requested, to the following addresses:

If to Pan Am
Southern: Chairman
Pan Am Southern LLC
c/o Pan Am Railways, Inc.
Iron Horse Park
North Billerica, MA 01862-1692

With a copy to NSR
and Pan Am

If to NSR: Mike R. McClellan
Vice President – Intermodal and
Automotive Marketing
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

With a copy to: Vice President – Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510
(757) 629-2374
(757) 533-4872 (fax)

If to Pan Am: David A. Fink
President
Pan Am Railways, Inc.
Iron Horse Park
North Billerica, MA 01862-1692
(978) 663-1186
(978) 663-6907 (fax)

With a copy to: Robert Culliford
Vice President Law
Pan Am Systems, Inc.
Iron Horse Park
North Billerica, MA 01862-1692
(603) 766-2002
(603) 766-2094 (fax)

If to Springfield
Terminal: David A. Fink
President
Springfield Terminal Railway Company
c/o Pan Am Railways, Inc.
Iron Horse Park
North Billerica, MA 01862-1692
(978) 663-1186
(978) 663-6907 (fax)

With a copy to: Robert Culliford
Vice President Law
Pan Am Systems, Inc.
Iron Horse Park
North Billerica, MA 01862-1692
(603) 766-2002
(603) 766-2094 (fax)

Any Notice, other than a Notice sent by registered or certified mail, shall be effective when received; a Notice sent by registered or certified mail, postage prepaid return receipt requested, shall be effective on the earlier of when received or the third day following deposit in the United States mails. Any Party may from time to time change its address for further Notices hereunder by giving notice to the other Parties in the manner prescribed in this Section.

(b) Entire Agreement.

This Agreement, including any attached exhibits and schedules, contain the sole and entire agreement and understanding of the Parties with respect to the entire subject matter of this Agreement, and any and all prior discussions, negotiations, commitments and understandings, whether oral or otherwise, related to the subject matter of this Agreement are hereby merged herein. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the parties hereto any rights or remedies under or by way of this Agreement.

(c) Assignment.

Springfield Terminal may not assign its rights or obligations under this Agreement, and any attempted or purported assignment or any delegation of Springfield Terminal's duties or obligations arising under this Agreement to any third party or entity shall be deemed to be null and void, and shall constitute a material breach by Springfield Terminal of its duties and obligations under this Agreement.

(d) Extension, Waiver and Amendment.

Any agreement on the part of a Party hereto to any extension or waiver shall be

valid if set forth in writing in an instrument signed by or on behalf of such Party. The waiver by any Party hereto of a breach of this Agreement shall not operate or be construed as a waiver of any subsequent breach. This Agreement may be amended only by a written agreement executed by all of the Parties to this Agreement.

(e) Confidentiality.

Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement, or as may be necessary or appropriate for a Party hereto to enforce its rights under this Agreement, during the term of this Agreement (including any extensions thereof), and for a period of three (3) years after termination or expiration of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or which is obtained hereunder will be kept confidential and will not be disclosed by any Party to any person other than members, officers, employees, and attorneys, without the prior written approval of the other Parties. Notwithstanding anything to the contrary, any Party may disclose this Agreement in connection with an audit by its external auditors, the Internal Revenue Service or other tax authority.

(f) Governing Law.

THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

(g) Judicial Interpretation.

Should any provision of this Agreement require judicial interpretation, it is agreed that a court or other tribunal interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against any Person by reason of the rule of construction that a document is to be construed more strictly against the Person who itself or through its agent prepared the same, it being agreed that all Parties have participated in the preparation of this Agreement.

(h) No Third Party Beneficiaries.

Except as expressly provided in this Agreement, this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties hereto; provided, however, that this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns.

(i) Captions.

The various captions of this Agreement are for reference only and shall not be

considered or referred to in resolving questions of interpretation of this Agreement. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(j) Costs and Attorneys' Fees.

Whether or not the transactions contemplated hereby are consummated, each of the parties shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial or other consultants, investment bankers, accountants and counsel.

(k) Good Faith and Fair Dealing.

The Parties agree to deal with one another on matters related to this Agreement fairly, honestly, and in good faith. "Good Faith" means honesty in fact and observance of reasonable commercial standards and customs of fair dealing in the transportation industry generally and of the intermodal, automotive and railroad transportation industry in particular.

[Signature Page Follows]

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

**NORFOLK SOUTHERN RAILWAY
COMPANY**

PAN AM RAILWAYS, INC.

By: _____

Name:

Title:

PAN AM SOUTHERN LLC

By: _____

Name:

Title:

**SPRINGFIELD TERMINAL
RAILWAY COMPANY**

By: _____

Name:

Title:

By: _____

Name:

Title:

INDEX TO APPENDICES

- Appendix A. Specific Freight Railroad Service Obligations
- Appendix B. Assigned Grade Crossing Agreements
- Appendix C. Operating Fee
- Appendix D. Operating Expense Accounting Plan

APPENDIX A – SPECIFIC FREIGHT RAILROAD SERVICE OBLIGATIONS

Without intending to limit the provisions of Section 2(a)(i), the Freight Railroad Service shall include, among other things, the following specific items:

- (a) the provision of haulage services and access for trackage rights as required of Pan Am Southern pursuant to the NSR Joint Use Agreement;
- (b) consultation with the JOC;
- (c) the development and provision of schedules and timetables for regularly scheduled trains operating over the Line, as well as any proposed modifications thereto;
- (d) keep and maintain the Assets including the Line in good operating condition and repair in a manner consistent with sound, accepted engineering principles and in reasonably good condition for the use herein contemplated, taking all reasonable steps to ensure that any interruptions in service will be kept to a minimum;
- (e) perform full customer accountability services (tracking services) for freight rail shipments moved by Springfield Terminal pursuant to this Agreement, including but not limited to car accounting and tracing, and claims handling services, to the same extent the same is provided on the Remaining Springfield Terminal Assets rail system;
- (f) at its sole risk and expense, provide any and all training to its employees, contractors or agents as is necessary and advisable for Springfield Terminal to perform its obligation under this Agreement;
- (g) provide dispatching, scheduling and traffic movement control, switching and yard services, for all trains over the Line, without discrimination at any time in favor of or against any Party except as may be set forth in the NSR Joint Use Agreement or the Springfield Terminal Joint Use Agreement, or otherwise as is set forth in accordance with written policies and priorities of freight, type of railcar, size of train and train destinations as may be established from time to time by the General Manager in consultation and with the approval of Pan Am Southern; and
- (h) weigh railcars which require weighing and fuel, sand and service locomotives requiring fueling, sanding and/or servicing;
- (i) provide such labor and materials as may be required to perform, and perform, light repairs on bad ordered railcars as may be necessary to make such railcars legal and safe for movement, or, for any such bad ordered railcars that cannot reasonably be made legal and safe for movement, and arrange for the appropriate removal of the affected railcar in accordance with Pan Am Southern's instructions;
- (j) provide special services from time to time as is requested by Pan Am Southern with respect to trains, locomotives and railcars; and

(k) provide rerailling, wrecking service or wrecking train service as may be required, including the repair and restoration of roadbed, track, structures and the environment, as promptly as possible.

APPENDIX B – ASSIGNED GRADE CROSSING AGREEMENTS

[To be completed at Closing.]