

CRAMER, MULTHAUF & HAMMES, LLP

ATTORNEYS AT LAW

Mark P. Andringa

SUITE 200
1601 EAST RACINE AVENUE
POST OFFICE BOX 558
WAUKESHA, WISCONSIN 53187-0558
TELEPHONE (262) 542-4278
FACSIMILE (262) 542-4270
E-MAIL mpa@cmhlaw.com
www.cmhlaw.com

June 17, 2016

RECORDATION NO. 32234 FILED

JUN 21 2016 -9 :50 AM

SURFACE TRANSPORTATION BOARD

VIA OVERNIGHT COURIER

Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: KR Logistics, LLC
Memorandum of Security Agreement - Chattel Mortgage - Assignment of Leases and Rents

To whom it may concern:

Enclosed for recordation are two (2) original Memorandum of Security Agreement - Chattel Mortgage - Assignment of Leases and Rents dated June 16, 2016 to be recorded pursuant to Section 11301 of the U.S. Code. This document is a mortgage, a primary document.

The names and addresses of the parties to the enclosed document are as follows:

Lender: American Bank
W239 N1700 Busse Road
Waukesha, WI 53118

Borrower: KR Logistics, LLC
322 E. Michigan, Suite 501
Milwaukee, Wisconsin 53202

A description of the railroad cars covered by the enclosed document is as follows:

Four (4) 32' FD 12-axle, 340 ton heavy duty depressed center flat rail cars bearing the following car initials and car numbers: KRL240327, KRL240328, KRL240329 and KRL240330.

32' FD 12-axle, 340 ton heavy duty depressed center flat rail car bearing the following car initials and car number KRL240327.

32' FD 12-axle, 340 ton heavy duty depressed center flat rail car bearing the following car initials and car number KRL240328.

32' FD 12-axle, 340 ton heavy duty depressed center flat rail car bearing the following car initials and car number KRL240329.

32' FD 12-axle, 340 ton heavy duty depressed center flat rail car bearing the following car initials and car number KRL240330.

32' FD 8-axle, 220 ton heavy duty rail car bearing the following car number KRL32800 and AAR Code F433.

32' FD 8-axle, 220 ton heavy duty rail car bearing the following car number KRL32801 and AAR Code F433.

48' FM 12-axle, 370 ton heavy duty rail car bearing the following car number KRL370367 and AAR Code F401.

48' FM 12-axle, 370 ton heavy duty rail car bearing the following car number KRL370368 and AAR Code F401.

48' FM 12-axle, 370 ton heavy duty rail car bearing the following car number KRL370369 and AAR Code F401.

70' FM 4-axle, 112 ton heavy duty rail car bearing the following car number KRL701221 and AAR Code F403.

36' FD 12-axle, 325 ton heavy duty rail car bearing the following car number KRL300360 and AAR Code F433.

36' FD 12-axle, 325 ton heavy duty rail car bearing the following car number KRL300361 and AAR Code F433.

36' FD 12-axle, 325 ton heavy duty rail car bearing the following car number KRL300362 and AAR Code F433.

87' FD 8-axle, 232 ton heavy duty rail car bearing the following car number KRL27105.

87' FD 8-axle, 232 ton heavy duty rail car bearing the following car number KRL27106.

32' FD 8-axle, 230 ton heavy duty rail car bearing the following car number KRL230000.

32' FD 8-axle, 230 ton heavy duty rail car bearing the following car number KRL230001.

40'16-axle, 400 ton heavy duty depressed center flat car with two welded risers bearing the following car initials and car number KRL164001. This is a purchase money security interest for this specific rail car.

40'16-axle, 400 ton heavy duty depressed center flat car with two welded risers bearing the following car initials and car number KRL164002. This is a purchase money security interest for this specific rail car.

Purchase Order dated March 30, 2011 between KR Logistics, LLC, assignee of Kasgro Rail Corporation and Kasgro Rail Car Management aka Kasgro Railcar Management (Managers of KRL marked railroad cars), a division of Kasgro Rail Corporation, as "Owner/Manager" and Westinghouse Electric Company LLC, as "User". The Purchase Order was executed by Kasgro Rail Car Management and Kasgro Rail Corporation on April 6, 2011 and Westinghouse Electric Company LLC on April 5, 2011. Kasgro Railcar Management (aka Kasgro Rail Car Management) is a division of Kasgro Leasing, LLC, a Pennsylvania limited liability company, and not a division of Kasgro Rail Corporation.

Railroad Car Use Agreement dated December 5, 2015 between KR Logistics, LLC, a Wisconsin limited liability company, and General Electric Power & Water, a division of General Electric Company, a New York corporation, as "User".

The parties to the Memorandum of Security Agreement - Chattel Mortgage - Assignment of Leases and Rents dated June 16, 2016 are KR Logistics, LLC and American Bank.

A short summary of the document to appear in the index is as follows:

Memorandum of Security Agreement - Chattel Mortgage - Assignment of Leases and Rents dated June 16, 2016 between KR Logistics, LLC and American Bank covering all of the following:

- A. Four (4) 32' FD 12-axle, 340 ton heavy duty depressed center flat rail cars bearing the following car initials and car numbers: KRL240327, KRL240328, KRL240329 and KRL240330;
- B. 32' FD 12-axle, 340 ton heavy duty depressed center flat rail car bearing the following car initials and car number KRL240327;
- C. 32' FD 12-axle, 340 ton heavy duty depressed center flat rail car bearing the following car initials and car number KRL240328;
- D. 32' FD 12-axle, 340 ton heavy duty depressed center flat rail car bearing the following car initials and car number KRL240329;
- E. 32' FD 12-axle, 340 ton heavy duty depressed center flat rail car bearing the following car initials and car number KRL240330;
- F. 32' FD 8-axle, 220 ton heavy duty rail car bearing the following car number KRL32800 and AAR Code F433;
- G. 32' FD 8-axle, 220 ton heavy duty rail car bearing the following car number KRL32801 and AAR Code F433;
- H. 48' FM 12-axle, 370 ton heavy duty rail car bearing the following car number KRL370367 and AAR Code F401;
- I. 48' FM 12-axle, 370 ton heavy duty rail car bearing the following car number KRL370368 and AAR Code F401;

- J. 48' FM 12-axle, 370 ton heavy duty rail car bearing the following car number KRL370369 and AAR Code F401;
- K. 70' FM 4-axle, 112 ton heavy duty rail car bearing the following car number KRL701221 and AAR Code F403;
- L. 36' FD 12-axle, 325 ton heavy duty rail car bearing the following car number KRL300360 and AAR Code F433;
- M. 36' FD 12-axle, 325 ton heavy duty rail car bearing the following car number KRL300361 and AAR Code F433;
- N. 36' FD 12-axle, 325 ton heavy duty rail car bearing the following car number KRL300362 and AAR Code F433;
- O. 87' FD 8-axle, 232 ton heavy duty rail car bearing the following car number KRL27105;
- P. 87' FD 8-axle, 232 ton heavy duty rail car bearing the following car number KRL27106;
- Q. 32' FD 8-axle, 230 ton heavy duty rail car bearing the following car number KRL230000;
- R. 32' FD 8-axle, 230 ton heavy duty rail car bearing the following car number KRL230001;
- S. 40'16-axle, 400 ton heavy duty depressed center flat car with two welded risers bearing the following car initials and car number KRL164001. This is a purchase money security interest for this specific rail car;
- T. 40'16-axle, 400 ton heavy duty depressed center flat car with two welded risers bearing the following car initials and car number KRL164002. This is a purchase money security interest for this specific rail car;
- U. Purchase Order dated March 30, 2011 between KR Logistics, LLC, assignee of Kasgro Rail Corporation and Kasgro Rail Car Management aka Kasgro Railcar Management (Managers of KRL marked railroad cars), a division of Kasgro Rail Corporation, as "Owner/Manager" and Westinghouse Electric Company LLC, as "User". The Purchase Order was executed by Kasgro Rail Car Management and Kasgro Rail Corporation on April 6, 2011 and Westinghouse Electric Company LLC on April 5, 2011. Kasgro Railcar Management (aka Kasgro Rail Car Management) is a division of Kasgro Leasing, LLC, a Pennsylvania limited liability company, and not a division of Kasgro Rail Corporation; and
- V. Railroad Car Use Agreement dated December 5, 2015 between KR Logistics, LLC, a Wisconsin limited liability company, and General Electric Power & Water, a division of General Electric Company, a New York corporation, as "User".

In addition, our firm's check in the amount of \$43.00 is enclosed.

Once recorded, please acknowledge receipt on the extra copy of this letter enclosed and return the same along with the file-stamped copy to my attention in the enclosed stamped, self-addressed envelope.

If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,



Mark P. Andringa

MPA:jas

Enclosures

cc: Mr. T. Randall Lorenz (*via email*)

Ms. Linda Hertneky (*via email*)

JUN 21 2016 -9 :50 AM

SURFACE TRANSPORTATION BOARD

**MEMORANDUM OF SECURITY AGREEMENT - CHATTEL MORTGAGE
- ASSIGNMENT OF LEASES AND RENTS**

BETWEEN

KR LOGISTICS, LLC,

BORROWER

AND

AMERICAN BANK,

LENDER

Effective Date: June 16, 2016

Table of Contents

ARTICLE I DEFINITIONS 1
Section 1.1 Definitions 1
Section 1.2 Other Interpretive Provisions 2

ARTICLE II SECURITY 3
Section 2.1 Grant of Security 3
Section 2.2 Equipment Collateral 3
Section 2.3 Rental Collateral 4
Section 2.4 Cash Collateral Account 5

ARTICLE III COVENANTS AND WARRANTIES OF BORROWER 5
Section 3.1 Maintenance of Equipment 5
Section 3.2 Insurance 5
Section 3.3 Preservation of Collateral 5
Section 3.4 Further Assurances 6
Section 3.5 Recordation and Filing 6
Section 3.6 Power of Attorney 7
Section 3.7 Chief Executive Office 7
Section 3.8 Acquisition of Interest in the Equipment 7
Section 3.9 Actions Under the Equipment Leases 7
Section 3.10 Reports 8
Section 3.11 Marking of Equipment 8
Section 3.12 Use of Equipment 9
Section 3.13 Environmental Notices 9
Section 3.14 Taxes 9
Section 3.15 Litigation 9
Section 3.16 Good Standing; Business 10
Section 3.17 Notice of Non-Compliance 10
Section 3.18 Compliance with Laws 10
Section 3.19 Maintenance of Property 10
Section 3.20 Existence 10
Section 3.21 Capacity 10

ARTICLE IV SPECIAL PROVISIONS CONCERNING LEASES 10
Section 4.1 Borrower’s Rights Under Equipment Leases 10
Section 4.2 Equipment Lease Location 11

ARTICLE V COLLATERAL 11
Section 5.1 Possession of Collateral 11
Section 5.2 Casualty Loss; Insurance Proceeds; Cash Collateral Account 11

ARTICLE VI SECURED PARTY’S RIGHTS 12
Section 6.1 Secured Party’s Rights 12
Section 6.2 Effect of Sale 14

| | | |
|---------------------------------|------------------------------------|----|
| Section 6.3 | Application of Sale Proceeds | 14 |
| Section 6.4 | Discontinuance of Remedies | 14 |
| Section 6.5 | Cumulative Remedies | 15 |
| Section 6.6 | Indemnity | 15 |
| Section 6.7 | Costs and Expenses | 16 |
| Section 6.8 | Return of Cars | 16 |
| ARTICLE VII MISCELLANEOUS | | 16 |
| Section 7.1 | Successors and Assigns | 16 |
| Section 7.2 | Entire Agreement | 16 |
| Section 7.3 | Partial Invalidity | 16 |
| Section 7.4 | Notices | 16 |
| Section 7.5 | Termination | 17 |
| Section 7.6 | GOVERNING LAW | 17 |
| Section 7.7 | Submission to Jurisdiction | 17 |
| Section 7.8 | Counterparts | 17 |
| Section 7.9 | WAIVER OF JURY TRIAL | 17 |

List of Exhibits and Schedules

Schedule A

Exhibit A -- Form of Release of Collateral

Exhibit B -- Form of Omnibus Release and Termination

**MEMORANDUM OF SECURITY AGREEMENT - CHATTEL MORTGAGE
- ASSIGNMENT OF LEASES AND RENTS**

THIS MEMORANDUM OF SECURITY AGREEMENT - CHATTEL MORTGAGE – ASSIGNMENT OF LEASES AND RENTS (“Memorandum”) effective as of June 16, 2016 between KR LOGISTICS, LLC, a Wisconsin limited liability company (“Borrower”), and AMERICAN BANK (“Lender”).

RECITALS

A. This Memorandum is an instrument to evidence the Security Agreement – Chattel Mortgage – Assignment of Leases and Rent between the parties hereto dated of even date herewith (“Original Agreement”) and is being utilized for the purposes of recording and filing with the Surface Transportation Board of the United States of America and with the Registrar General of Canada under Section 104 and 105 of the Canada Transportation Act. This Memorandum is not a complete summary of the Original Agreement. Provisions in this Memorandum shall not be used in interpreting the Original Agreement’s provisions. In the event of conflict between this Memorandum and the unrecorded Original Agreement, the unrecorded Original Agreement shall control.

B. Lender has agreed to make a term loan (the “Loan”) to Borrower evidenced by a Promissory Note dated of even date herewith from Borrower, as maker, payable to the order of Lender (as amended, the “Note”) for Borrower’s purchase of two railcars with railcar numbers KRL164001 and KRL164002.

C. The principal of and interest on the Loan and all additional amounts and other sums at any time due and owing from or required to be paid by the Borrower under the terms of the Note, this Security Agreement and the other Loan Documents are hereinafter sometimes referred to as “indebtedness hereby secured.”

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Terms defined in the preamble hereof shall have their respective meanings when used herein. The following terms shall have the following meanings for the purposes of this Security Agreement:

“AAR” means the Association of American Railroads.

“AAR Value” means, with respect to any railcar included in the Equipment, the settlement value of such railcar as determined in accordance with Rule 107 -- Damaged and/or Destroyed Cars (or any successor rule) of the AAR as published in the most recent edition of the Field Manual of the A.A.R. Interchange Rules (or a successor publication).

“Applicable Law” means all material applicable provisions of all (a) constitutions, statutes, rules, regulations and orders of Governmental Authorities, (b) Governmental Approvals, and (c) orders, decisions, judgments and decrees of all courts and arbitrators.

“Cash Collateral Account” has the meaning specified in Section 5.2(a)(A).

“Casualty Date” has the meaning specified in Section 5.2(a).

“Casualty Loss” has the meaning specified in Section 5.2(a).

“Casualty Loss Proceeds” has the meaning specified in Section 5.2(a).

“Collateral” has the meaning specified in Article II.

“Equipment” has the meaning specified in Section 2.2.

“Equipment Casualty Loss” has the meaning specified in Section 5.2(a).

“Equipment Leases” has the meaning specified in Section 2.3.

“Equipment Lessees” means the lessees or users under the Equipment Leases.

“Equipment Lease Proceeds” has the meaning specified in Section 2.3.

“Expiration Date” has the meaning specified in Section 5.2(a).

“Expired Lease” has the meaning specified in Section 5.2(a).

“Governmental Approval” means an authorization, consent, approval, license or exemption from, registration or filing with, or report or notice to, any Governmental Authority.

“Governmental Authority” means any international, federal, state or local regulatory, governmental or quasi-governmental entity or political subdivision thereof, including, without limitation, any department, commission, board, bureau, intermediary, agency or other governmental instrumentality.

“Items of Equipment” has the meaning specified in Section 2.2.

“Lien” has the meaning specified in Section 3.3.

“Permitted Lien” has the meaning specified in Section 3.3.

“Person” shall mean a natural person, corporation, limited liability company, association, joint stock company, trust, partnership, governmental entity, agency or branch or department thereof, or any other legal entity.

“Rolling Stock” means standard gauge railroad rolling stock and other rolling stock, other than passenger equipment or work equipment, used or intended for use in connection

with interstate commerce; excluding however, railroad rolling stock scrapped or intended to be scrapped.

“Security Agreement” means this Security Agreement - Chattel Mortgage - Assignment of Leases and Rents together with all Exhibits and Schedules attached hereto, as the same may be amended, supplemented or modified, from time to time.

“UCC” means the Uniform Commercial Code in effect in the State of Wisconsin, unless otherwise specified, as amended from time to time.

Section 1.2 Other Interpretive Provisions.

(a) Except as otherwise specified herein, all references herein (i) to any Person shall be deemed to include such Person’s successors and assigns and (ii) to any applicable law defined or referred to herein shall be deemed references to such applicable law or any successor applicable law as the same may have been or may be amended or supplemented from time to time.

(b) When used in this Security Agreement, the words “herein,” “hereof” and “hereunder” and words of similar import shall refer to this Security Agreement as a whole and not to any provision of this Security Agreement unless otherwise specified, and the words “Article,” “Section,” “Schedule” and “Exhibit” shall refer to Articles of and Sections of, and Schedules and Exhibits to, this Security Agreement unless otherwise specified.

(c) Whenever the context so requires, the neuter gender includes the masculine or feminine, the masculine gender includes the feminine, and the singular number includes the plural, and vice versa.

(d) Any item or list of items set forth following the word “including,” “include” or “includes” is set forth only for the purpose of indicating that, regardless of whatever other items are in the category in which such item or items are “included,” such item or items are in such category, and shall not be construed as indicating that the items in the category in which such item or items are “included” are limited to such items or to items similar to such items.

(e) Captions to Articles and Sections and subsections of, and Schedules and Exhibits to, this Security Agreement are included for convenience of reference only and shall not constitute a part of this Security Agreement for any other purpose or in any way affect the meaning or construction of any provision of this Security Agreement.

(f) In the event of any conflict or inconsistency between the terms of this Security Agreement and any other agreement, document or instrument evidencing, securing or otherwise relating to the Loan (collectively, the “Loan Documents”), the terms of this Security Agreement shall control.

ARTICLE II

SECURITY

Section 2.1 Grant of Security. FOR VALUE RECEIVED, the Borrower, in order to secure the due payment of the principal of and interest on the Note according to its tenor and effect, and to secure the payment of all other indebtedness and liabilities of the Borrower to the Lender and the performance and observance by the Borrower of all its obligations contained in or arising out of this Security Agreement, the Note and the other Loan Documents (sometimes referred to herein collectively as the "Obligations"), does hereby assign, convey, mortgage, pledge, hypothecate, transfer and set over to the Lender and grant the Lender a first priority lien on and security interest in all of the Borrower's right, title and interest in and to the properties, rights, interests and privileges described in Sections 2.2, 2.3 and 2.4 (all of which properties are hereinafter collectively referred to as the "Collateral"). This is a purchase money security interest in the Equipment and Equipment Leases as identified on Schedule A.

Section 2.2 Equipment Collateral. The Collateral includes certain railcars, which railcars are more fully described in Schedule A hereto (collectively, the "Equipment" or "Items of Equipment" and individually, an "Item of Equipment") together with all accessories, equipment, parts, additions, improvements, accessions and appurtenances appertaining or attached to such Equipment, whether now owned or hereafter acquired by Borrower, and all substitutions, replacements accumulations or proceeds of any and all of said Equipment, together with all the records, rents, mileage credits earned, issues, income, profits, avails and other proceeds (including insurance proceeds) therefrom.

Section 2.3 Rental Collateral. The Collateral also includes, all right, title, interest, claims and demands of the Borrower in, to and under each and every lease, purchase order and use agreement, including the leases, purchase orders and use agreements set forth on Schedule A hereto (whether or not such lease, purchase order or use agreement is in writing or is for a term certain, including, without limitation, per diem leases, purchase orders and use agreements) now or hereafter entered into relating to the Equipment (each such lease, purchase order and use agreement being an "Equipment Lease"), including any extensions of the term of every Equipment Lease or renewals, all guarantees of the user's or tenant's obligations under every Equipment Lease, all of Borrower's rights under any Equipment Lease to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, waiver or approval together with full power and authority with respect to any Equipment Lease to demand, receive, enforce, collect or give receipt for any of the foregoing rights or any property which is the subject of any of the Equipment Leases, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action which (in the opinion of the Lender) may be necessary or advisable in connection with any of the foregoing, all records related to the Equipment Leases and all payments due and to become due under any Equipment Lease, whether as contractual obligations, damages, casualty payments, insurance proceeds or otherwise to the extent such payments are derived from the Equipment, and all liquidated damage payments for termination of any Equipment Lease (the "Equipment Lease Proceeds"). The assignment of the Equipment Leases constitutes a perfected, absolute and present assignment and not merely a security interest, and the Borrower understands and agrees that it established a present and complete transfer of the Equipment Leases, Equipment Lease

Proceeds and all other items subject to this Security Agreement. Borrower shall have the license to collect, but not prior to accrual, all of the rents and to retain, use and enjoy the same, as provided in this Security Agreement, the Note and Loan Documents, unless and until an Event of Default shall occur under this Security Agreement, the Note or any Loan Document.

(a) It is expressly agreed that anything herein contained to the contrary notwithstanding, the Borrower shall remain liable under the Equipment Leases to perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and the Lender shall not have any obligation or liability under the Equipment Leases by reason of or arising out of the assignment hereunder, nor shall the Lender be required or obligated in any manner to perform or fulfill any obligations of the Borrower under or pursuant to the Equipment Leases or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) The Lender shall be entitled to collect and receive the Equipment Lease Proceeds upon the occurrence of and during the continuance of an Event of Default and as provided further herein, under the Note and in the Loan Documents.

Section 2.4 Cash Collateral Account. Collateral also includes all rights and interest of the Borrower in the Cash Collateral Account, including all amounts from time to time on deposit therein and all investments made with the proceeds thereof and all interest earned thereon.

ARTICLE III

COVENANTS AND WARRANTIES OF BORROWER

The Borrower covenants, warrants and agrees with Lender that until the Obligations are paid in full that:

Section 3.1 Maintenance of Equipment. The Borrower shall maintain and keep, or cause to be maintained and kept, at the Borrower's or the Equipment Lessees' own cost and expense, each Item of Equipment in good order and repair in compliance with all AAR mechanical regulations and industrial commercial acceptance standards for revenue interchange loading.

Section 3.2 Insurance.

(a) The Borrower shall maintain, or cause to be maintained at the Borrower's or the Equipment Lessees' own expense, with responsible insurance companies acceptable to the Lender, property, liability and other insurance, on such of its properties, in such amounts, against such risks and in such form as is customarily maintained by similar businesses, and, in any event, with respect to property insurance, in an amount as required under the Original Agreement and with respect to liability insurance, in an amount as required under the Original Agreement, which insurance shall at all times include coverage for all liabilities covered under, and shall not

include, any exclusions other than those set forth in the Borrower's policies of insurance as in effect on the Closing Date.

(b) The Borrower shall cause the Lender to be named as an additional insured and lender loss payee under all policies of insurance maintained pursuant to the provisions of this Section 3.2 and shall deliver to the Lender (i) on the Closing Date, evidence in form and substance satisfactory to the Lender of such insurance policies, and (ii) thereafter, thirty (30) days prior written notice before any cancellation, expiration, cessation, reduction in amount or change in coverage thereof shall become effective.

Section 3.3 Preservation of Collateral.

(a) The Borrower will warrant and defend the title to the Collateral against all claims and demands of all Persons except Persons claiming by, through or under the Lender and other than Permitted Liens. The Borrower will not assign, sell, lease, transfer or otherwise dispose of, nor will the Borrower suffer or permit any of the same to occur with respect to the Collateral. The Borrower will not create, assume or suffer to exist any Lien on the Collateral other than Permitted Liens (as hereinafter defined) and the Borrower shall pay or discharge, at its own cost and expense, any and all claims, liens or charges other than Permitted Liens. As used herein, "Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind. As used herein, "Permitted Liens" shall mean:

(i) the Liens created by and pursuant to this Security Agreement and by the Equipment Leases;

(ii) the Liens arising from taxes, assessments or governmental charges or levies either not yet assessed or, if assessed not yet due, or contested in good faith by appropriate proceedings (and for which adequate reserves have been made in the Borrower's books in accordance with GAAP consistently applied); and

(iii) mechanics', materialmen's, suppliers', warehousemen's, workmen's, repairmen's, employees', or other like Liens arising by operation of law in the ordinary course of business for amounts which are either not yet due or are not yet overdue for more than fifteen (15) days or are being contested in good faith by appropriate proceedings (and for which adequate reserves have been made in the Borrower's books in accordance with GAAP consistently applied or when required in order to pursue such proceedings, an adequate bond has been obtained) so long as such proceedings do not involve any danger of sale, forfeiture or loss of Equipment.

(b) The Borrower shall advise the Lender promptly, in reasonable detail, of any Lien or claim made or asserted against any of the Collateral and of any event affecting the Lender's security interest in the Collateral.

Section 3.4 Further Assurances. The Borrower will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary for the perfection and maintenance of the perfection of the security interests in the Collateral, whether now owned or hereafter acquired, with the United States Surface Transportation Board, pursuant to the UCC, and with the Registrar General of Canada, pursuant

to the Canada Transportation Act, and as the Lender may reasonably consider necessary or desirable.

Section 3.5 Recordation and Filing.

(a) The Borrower will cause this Security Agreement and any supplements hereto at all times to be executed, recorded and filed, at no expense to the Lender, with the United States Surface Transportation Board and with the Registrar General of Canada, and all financing and continuation statements to be filed with the Wisconsin Department of Financial Institutions, and cause such documents and all similar notices required by applicable law to be filed in such other jurisdictions and with such other Federal, state, provincial or local government or agency thereof where the Lender reasonably deems it necessary or desirable to perfect, protect, or preserve its lien on the Collateral, in order to fully preserve and protect the rights of the Lender hereunder.

(b) The Borrower hereby authorizes the Lender to execute and file all such documents (including, without limitation, the filing of this Security Agreement and any supplements thereto, and any Uniform Commercial Code Financing Statements or amendments thereto) which the Lender may deem necessary to perfect, protect, or preserve the liens and security interests created hereunder and the Borrower grants to the Lender a power of attorney to sign on behalf of the Borrower, execute and file any such documents.

Section 3.6 Power of Attorney. The Borrower does hereby irrevocably constitute and appoint the Lender and its successors and assigns its true and lawful attorney with full power of substitution for it and in its name, place and stead, to ask, demand, collect, receive, receipt for and sue for any and all Equipment Lease Proceeds hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Borrower could itself do, and to endorse the name of the Borrower on all instruments or commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Borrower or otherwise, which the Lender may deem necessary in its reasonable discretion to perfect, protect and preserve the right, title and interest of the Lender in and to such Equipment Lease Proceeds and the security intended to be afforded hereby.

(a) The parties acknowledge that the powers conferred on the Lender hereunder are solely to protect its interest in the Collateral and that anything herein contained to the contrary notwithstanding, neither the Lender nor its successors or assigns shall have any duty, obligation or liability by reason of or arising out of this Security Agreement to make any inquiry as to the nature or sufficiency of, to present or file any claim with respect to, or to take any action to collect or enforce the payment of, any amounts to which it may be entitled at any time by virtue of this Security Agreement.

Section 3.7 Chief Executive Office. The chief executive office of the Borrower is located at 322 E. Michigan, Suite 501, Milwaukee, Wisconsin 53202, and except as set forth in Section 4.2, all the records related to the Equipment and to the Equipment Leases are kept in said office. The Borrower is a Wisconsin limited liability company. The Borrower shall give the Lender thirty (30) days' advance written notice of any change of such office address or in its jurisdiction of organization.

Section 3.8 Acquisition of Interest in the Equipment. The Borrower has acquired its interest in the Equipment for its own account and with its general corporate assets and no funds used to acquire any Item of Equipment have been furnished directly or indirectly out of the assets of or in connection with any employee benefit plan (or its related trust) or any separate account in which any employee benefit plan has any interest. As used in this paragraph, the terms “employee benefit plan” and “separate account” shall have the respective meanings assigned to them in ERISA.

Section 3.9 Actions Under the Equipment Leases.

(a) The Borrower shall not enter into any agreement amending or supplementing any Equipment Lease in any material respect, execute any waiver or modification of, or consent to the non-compliance with, any material provision of any Equipment Lease, settle or compromise any material claim against any Equipment Lessee arising under any Equipment Lease, or submit or consent to the submission of any dispute, difference or other matter arising under or in respect of any Equipment Lease to arbitration thereunder, in each instance, without the prior written consent of the Lender.

(b) The Borrower shall comply, and use its reasonable efforts to cause each of the Equipment Lessees to comply, in all material respects, with all acts, rules, regulations and orders of any legislative, administrative or judicial body or official applicable to the Collateral or any part thereof, or to the operation of the Borrower’s business (including all laws of the jurisdictions in which operations involving the Equipment may extend the interchange rules of the Association of American Railroads and all rules of the United States Surface Transportation Board and the Registrar General of Canada); provided, however, that the Borrower may contest any acts, rules, regulations, orders and directions of such bodies or officials in any reasonable manner which will not, in the sole opinion of the Lender, materially adversely affect the Lender’s rights or the priority of its security interest in the Collateral.

(c) The Borrower shall perform, comply with and discharge its obligations under the Equipment Leases except to the extent such performance, compliance or discharge of its obligations would be an Event of Default.

Section 3.10 Reports. As Lender may request, the Borrower shall furnish to the Lender an accurate statement (a) setting forth as of the date of such report the amount, description and numbers of all Items of Equipment then covered by an Equipment Lease, the amount, description and numbers of all Items of Equipment that have suffered a Casualty Loss during the preceding calendar year or, in the case of the first such statement, since the date of this Security Agreement (specifying the dates of such Casualty Loss) or to the knowledge of the Borrower are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Items of Equipment as the Lender may reasonably request and (b) stating that, in the case of all Items of Equipment repainted or repaired during the period covered by such statement, the numbers and the marking required by Section 3.11 and the Equipment Leases have been preserved or replaced. The Borrower shall keep proper books and records with respect to the Equipment and each Equipment Lease and the other Collateral covered hereby. The Lender shall have the right (but not any obligation) by its agents to inspect the Borrower’s records with

respect to the Items of Equipment (and the right to make extracts from and to receive from the Borrower true copies of such records relating to the Collateral other than the Equipment Leases except as otherwise provided herein) at such reasonable times as the Lender may request during the continuance of this Security Agreement.

Section 3.11 Marking of Equipment.

(a) The Borrower will cause each Item of Equipment to be kept numbered with the identifying number set forth in Schedule A hereto, and at the request of the Lender, if the Lender reasonably determines that it is necessary in order to perfect, protect or preserve its first priority security interest in the Collateral, the Borrower shall keep and maintain plainly, distinctly, permanently and conspicuously marked on each side of each Item of Equipment, in letters not less than one inch in height, the words, "Ownership subject to a Security Agreement filed with the United States Surface Transportation Board". The Borrower shall not change, or permit to be changed, the identifying number of any Item of Equipment except in accordance with a statement of new identifying numbers to be substituted therefor after the Lender has been notified in writing and which statement shall be filed, recorded or deposited in all public offices where this Security Agreement shall have been filed, recorded or deposited. The Borrower shall forthwith furnish to the Lender an opinion of such counsel and in form and substance satisfactory to the Lender to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Lender's first priority security interests in such Items of Equipment and no further filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to perfect, protect, or preserve the security interest of the Lender in such Items.

(b) Except as above provided, the Borrower will not allow the name of any Person (other than the Borrower) to be placed on the Item of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Borrower may permit the Equipment to be lettered with the names, trademarks, initials or other insignia customarily used by the user of such Equipment or its affiliates.

Section 3.12 Use of Equipment. The Equipment will be used by Westinghouse Electric Company LLC and General Electric Power & Water, a division of General Electric Company, a New York corporation, only upon lines of railroad owned or operated by a railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia) or over lines upon which such railroad company or companies have trackage rights or rights for operation of their trains, and upon connecting with other carriers in the usual interchange of traffic in the continental United States only upon and subject to all the terms and conditions of Equipment Leases.

Section 3.13 Environmental Notices. The Borrower shall immediately notify the Lender if the Borrower receives notice from any Person alleging that the Borrower is a potentially responsible party under the Comprehensive Environmental Response, Compensation, and Liability Act, as amended.

Section 3.14 Taxes. The Borrower shall promptly pay and discharge all of its taxes, assessments, and other governmental charges prior to the date on which penalties are attached

thereto, establish adequate reserves for the payment of such taxes, assessments, and other governmental charges, make all required withholding and other tax deposits, and, upon request, provide Lender with receipts or other proof that such taxes, assessments, and other governmental charges have been paid in a timely fashion; provided, however, that nothing contained, herein shall require the payment of any tax, assessment, or other governmental charge so long as its validity is being contested in good faith, and by appropriate proceedings diligently conducted, and adequate reserves for the payment thereof have been established.

Section 3.15 Litigation.

(a) The Borrower shall promptly notify Lender in writing of any litigation, proceeding, or counterclaim against, or of any investigation of, the Borrower if: (i) the outcome of such litigation, proceeding, counterclaim, or investigation may materially and adversely affect the finances or operations of the Borrower or title to, or the value of, any Collateral; or (ii) such litigation, proceeding, counterclaim, or investigation questions the validity of any Loan Document or any action taken, or to be taken, pursuant to any Loan Document.

(b) The Borrower shall furnish to Lender such information regarding any such litigation, proceeding, counterclaim, or investigation as Lender shall reasonably request.

Section 3.16 Good Standing; Business.

(a) The Borrower shall take all necessary steps to preserve its limited liability company existence and its right to conduct business in all states and jurisdictions in which the nature of its business or ownership of its property requires such qualification.

(b) The Borrower shall engage only in the business conducted by it on the date of this Security Agreement.

Section 3.17 Notice of Non-Compliance. The Borrower shall notify Lender in writing of any failure by the Borrower to comply with any provision of any Loan Document immediately upon the Borrower's obtaining knowledge of such non-compliance, or if any representation or warranty contained in any Loan Document is no longer true.

Section 3.18 Compliance with Laws. The Borrower shall comply with all applicable laws, rules, regulations, and other legal requirements with respect to its business and the use, maintenance, and operation of the real and personal property owned or leased by it in the conduct of its business.

Section 3.19 Maintenance of Property. The Borrower shall maintain its properties, including, without limitation, the Collateral, in good condition and repair, ordinary wear and tear excepted.

Section 3.20 Existence. The Borrower is a limited liability company and is and at all times shall be duly organized and existing and in good standing under the laws of the State of Wisconsin and is and at all times shall be duly licensed or qualified to do business and in good standing in every state in which the nature of its business or ownership of its property requires such licensing or qualification. The Borrower's organizational number is K041892.

Section 3.21 Capacity. The execution, delivery, and performance of the Loan Documents to which the Borrower is a party are within the Borrower's limited liability company powers, have been duly authorized by all necessary and appropriate manager and/or member action, and are not in contravention of any law or the terms of the Borrower's Articles of Organization or Operating Agreement or any amendment thereto, or of any indenture, agreement, undertaking, or other document to which the Borrower is a party or by which the Borrower or any of the Borrower's property is bound or affected.

ARTICLE IV

SPECIAL PROVISIONS CONCERNING LEASES

Section 4.1 Borrower's Rights Under Equipment Leases. Anything to the contrary notwithstanding, until the occurrence and continuance of an Event of Default, the Borrower may exercise all of the Borrower's rights, powers, privileges and remedies under the Equipment Leases, including, without limitation, the right to receive any and all monies due or to become due under the Equipment Leases, subject to the terms of the Note and other Loan Documents, and to retain all copies (original or duplicates) of Equipment Leases.

Section 4.2 Equipment Lease Location. The Equipment Leases shall be stored, used or located at the offices of the Borrower. The Borrower shall inform the Lender in writing of any changes to the foregoing address. The Borrower shall mark all Equipment Leases with the following language:

"The rights and interests of KR Logistics, LLC under this lease/use agreement and all amendments and riders hereto relating to certain railcars listed herein, and in such railcars, have been assigned to American Bank and are subject to a first priority perfected security interest in favor of such financial institution. To the extent that this lease/use agreement constitutes chattel paper, no security interest in this lease may be created or perfected through the transfer or possession of this counterpart."

The Lender shall have the right from time to time to audit the lease records of the Borrower as to the status of the Equipment and Equipment Leases, and to inspect the Equipment Leases at the offices of the Borrower.

ARTICLE V

COLLATERAL

Section 5.1 Possession of Collateral. So long as no Event of Default has occurred and is continuing, the Borrower and each Equipment Lessee party to an Equipment Lease shall be permitted to remain in full possession, enjoyment and control of the Collateral, including without limitation the Equipment Leases and to manage, operate and use the Collateral and each part thereof with the rights and franchises pertaining to the Collateral; provided always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of this Security Agreement. In the Event of Default by the Borrower but no default by Equipment Lessee under an Equipment Lease, Lender will not

disturb such Equipment Lessee's use of the Equipment subject to such Equipment Lease as long as such Equipment Lessee remains in compliance with such Equipment Lease.

Section 5.2 Casualty Loss; Insurance Proceeds; Cash Collateral Account.

(a) In the event and at such time as any Equipment Lease terminates (the "Expiration Date") prior to the maturity of the Note (each, an "Expired Lease") or the Borrower first has knowledge (a "Casualty Date") that any Item of Equipment has been destroyed, lost, stolen, irreparably damaged, or is missing for a period in excess of thirty (30) days, or has been taken by any Governmental Authority (including, without limitation, condemnation, confiscation, requisition, taking of title or use by any Governmental Authority), returned permanently to the Borrower pursuant to a material breach of a warranty of the Borrower, or the use of any Item of Equipment in the normal course of interstate rail transportation has been prohibited as a result of any rule, regulation, order or other action by any Governmental Authority for a continuous period, or has otherwise become unusable in the business of the Borrower (such event or condition, a "Equipment Casualty Loss"), the Borrower shall promptly inform the Lender of the Equipment Casualty Loss or the expiration of the Expired Lease, as the case may be. The Lender shall be entitled to receive and retain all Casualty Loss Proceeds in respect of Items of Equipment that have been the subject of a Casualty Loss and damages and/or early termination payments for an Expired Lease, and to hold them as additional Collateral hereunder in accordance with clauses (A) and (B) below.

(A) All such Casualty Loss Proceeds, damages and early termination payments shall be deposited by the Lender into a special cash collateral account (the "Cash Collateral Account") maintained at the Lender or such other bank designated by the Lender and reasonably acceptable to the Borrower provided such bank agrees to hold such proceeds on behalf of the Lender, under the sole control and dominion of the Lender, for so long as, but only so long as, the Security Agreement shall be in full force and effect.

(B) All amounts from time to time on deposit in the Cash Collateral Account shall, so long as no Event of Default shall have occurred or be continuing, be invested by the Lender at the direction of the Borrower in certificates of deposit with such maturities as Borrower shall request.

(b) Upon the occurrence and during the continuance of any Event of Default, all Casualty Loss Proceeds and all other amounts standing to the credit of the Cash Collateral Account shall be paid to the Lender and applied by the Lender, as specified in Section 6.3.

ARTICLE VI

SECURED PARTY'S RIGHTS

Section 6.1 Secured Party's Rights. The Borrower agrees that when any event of default ("Event of Default") as defined in the Note has occurred and is continuing or a default occurs under this Security Agreement, which is not cured within thirty (30) days after Lender provides written notice to Borrower of such default, or any Loan document that is not timely cured, the Lender shall have the rights, options, duties and remedies of a secured party, and the

Borrower shall have the rights and duties of a borrower, under the rules of United States Surface Transportation Board and under the UCC (regardless of whether such UCC or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) as applicable, and the Lender shall have the following rights and remedies:

(a) The Lender shall have all the rights of a secured party under the rules of United States Surface Transportation Board and under the UCC to enforce the security interests contained herein.

(b) The Lender personally or by agents or attorneys shall have the right (subject to (i) compliance with any applicable mandatory legal requirements and (ii) the rights of the Equipment Lessees in the Equipment and under the Equipment Leases) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Borrower, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the Collateral, or use and operate or lease the Collateral until sold, and the Borrower shall deliver, or cause to be delivered, possession of the Equipment to the Lender or its agents where the same may be found or at such place or places as the Lender may reasonably require and as provided in this Article VI. Notwithstanding anything hereunder to the contrary, so long as no Event of Default has occurred and is continuing unremedied, the original Equipment Leases delivered to the Borrower shall remain at the chief executive offices of the Borrower; provided, however, that in the event an Event of Default has occurred and is continuing, the Borrower shall provide to the Lender the original Equipment Leases and, in all cases, all relevant information that the Lender may request regarding all other leases and all other lenders to the Borrower. The license granted Borrower to collect the rents and any other Equipment Lease Proceeds shall automatically and immediately terminate and the Borrower shall hold all rents and other Equipment Lease Proceeds paid to the Borrower thereafter in trust for the use and benefit of the Lender, and the Lender may, at its option, without any further notice, either in person or by agent, with or without taking possession of the Equipment Leases or other Collateral, with or without bringing any action or proceeding, or by a receiver to be appointed by a court, collect all the rents and other Equipment Lease Proceeds, enforce the payment of all amounts due under the Equipment Leases and exercise all of the rights of the Borrower under the Equipment Leases, and may take possession of, manage and operate any Collateral, or any part thereof. Subject to the rights of the Equipment Lessee under the Equipment Leases assuming no default by such Equipment Lessee, Lender may cancel, enforce or modify the Equipment Leases, and fix or modify the amounts owed by any user or tenant, and do any acts that the Lender deems proper to protect its security with and without taking possession of the railcars identified on Schedule A; and the Lender may apply the rents and other Equipment Lease Proceeds to the costs and expenses of operation, management and collection, including reasonable attorneys' fees, to the payment of expenses of any agent appointed by the Lender, to the payment of taxes, assessments, insurance premiums and expenditures for the upkeep of any Collateral, the performance of Borrower's obligations under the Equipment Leases and to any amounts owed to Lender from Borrower all in such order as the Lender may determine.

(c) Any Collateral repossessed by the Lender under or pursuant to this Section 6.1 may be sold, leased or otherwise disposed of under one or more contracts or as an entirety, and

without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Lender may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Any of the Collateral may be sold, leased or otherwise disposed of in the condition in which the same existed when taken by the Lender or after any overhaul or repair which the Lender shall determine to be commercially reasonable. Any such disposition which shall be a private sale or other private proceedings permitted by such requirements shall be made upon not less than ten (10) days' prior written notice to Borrower specifying the times after which such disposition is to be made and the intended sale price or other consideration therefor. Any such disposition which shall be a public sale permitted by such requirements shall be made upon not less than ten (10) days' prior written notice to Borrower specifying the time and place of such sale. To the extent permitted by any such requirement of law, the Lender may itself bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section without accountability to Borrower (except to the extent of surplus money received as provided in Section 6.3). To the extent permitted by law, in payment of the purchase price therefor, the Lender shall be entitled to have credit on account of the purchase price thereof of amounts owing to the Lender on account of the indebtedness hereby secured and the Lender may deliver the claims for interest on or principal of the Loan or other indebtedness hereby secured in lieu of cash up to the amount which would, upon distribution of the net proceeds of such sale, be payable thereon. If, under mandatory requirements of applicable law, the Lender shall be required to make disposition of the Collateral within a period of time which does not permit the giving of notice to Borrower as hereinabove specified, the Lender need give Borrower only such notice of disposition as shall be reasonably practicable in view of such mandatory requirements of applicable law.

(d) The Lender may proceed to protect and enforce this Security Agreement by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other legal or equitable remedy available under applicable law.

(e) The Lender may, but shall not be obligated to, and without further demand upon the Borrower, and without waiving or releasing the Borrower from any of its obligations under this Security Agreement, the Note or any Loan Document, remedy any breach or default of Borrower under any Equipment Lease, and the Borrower agrees to repay the Lender upon demand all sums incurred by the Lender in remedying any such failure together with interest at the rate then in effect under the terms of the Note. All such sums, together with interest, shall become a part of the Obligations, but no such advance shall relieve the Borrower from any default under this Security Agreement, the Note or any Loan Document.

Section 6.2 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Borrower in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Borrower, its successors and assigns, and

against any and all persons claiming the property sold, or any part thereof under, by or through the Borrower, its successors or assigns.

Section 6.3 Application of Sale Proceeds. The proceeds of any sale of the Collateral, or any part thereof, and the proceeds of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of all costs and expenses including those of foreclosure or suit, if any, and of such sale, and of all proper expenses, liabilities and advances, including legal expenses and reasonable attorneys' fees, incurred or made hereunder, under the Note, or under the other Loan Documents, by the Lender;

(b) Second, to the payment of the amounts then owing or unpaid in respect of the Note and any other amounts owed to the Lender in accordance with the provisions of the Loan Documents; and

(c) Third, to the payment of the surplus, if any, to the Borrower, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

Section 6.4 Discontinuance of Remedies. In case the Lender shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, and in every such case, the Borrower and the Lender shall be restored to their former respective positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

Section 6.5 Cumulative Remedies. No delay or omission of the Lender to exercise any right or power arising from any default on the part of the Borrower shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Lender of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom. The Lender may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Lender be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

Section 6.6 Indemnity. The Borrower agrees to indemnify, protect and hold harmless the Lender, and its assigns, directors, officers, employees, agents or representatives (each an "Indemnified Party") from and against all losses, damages, injuries, liabilities, claims, suits, obligations, penalties, actions, judgments, costs, interest and demands of any kind or nature whatsoever (all the foregoing losses, damages etc. are the "indemnified liabilities"), and expenses in connection therewith (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnified Party in connection with any investigative,

administrative or judicial proceeding, whether or not such Indemnified Party shall be designated a party thereto, and the expenses of investigation by engineers, environmental consultants and similar technical personnel) arising out of, in connection with, or as the result of any claim for personal injury or property damage arising from the operation, use, condition, possession, storage or repossession of any of the Collateral, or any claim relating to any laws, rules or regulations, including, without limitation, environmental control, noise and pollution laws, rules or regulations or the entering into or performance of this Security Agreement, the Note, and the other Loan Documents, the enforcement of any rights thereunder, the retention by the Lender of a security interest in the Collateral, or arising during the period of any delivery, rejection, storage or repossession of any of the Equipment while a security interest therein remains in the Lender or during the period of the transfer of such security interest in the Collateral by the Lender pursuant to any of the provisions of this Security Agreement, or arising under the Equipment Leases or under or by reason of this Security Agreement and from and against any and all claims and demands whatsoever which may be asserted against the Lender by reason of any alleged obligations or undertakings on Lender's part to perform or discharge any of the terms, covenants or agreements contained in the Equipment Leases; provided, however, that the Borrower shall have no obligation to so indemnify any Indemnified Party for any indemnified liabilities arising from its willful misconduct. The foregoing indemnity shall survive the termination of this Security Agreement and payment in full of the Obligations.

Section 6.7 Costs and Expenses. Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses incurred by the Lender, in connection with the filing or recording of this Security Agreement, financing statements and other documents (including all taxes in connection with the filing and recording of such documents) in public offices, the payment or discharge of any taxes relating to the Collateral or imposed upon the Borrower, insurance premiums, encumbrances or otherwise protecting, maintaining or preserving the Collateral, or the enforcing, foreclosing, retaking, holding, storing, processing, selling or otherwise realizing upon the Collateral and the Lender's security interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or related to the transaction to which this Security Agreement relates, shall be borne and paid by the Borrower on demand by the Lender and until so paid shall be added to the principal amount of the Loan and shall bear interest at the default rate prescribed in the Note.

Section 6.8 Return of Cars. Subject to the rights of any Equipment Lessee, if, following the occurrence of an Event of Default, the Lender requests the Borrower to deliver all cars not currently leased, the Borrower shall forthwith deliver, or cause to be delivered, possession of the cars at a mutually agreeable point, if and only if the then-current storage location is not reasonably acceptable to the Lender, empty, free from residue, and in the same good order and condition as the cars were in when they were delivered by the Borrower to the Equipment Lessee, ordinary wear and tear excepted.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Borrower or by or on behalf of the Lender shall bind and inure to the benefit of the successors and assigns of such parties whether so expressed or not.

Section 7.2 Entire Agreement. This Security Agreement, the Schedule A and other agreements referred to herein, constitute the entire understanding between the parties with respect to the subject matter hereof. All prior agreements, understandings, representations, warranties and negotiations, if any, are merged into this Security Agreement, and this Security Agreement is the entire agreement between the Borrower and the Lender relating to the subject matter hereof. This Security Agreement cannot be changed or terminated orally.

Section 7.3 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

Section 7.4 Notices. All notices and communications provided for herein shall be given to such parties, at such addresses and in such manner as is provided in the Note.

Section 7.5 Termination. This Security Agreement and the security interest granted hereby shall terminate when the Obligations have been fully paid or discharged, at which time the Lender shall, at the Borrower's expense, execute and deliver to the Borrower at its expense all Uniform Commercial Code termination statements and such similar documents or proper instrument or instruments which the Borrower shall reasonably request to evidence such termination and the release of Collateral including, without limitation, (i) releases in recordable form under the rules of United States Surface Transportation Board and the Canada Transportation Act in the form of the release attached hereto as Exhibit A and (ii) the omnibus release and termination in the form of the release attached hereto as Exhibit B. Upon the release of this Security Agreement, all amounts in the Cash Collateral Account shall be under the sole dominion and control of the Borrower.

Section 7.6 GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE DEEMED TO HAVE BEEN MADE UNDER, CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF WISCONSIN; PROVIDED, HOWEVER, THAT THE PARTIES SHALL BE ENTITLED TO ALL RIGHTS CONFERRED BY THE APPLICABLE FEDERAL LAW AND SUCH ADDITIONAL RIGHTS, ARISING OUT OF THE FILING, RECORDING OR DEPOSIT HEREOF, IF ANY.

Section 7.7 Submission to Jurisdiction. Each of the Borrower and the Lender hereby irrevocably submits to the nonexclusive jurisdiction of the Circuit Court of Waukesha County, Wisconsin and the United States District Court for the Eastern District of Wisconsin, for the purposes of any suit, action or other proceeding arising out of this Security Agreement or the

subject matter hereof brought by any party or its successors or assigns, and each party hereto hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such state court or, to the fullest extent permitted by law, in such federal court, and each party hereto hereby agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Security Agreement or the subject matter hereof may not be enforced in or by such courts.

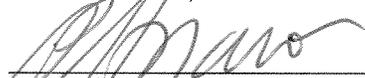
Section 7.8 Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together constituting only one Security Agreement.

Section 7.9 WAIVER OF JURY TRIAL. BY ITS SIGNATURE BELOW WRITTEN EACH PARTY HERETO IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE, REGARDLESS OF THE LEGAL THEORY UPON WHICH IT IS BASED THAT IS ANY WAY RELATED TO THE SECURITY AGREEMENT. TO PROTECT YOU (BORROWER) AND US (LENDER) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the day and year first above written.

KR LOGISTICS, LLC

By: 
Name: Predrag Stojanovic
Title: Manager

AMERICAN BANK

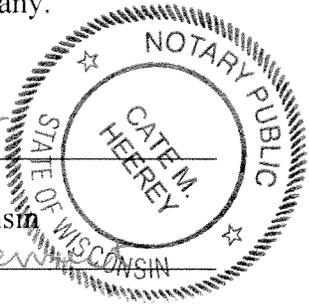
By: 
Name: T. Randall Lorenz
Title: Vice President

[Signature Page to Security Agreement]

STATE OF WISCONSIN)
) ss.:
COUNTY OF WAUKESHA)

On this 16th day of June, 2016, before me, personally appeared Predrag Stojanovic to me personally known, who being by me duly sworn, says that he is the Manager of KR Logistics, LLC, that said instrument was signed on the date hereof on behalf of said limited liability company by authority of its Members and Manager; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

Cate M. Heerey
Notary Public
Waukesha County, State of Wisconsin
My Commission is permanent

A circular notary seal for Cate M. Heerey, Notary Public in Waukesha County, Wisconsin. The seal features a double-lined border with the words "NOTARY PUBLIC" at the top and "STATE OF WISCONSIN" at the bottom, separated by two stars. In the center, the name "CATE M. HEEREY" is printed.

SCHEDULE A

Equipment:

Four (4) 32' FD 12-axle, 340 ton heavy duty depressed center flat rail cars bearing the following car initials and car numbers: KRL240327, KRL240328, KRL240329 and KRL240330.

32' FD 12-axle, 340 ton heavy duty depressed center flat rail car bearing the following car initials and car number KRL240327

32' FD 12-axle, 340 ton heavy duty depressed center flat rail car bearing the following car initials and car number KRL240328

32' FD 12-axle, 340 ton heavy duty depressed center flat rail car bearing the following car initials and car number KRL240329

32' FD 12-axle, 340 ton heavy duty depressed center flat rail car bearing the following car initials and car number KRL240330

32' FD 8-axle, 220 ton heavy duty rail car bearing the following car number KRL32800 and AAR Code F433

32' FD 8-axle, 220 ton heavy duty rail car bearing the following car number KRL32801 and AAR Code F433

48' FM 12-axle, 370 ton heavy duty rail car bearing the following car number KRL370367 and AAR Code F401

48' FM 12-axle, 370 ton heavy duty rail car bearing the following car number KRL370368 and AAR Code F401

48' FM 12-axle, 370 ton heavy duty rail car bearing the following car number KRL370369 and AAR Code F401

70' FM 4-axle, 112 ton heavy duty rail car bearing the following car number KRL701221 and AAR Code F403

36' FD 12-axle, 325 ton heavy duty rail car bearing the following car number KRL300360 and AAR Code F433

36' FD 12-axle, 325 ton heavy duty rail car bearing the following car number KRL300361 and AAR Code F433

36' FD 12-axle, 325 ton heavy duty rail car bearing the following car number KRL300362 and AAR Code F433

87' FD 8-axle, 232 ton heavy duty rail car bearing the following car number KRL27105

87' FD 8-axle, 232 ton heavy duty rail car bearing the following car number KRL27106

32' FD 8-axle, 230 ton heavy duty rail car bearing the following car number KRL230000

32' FD 8-axle, 230 ton heavy duty rail car bearing the following car number KRL230001

40' 16-axle, 400 ton heavy duty depressed center flat car with two welded risers bearing the following car initials and car number KRL164001. This is a purchase money security interest for this specific rail car.

40' 16-axle, 400 ton heavy duty depressed center flat car with two welded risers bearing the following car initials and car number KRL164002. This is a purchase money security interest for this specific rail car.

Equipment Leases/Use Agreements:

1. Purchase Order dated March 30, 2011 between KR Logistics, LLC, assignee of Kasgro Rail Corporation and Kasgro Rail Car Management aka Kasgro Railcar Management (Managers of KRL marked railroad cars), a division of Kasgro Rail Corporation, as "Owner/Manager" and Westinghouse Electric Company LLC, as "User". The Purchase Order was executed by Kasgro Rail Car Management and Kasgro Rail Corporation on April 6, 2011 and Westinghouse Electric Company LLC on April 5, 2011. Kasgro Railcar Management (aka Kasgro Rail Car Management) is a division of Kasgro Leasing, LLC, a Pennsylvania limited liability company, and not a division of Kasgro Rail Corporation.

2. Railroad Car Use Agreement dated December 5, 2015 between KR Logistics, LLC, a Wisconsin limited liability company, and General Electric Power & Water, a division of General Electric Company, a New York corporation, as "User".

Exhibit A to the Security Agreement

RELEASE OF COLLATERAL

This Release of Collateral (the "Release") dated as of _____, 20____, is entered into by and between KR Logistics, LLC, a Wisconsin limited liability company (the "Borrower"), and American Bank (the "Lender").

WHEREAS, the Borrower and the Lender, entered into the Security Agreement - Chattel Mortgage - Assignment of Leases and Rents ("Security Agreement") dated as of June 16, 2016 pursuant to which the Borrower assigned, mortgaged, pledged, hypothecated, transferred and set over to the Lender and granted the Lender a first priority lien on and security interest in all of the Borrower's right, title and interest in and to, among other things, certain railroad cars and related leases, purchase orders and use agreements ("leases"), to secure a certain loan made to the Borrower pursuant to that certain Promissory Note, dated as of June 16, 2016 (as amended and supplemented, the "Note");

WHEREAS, the Security Agreement was recorded on _____, 2016 with the Surface Transportation Board, Recordation No. _____, and deposited with the Registrar General of Canada, Recordation No. _____; and

WHEREAS, in connection with the full performance and satisfaction of the Borrower's Obligations (as defined in the Security Agreement) on the day hereof, the Borrower has requested pursuant to Section 7.5 of the Security Agreement that the Lender release its lien on and its security interest in all of railcars and leases related thereto and all other property of the Borrower related thereto (as fully described in Section 1 hereof) subject to the lien created by the Security Agreement, and the Lender has agreed to such release.

NOW, THEREFORE, for good and valuable consideration the parties hereto hereby agree as follows:

1. Release of Security Interest. The Lender hereby releases, and terminates its security interest in, and all of its rights, title and interest in and to the following Collateral described in paragraphs (a), (b) and (c) hereof:

(a) All of the railroad rolling stock and standard gauge rolling stock listed on Schedule A hereto together with all parts, attachments, accessions, accessories, equipment, appurtenances and additions that are at any time appertaining, attached, affixed or related thereto and all substitutions, renewals or replacements thereof and additions, improvements, accessions and accumulations thereto, wherever located, together with all records, rents, mileage credits earned, issues, income, profits, avails and other proceeds (including insurance proceeds) therefrom (the "Equipment").

(b) All right, title, interest, claims and demands of the Borrower in, to and under each and every lease, including without limitation the leases listed on Schedule A hereto (whether or not such lease is in writing or is for a term certain, including, without limitation, per diem leases) now or hereafter entered into relating to the Equipment (each being an "Equipment

Lease”), including any extensions of the term of every Equipment Lease, all of Borrower’s rights under any Equipment Lease to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, waiver or approval together with full power and authority with respect to any Equipment Lease to demand, receive, enforce, collect or give receipt for any of the foregoing rights or any property which is the subject of any of the Equipment Leases, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action which (in the opinion of the Lender) may be necessary or advisable in connection with any of the foregoing insofar as such rights relate to the Equipment which is subject to such Equipment Leases, all records related to the Equipment Leases and all payments due and to become due under any Equipment Lease, whether as contractual obligations, damages, casualty payments, insurance proceeds or otherwise to the extent such payments are derived from the Equipment.

(c) All products and proceeds of any of the foregoing in whatever form, including (without limitation) insurance proceeds and any claims against third parties for loss or damage to or destruction of any or all of the foregoing and cash, negotiable instruments and other instruments for the payment of money, chattel paper, security agreements or other documents.

2. Interpretation. Except as otherwise defined in this Release, terms defined in the Security Agreement or by reference therein are used herein as defined therein.

3. Counterparts. This Release may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Release by signing any such counterpart.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Release in one or more counterparts as of the _____ day of _____, 20__.

KR LOGISTICS, LLC

as Borrower

By: _____

Name: _____

Title: _____

AMERICAN BANK

By: _____

Name: _____

Title: _____

[Signature Page to Release]

STATE OF _____)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20____, before me, personally appeared _____, to me known, who being by me duly sworn, says that he/she is a _____ of KR Logistics, LLC; that said instrument was signed on behalf of said company on the date hereof by authority of its Managers; and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

Notary Public
_____ County, State of _____
My Commission _____

STATE OF _____)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20____, before me, personally appeared _____, to me known, who being by me duly sworn, says that he/she is a _____ of American Bank; that said instrument was signed on behalf of said Bank on the date hereof by authority of its Board of Directors; and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

Notary Public
_____ County, State of _____
My Commission _____

Exhibit B to the Security Agreement

OMNIBUS RELEASE AND TERMINATION

Reference is made to the Promissory Note dated as of June 16, 2016 (as amended through the date hereof, the "Note") from KR Logistics, LLC (the "Borrower") payable to American Bank (the "Lender"). Capitalized terms used herein and not otherwise defined herein have the meanings set forth for such terms in the Note.

1. Release.

Subject only to the receipt of the Payoff Amount (as defined below) by the Lender on _____, 20____, and in consideration of One Dollar (\$1.00) paid to the undersigned and other good and valuable consideration (the receipt of which is hereby acknowledged by the Lender), the Lender does hereby release and discharge the Borrower, effective as of the date hereof, from any and all further obligations arising under or in respect of the Note and the Security Agreement - Chattel Mortgage - Assignment of Leases and Rents between Borrower and Lender dated as of _____, 20____ (each an "Agreement" and collectively the "Agreements", and the Security Agreement - Chattel Mortgage - Assignment of Leases and Rents shall also be referred to herein as "Security Agreement") and the assets contemplated therein; provided, however, the Borrower's obligations under Section 6.6 of the Security Agreement shall survive in accordance with Section 6.6 of the Security Agreement.

2. Termination.

Except as to Borrower's obligations under Section 6.6 of the Security Agreement, the Borrower hereby agrees that each Agreement shall be terminated and of no further force and effect, effective upon the receipt by the Lender on _____, 20____ of the aggregate amount of principal, interest and fees due and owing to the Lender from the Borrower as of _____, 20____ (the "Payoff Amount"). The Payoff Amount is \$_____. Upon its receipt of the Payoff Amount, the Lender shall return to the Borrower the Note marked "Cancelled".

3. UCC Termination/Further Assurances.

Upon its receipt of the Payoff Amount, the Lender authorizes the Borrower or any of its affiliates to file all the UCC termination statements, terminating the security interest granted pursuant to the Security Agreement, in the Lender's name for and on behalf of the Lender. The Lender hereby covenants and agrees to promptly and duly execute and deliver to the Borrower, such further documents and assurances and to take such further action as any of them may from time to time reasonably request in order to effectuate the releases described herein.

4. Governing Law; Binding Effect.

This Omnibus Release and Termination shall be governed by the laws of the State of Wisconsin, and shall be binding on the undersigned and its successors and permitted assigns and shall inure to the benefit of the Borrower and its successors and permitted assigns.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed by their duly authorized officers as of _____, 20____.

American Bank, as Lender

By: _____
Name: _____
Title: _____

KR Logistics, LLC, as Borrower

By: _____
Name: _____
Title: _____

[Signature Page to Omnibus Release and Termination]