



14952
RECORDATION NO. FILED 1986

CONTINENTAL BANK MAY 2 1986 - 10 22 AM

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO • 231 SOUTH LA SALLE STREET • CHICAGO, ILLINOIS 60697
INTERSTATE COMMERCE COMMISSION

April 25, 1986

LAW DEPARTMENT

Interstate Commerce Commission
12th Street and Constitution Avenue, NW
Washington, D.C. 20423

5/2/86
DATE
FEE \$ 10.00
ICC Washington, D.C.

Attention: Mildred Lee

Dear Ms. Lee:

I have enclosed one original and one copy of the document described below, to be recorded.

This document is a loan and security agreement dated as of April 7, 1986.

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

Secured Party/Assignee: Continental Illinois National Bank
and Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois 60697

Debtor/Assignor: Indiana Harbor Belt Railroad
Company
175 West Jackson Boulevard
Suite 1460
Chicago, Illinois 60604

A description of the equipment covered by the document follows:

Thirty-seven (37) one hundred ton 52'6" Thrall Manufacturing Co. gondola cars, car numbers (1) MILW 92325 to 92374, excluding 92326, 92341, 92344, 92345, 92361, 92365, 92369, 92343, 92355, 92368, 92371, 92330 and 92338 and (2) IHB 800-836.

A fee of \$10.00 is enclosed. Please return the original to Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 60697, Attention: Meredith P. Herman, Law Department, 105/8.

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

8738D



Interstate Commerce Commission
Washington, D.C. 20423

April 25, 1986

-2-

Loan and Security Agreement providing for a loan by the Secured Party to the Debtor secured by a lien upon 37 gondola cars.

Very truly yours,

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

A handwritten signature in cursive script, reading "Meredith P. Herman".

Meredith P. Herman
Legal Assistant
(312) 828-7095

Copy to Mr. Peter H. Barrow

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

5/6/86

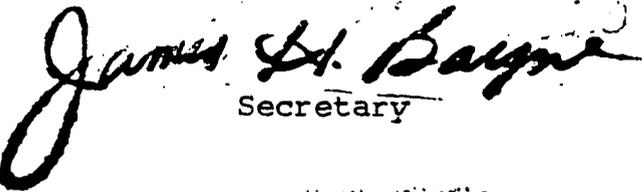
Continental Illinois National Bank &
Trust Company Of Chicago
231 South LaSalle Street
Chicago, Illinois 60607

Attn: Meredith P. Herman

Dear
Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/2/86 at 10:20am and assigned re-
recording number(s). 14952

Sincerely yours,


Secretary

Enclosure(s)

SE-30
(7/79)

MAY 2 1986 - 10 20 AM

CERTIFICATION

INTERSTATE COMMERCE COMMISSION

I, Peter H. Barrow, Senior Attorney of Continental Illinois National Bank and Trust Company of Chicago (the "Bank") hereby certify that the attached Loan and Security Agreement between the Bank and Indiana Harbor Belt Railroad Company dated as of April 7, 1986 is a true, complete and correct copy of the original held at Continental Illinois National Bank and Trust Company of Chicago.

Dated this 25th day of April, 1986.

Peter H. Barrow

Peter H. Barrow
Senior Attorney
Continental Illinois National Bank
and Trust Company of Chicago

Subscribed and sworn to before me this 25th day of April 1986

Mendin P. Hsu

Notary Public
State of Illinois

My commission expires:

4/3/89

MAY 2 1986 -10 20 AM

LOAN AND SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS LOAN AND SECURITY AGREEMENT (the "Agreement"), dated as of April 7, 1986, between INDIANA HARBOR BELT RAILROAD COMPANY, an Indiana corporation (the "Company"), having its principal office at 2721-161st Street, Hammond, Indiana 46325 and CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking associate with its principal office at 231 South LaSalle Street, Chicago, Illinois 60697 (the "Bank").

W I T N E S S E T H:

WHEREAS, the Company has requested that the Bank make a loan to the Company to finance the acquisition by the Company of certain gondola cars (the "Loan");

WHEREAS, it is a condition precedent to the making of the Loan that the Company shall have executed and delivered to the Bank this Agreement.

NOW THEREFORE, in order to induce the Bank to make the Loan and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. When used herein the following terms shall have the following meanings:

"Assigned Car" shall have the meaning given to such term under applicable ICC regulations and tariffs.

"Banking Day" means any day on which banks are open for business in Chicago, Illinois.

"Collateral" shall mean all property and rights in which a security interest is granted hereunder.

"Equipment" shall mean the used covered gondola railcars owned by Company and described in Schedule 1 hereto together with all accessories, equipment, parts and appurtenances appertaining or attached to any of such Equipment, whether now owned or hereafter acquired, and all substitutions, renewals and replacements of, and additions, improvements, accessories and accumulations to, any and all of such Equipment.

"Event of Default" shall mean the occurrence of any event specified in Section 11.1 hereof.

"ICC" shall mean the Interstate Commerce Commission of the United States of America.

"Liabilities" shall mean all obligations of Company under this Agreement.

"Lien" shall mean any security interest, lien, claim or other similar encumbrances howsoever created.

"Person" shall mean any natural person, corporation, partnership, joint venture or other similar entity.

"Prime Rate" means at any time the rate of interest then most recently announced by the Bank at Chicago, Illinois as its prime rate. Each change in the interest rate applicable to the Loan shall take effect on the effective date of the change in the Prime Rate.

"Proceeds" shall have the meaning assigned to such term in the Uniform Commercial Code and, in any event, shall include, (a) any and all proceeds of any insurance, indemnity, warranty

or guaranty payable to the Company from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to the Company from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental body, authority, bureau or agency (or any other person whether or not acting under color of governmental authority) and (c) any and all other amounts, from time to time paid or payable under or in connection with any of the Collateral.

"Unmatured Event of Default" means any event or condition which with the lapse of time or giving of notice to the Company, or both, would constitute an Event of Default.

2. COMMITMENT OF THE BANK. Subject to the terms and conditions of this Agreement, the Bank agrees to make a loan (the "Loan") to the Company on such date as the Company may request, in an amount not to exceed \$387,000.

3. LOAN ACCOUNT, PAYMENT OF PRINCIPAL.

3.1 Loan Account. Principal, interest and all other sums owing to the Bank hereunder shall be evidenced by entries in the books and records maintained by the Bank (the "Loan Account"). Each payment on and any other credits with respect to principal, interest and all other sums owing to the Bank hereunder shall be evidenced by entries in the Loan Account. The Company hereby authorizes the Bank to debit the Loan Account

for the amount of any payment due the Bank hereunder when and as such payment becomes due and owing pursuant to the terms hereof. The Company hereby agrees that the Loan Account shall be conclusive evidence of the amounts owed, absent manifest error on the part of the Bank.

3.2 Payment of Principal. The Loan shall be payable in twenty (20) consecutive equal quarterly installments payable commencing June 30, 1986 and continuing on the last day of each September, December, March and June thereafter.

4. INTEREST.

4.1 Interest. The unpaid principal of the Loan shall bear interest prior to maturity at the Prime Rate in effect from time to time, plus 1/2% per annum. Interest prior to maturity shall be payable quarterly on the last day of each March, June, September and December commencing with the first of such dates to occur after the date of the Loan and continuing until maturity. After the maturity of any installment, whether by acceleration or otherwise, the unpaid principal of each installment shall bear interest at the Prime Rate in effect from time to time, plus 2 1/2% per annum, but never less than 2 1/2% above the Prime Rate in effect at maturity. Interest after maturity shall be payable on demand.

4.2 Method of Calculating Interest. Interest shall be computed on the basis of a year consisting of 365, or when appropriate, 366 days and paid for actual days elapsed.

5. PAYMENTS, PREPAYMENTS AND OFFSET.

5.1 Place of Payment. All payments hereunder shall be made without set-off or counterclaim and shall be made to the Bank prior to 12:30 p.m., Chicago time, on the date due at its office at 231 South LaSalle Street, Chicago, Illinois 60697, or at such other place as may be designated by the Bank to the Company in writing. Any payments received after such time shall be deemed received on the next Banking Day. Whenever any payment to be made hereunder shall be stated to be due on a date other than a Banking Day, such payment may be made on the next succeeding Banking Day, and such extension of time shall be included in the computation of payment of interest. At the option of the Bank, all payments to be made hereunder shall be made by debit to an account designated by the Company at the Bank.

5.2 Optional Prepayments. The Company may from time to time, upon at least two Banking Days' prior written notice received by the Bank, prepay the principal of the Loan in whole or in part without premium; provided, however, any partial prepayment of principal shall be in an amount of \$20,000 or an integral multiple thereof and shall be applied to the unpaid installments of the Loan in the inverse order of their maturities. Any prepayment of the principal of the Loan shall include accrued interest to the date of prepayment on the principal amount being prepaid.

5.3 Offset. In addition to and not in limitation of all rights of offset that the Bank may have under applicable law, the Bank shall have upon the occurrence of any Event of Default or any Unmatured Event of Default, the right to appropriate and apply to the payment of the Loan any and all balances, credits, deposits, accounts or moneys of the Company then or thereafter with the Bank.

6. GRANT OF SECURITY INTEREST. As security for payment of the Liabilities, the Company hereby grants, mortgages, transfers and assigns to the Bank, a first priority security interest in and to the Equipment and all Proceeds of the Equipment.

7. WARRANTIES AND AGREEMENTS OF COMPANY. To induce the Bank to make the Loan, the Company warrants and agrees that:

7.1 Corporate Existence. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana, and it is duly qualified and in good standing as a foreign corporation authorized to do business in each state where, because of the nature of its activities or properties, such qualification is required.

7.2 Authorization. The Company is duly authorized to execute and deliver this Agreement and is and will continue to be duly authorized to borrow monies hereunder and to perform its obligations under this Agreement.

7.3 No Conflicts. The execution and delivery of this Agreement, and the performance by the Company of its obligations

under this Agreement, do not and will not conflict with any provision of law or of the Company's charter or by-laws or of any agreement binding upon the Company.

7.4 Financial Statements. The Company's unaudited financial statement as of September 30, 1985 a copy of which has been furnished to the Bank, has been prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year and period, presents fairly the Company's financial condition as at such date, and the result of its operations for the period then ended, and since such date there has been no material adverse change in the Company's financial condition.

7.5 Litigation. No litigation, arbitration proceedings or governmental proceedings are pending or threatened against the Company, the results of which might materially and adversely affect its financial condition or operations, except those disclosed on Exhibit A hereto. Other than any liability incident to such litigation or proceedings or provided for or disclosed in the financial statements referred to in Section 7.4, the Company has no material contingent liabilities.

7.6 Regulation U. The Company is not engaged in the business of purchasing or selling margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or extending credit to others for the purpose of

purchasing or carrying margin stock and no part of the proceeds of any borrowing hereunder will be used to purchase or carry any margin stock or for any other purpose which would violate any of the margin regulations of said Board of Governors.

7.7 Investment Company Act. The Company is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

7.8 Public Utility Holding Company Act. The Company is not a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

7.9 The Equipment. The Company is the owner and is lawfully seized and possessed of the Equipment and has the right, full power and authority to mortgage, transfer and assign the same to the Bank. The Equipment is, and at all times shall be, owned by the Company free and clear of any Liens other than the Lien of the Bank hereunder. Except as may be in favor of or filed by the Bank, no financing statement, instrument or other agreement is now or in the future shall be on file in any public office relating to the perfection of any Lien in or to any Equipment.

7.10 Further Assurances. The Company, at its own expense, will do, execute, acknowledge, and deliver all and

every further acts, deeds, conveyances, transfers and assurances necessary or proper for the better assuring, conveying, assigning and confirming unto the Bank all of the Collateral, whether now owned or hereafter acquired.

7.11 Use of Equipment. The Company or any Person in possession of any Equipment which constitutes an Assigned Car, so long as no Event of Default shall have occurred and be continuing and subject to all the terms and conditions of this Agreement, shall be entitled to the possession and use of the Equipment. The Equipment shall be used only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Company shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange (if and to the extent permitted by the Interchange Rules or supplements thereto of the Association of American Railroads (herein called the "AAR")). Except as required or permitted by the provisions of Section 7.13 hereof, the Company shall not modify any Equipment without the prior written authority and approval of the Bank.

7.12 Location of Equipment. The Company shall keep at all times substantially all of the Equipment located in the area of its service in Illinois and Indiana, subject to applicable ARR Interchange Rules or supplements thereto.

7.13 Compliance with Insurance, Laws, Etc. The Company agrees to comply with all insurance policies covering the Equipment and all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the ICC and if and to the extent permitted thereby, AAR Interchange Rules or supplements thereto) as the same may be in effect from time to time with respect to the use, maintenance and operation of the Equipment. If any equipment or appliance is reasonably interpreted as being required to be installed on any Equipment in order to comply with such laws, regulations, requirements and rules, the Company agrees to make such changes, additions and replacements at its own expense; provided, however, that the Company may, in good faith and by appropriate legal proceedings, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Bank adversely affect the security interest of the Bank hereunder.

7.14 Identification of Equipment. The Company will cause each unit of Equipment to be kept numbered with its identifying number as set forth in Schedule I hereto and will cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership subject to a Security Agreement filed with the

Interstate Commerce Commission" or other appropriate markings approved by the Bank with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Bank's interest in the Equipment and its rights under this Agreement. The Company will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Company will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Bank by the Company and filed, recorded and deposited by the Company in all public offices where this Agreement shall have been filed, recorded and deposited.

7.15 No Liens. Except as provided herein or with the prior written consent of the Bank, the Company will not sell, pledge, mortgage, assign or otherwise dispose of, or create or suffer to be created any Liens on, or permit any bailment or other legal or equitable interest in, any of the Equipment or any interest therein; and the Company will from time to time cause to be paid all Liens, taxes, assessments and governmental charges levied, assessed or imposed upon any of the Equipment or any interest therein; provided, however, that nothing herein contained shall be deemed to require any Lien, tax, assessment, charge, claim or demand to be paid or discharged prior to the due date thereof. The Company will give the Bank notice of any

attachment or judicial process affecting any of the Equipment as soon as the Company has knowledge thereof.

7.16 Inspection. The Bank shall have at all times the right to enter into and upon any premises under the control of the Company where any of the Equipment is located for the purposes of inspecting the same, observing its use or otherwise protecting the Bank's interest therein.

7.17 Address of Company. The Company will keep at its address shown above, all records concerning the Collateral, which records will be of such character as will enable the Bank to determine at any time the status thereof.

8. COMPANY'S COVENANTS. From the date of this Agreement and thereafter until the Liabilities of the Company hereunder are paid in full, the Company agrees that it will:

8.1 Financial Statements and Other Information.

Furnish to the Bank:

(a) within 90 days after each fiscal year of the Company, a copy of its unaudited financial statement, prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year and signed by the Company's chief financial officer;

(b) within 45 days after each quarter (except the last quarter) of each fiscal year of the Company, a copy of its unaudited financial statement, prepared in the same manner as the financial statement referred to in clause (a) hereof and signed by the Company's chief financial officer;

(c) together with the financial statements furnished by the Company under preceding clauses (a) and (b), a certificate of the Company's comptroller to

the effect that no Event of Default or Unmatured Event of Default has occurred and is continuing, or, if there is any such event, describing it and the steps, if any, being taken to cure the same;

(d) immediately upon learning of the occurrence of any of the following, written notice thereof, describing the same and the steps being taken by the Company with respect thereto: (i) the occurrence of an Event of Default or an Unmatured Event of Default or (ii) the institution of any litigation, arbitration proceeding or governmental proceeding which, if adversely determined to the Company, may have an material adverse effect upon the business, financial condition or operations of the Company; and

(e) from time to time, such other information as the Bank may reasonably request.

8.2 Corporate Existence. Maintain and preserve the Company's corporate existence and all rights, privileges, licenses, patents, patent rights, copyrights, trademarks, trade names, franchises and other authority to the extent material and necessary for the conduct of its business in the ordinary course as conducted from time to time.

8.3 Access. At the Bank's sole expense (a) permit access by the Bank to the Company's books and records during normal business hours in order to verify and confirm the Company's financial condition, operations or any other matter relating to the Collateral or the ability of the Company to repay the Loan in accordance with the terms hereof and (b) permit the Bank to make copies of said books and records; provided, however, that the Bank shall hold all non-public information so obtained in confidence except to the extent

disclosure thereof is required to be made to bank supervisory and regulatory agencies or pursuant to court or administrative order.

8.4 Repair. Maintain, preserve and keep its properties in good repair, working order and condition and from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements thereto so that at all times the efficiency of the Company shall be fully preserved and maintained.

8.5 Taxes and Liabilities. Pay when due all taxes, assessments and other liabilities, except and so long as contested in good faith and by appropriate proceedings.

8.6 Other Agreements. Not enter into any agreement containing any provision which would be violated or breached by the performance of its obligations hereunder.

8.7 Use of Proceeds. Not use or permit any proceeds of the Loan to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying any margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time, and furnish to the Bank, upon its request, a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U of the Board of Governors of the Federal Reserve System.

9. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE; SUBSTITUTION.

9.1 Insurance. The Company will, at all times during the term of this Agreement, carry property insurance and public liability insurance in respect of the units of Equipment at the time subject hereto in amounts (subject to the Company's customary deductibles) and against risks customarily insured against by railroads of similar size in respect of similar equipment, and, in any event, comparable in amounts and against risks customarily insured against by the Company in respect of similar equipment owned by it. The Company will deliver on the date of the Loan and annually thereafter on or before the anniversary of the date of the Loan, certificates (or verifications) of insurance from the Company's insurance broker evidencing any property and liability insurance effected or in force in accordance with the provisions of this Section.

9.2 Payment for Casualty Occurrence. In the event that any unit of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Bank, irreparably damaged, or shall be requisitioned or taken over by a governmental authority under the power of eminent domain or otherwise during the term of this Agreement (any such occurrence, being hereinafter called a "Casualty Occurrence"), the Company shall promptly and fully inform the Bank in regard thereto and shall within 30 days thereafter, pay to the Bank the Casualty Value [as defined in Section 9.3 hereof] of such Equipment as a prepayment of the Loan in accordance with the terms hereof.

9.3 Casualty Value. The Casualty Value of each unit of Equipment suffering a Casualty Occurrence (including any Replacement Unit, as hereinafter defined) shall be deemed to be an amount equal to (a) the original purchase price paid the Company (as reflected on the bills of sale and invoices therefor delivered to the Bank pursuant to Section 10.8) of such unit less (b) a fraction, the numerator of which shall be the principal amount of the Loan outstanding on the date of such Casualty Occurrence and the denominator of which shall be the number of units subject to the lien of this Security Agreement on the date of such Casualty Occurrence.

9.4 Replacement Units. Notwithstanding anything in this Section 9 to the contrary, if no Event of Default shall have occurred and be continuing, the Company may, upon notice to Bank given prior to the date the Casualty Value is required to be paid under this Agreement, elect to grant to the Bank, in replacement for the unit or units of Equipment with respect to which a Casualty Occurrence has occurred ("Casualty Unit"), a security interest in and to another unit of Equipment (a "Replacement Unit") in accordance with the terms of this Section 9.4. If all conditions set forth herein with respect to the grant of said security interest are satisfied prior to the date upon which the payment of Casualty Value hereunder with respect to the Casualty Unit is due, then the replacement shall be made in accordance with the following paragraph hereof without the payment of any Casualty Value.

Prior to or at the time of the granting of any security interest in or to a Replacement Unit, the Company will, at its own expense, with respect to such Replacement Unit, (a) deliver to the Bank such bills of sale and invoices evidencing the Company's ownership of such Units, (b) cause a supplement hereto, in form and substance satisfactory to the Bank, to be duly executed and delivered by the Company and, after execution thereof by the Agent, to be filed or recorded in all places where this Agreement, has been filed or recorded, (c) deliver to the Bank evidence satisfactory to the Bank that the Company owns such Units free and clear of any Liens and (d) furnish to the Bank an opinion of counsel in form and substance satisfactory to the Bank and such other evidence as may be reasonably requested by any Bank with respect to the lien status, ownership or other matters related to such Replacement Unit or Units. Each Replacement Unit with respect to which a security interest is granted to the Agent shall be in good condition and shall have a Fair Market Value (as hereinafter defined) at least equal to, that which the Casualty Unit being replaced would have had, but for the Casualty Occurrence. Unless the Bank otherwise agrees, the Company will cause any Replacement Unit or Units to be marked as provided in this Agreement. All such Replacement Units shall be subject to all of the terms and conditions of this Agreement as though part of the original "Equipment" as used in this Agreement.

9.5 Fair Market Value. For purposes of this Section 9, the Fair Market Value of a unit of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would be obtained in an arms'-length transaction between an informed and willing purchaser (other than a purchaser currently in possession or a purchaser which is a dealer in used equipment of the type which constitutes the unit of Equipment to be purchased) under no compulsion to buy and an informed and willing seller under no compulsion to sell. Initially, the Bank shall reasonably determine the fair market value of a unit of Equipment. If the Company and the Bank do not agree to such fair market value, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean two independent appraisers, one chosen by the Bank and one chosen by the Company, or if the appraisers are not appointed or cannot agree on the amount of such value within thirty days from the date of appointment, then the term "Appraiser" shall mean an appraiser chosen by the American Arbitration Association, which appraiser shall be instructed to make its determination within a period of thirty days following appointment. The expenses and fees of the Appraiser shall be paid by the Company and shall included as part of the Liabilities for purposes of this Agreement.

10. CONDITIONS PRECEDENT TO LOAN. The obligation of the Bank to make the Loan is subject to the satisfaction of each of the following conditions precedent:

10.1 Default. Before and after giving effect to the Loan, no Event of Default or Unmatured Event of Default shall have occurred and be continuing.

10.2 Warranties. Before and after giving effect to the Loan, the warranties in Section 7 shall be true and correct as though made on the date of the Loan.

10.3 Certification. The making of the Loan shall be deemed to be a certification by the Company as to the matters set out in Sections 10.1 and 10.2.

10.4 Resolutions. The Company shall have delivered to the Bank a copy, duly certified as of a date reasonably near the date of the Loan by the Company's secretary or assistant secretary, of (a) the resolutions of the Company's Board of Directors authorizing the borrowing hereunder and the execution and delivery of this Agreement, (b) all documents evidencing other necessary corporate action and (c) all approvals or consents, if any, with respect to this Agreement.

10.5 Incumbency. The Company shall have delivered to the Bank a certificate of the Company's secretary or assistant secretary, dated as of a date reasonably near the date of the Loan, certifying the names of the Company's officers authorized to sign this Agreement and all other documents or certificates

to be delivered hereunder, together with the true signatures of such officers.

10.6 Opinion. The Company shall have delivered to the Bank an opinion of Anna M. Kelly, General Counsel to the Company, addressed to the Bank and dated the date of the Loan, in substantially the form of Exhibit B hereto.

10.7 Insurance. The Company shall have delivered to the Bank a certificate of the Company's insurance broker setting forth the amounts and terms of all of the Company's casualty and liability insurance then in force which insurance shall comply with the terms of this Agreement.

10.8 Bills of Sale and Invoices. The Company shall have delivered to the Bank copies of all bills of sale and invoices with respect to the Equipment being financed by the Loan.

10.9 This Agreement in Recordable Form. The Company shall have executed and delivered to the Bank this Agreement, in form acceptable for filing or recording with the ICC.

10.10 Financing Statements. The Company shall have delivered to the Bank such duly executed Uniform Commercial Code financing statements or other documents as may be requested by the Bank to perfect the security interest of the Bank in and to the Collateral.

10.11 Releases. The Company shall have delivered to the Bank duly executed releases and/or uniform commercial code

termination statements in recordable form, with respect to the Equipment from each party whose name appears on any public filing as claiming a Lien thereon.

10.12 Ownership. The Company shall have delivered to the Bank evidence that it owns the Equipment free and clear of any Liens, other than Liens claimed by any party referred to in Section 10.11, above.

11. EVENTS OF DEFAULT AND REMEDIES.

11.1 Events of Default. Each of the following shall constitute an Event of Default under this Agreement:

(a) Non-Payment. Default, and the continuance thereof for 5 days, in the payment of principal of, or interest on, the Loan.

(b) Non-Payment of Other Indebtedness. Default in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any other indebtedness of, or guaranteed by, the Company or default in the performance or observance of any obligation or condition with respect to any such other indebtedness if the effect of such default is to accelerate the maturity of any such indebtedness or to permit the holder or holders thereof, or any trustee or agent for such holders, to cause such indebtedness to become due and payable prior to its expressed maturity.

(c) Insolvency. The Company becomes insolvent or generally fails to pay, or admits in writing its inability to

pay, its debts as they mature, or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for the Company, or any property thereof; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Company, or for a substantial part of the Company's property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, or other proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding is instituted by or against the Company and if instituted against the Company is consented to or acquiesced in by the Company or remains for 60 days undismissed; or any warrant of attachment is issued against any substantial portion Company's property which is not released within 60 days of service.

(d) Agreements. Default in the performance of any of the Company's agreements herein set forth (and not constituting an Event of Default under any of the preceding subsections of this Section 11.1) and continuance of such default for 30 days after notice thereof to the Company from the Bank.

(e) Warranty. Any warranty made by the Company herein is untrue in any material respect, or any schedule, statement, report, notice, writing or certification furnished by the Company to the Bank is untrue in any material respect on the date as of which the facts set forth are stated or certified.

(f) Litigation. Notice is given to the Company by the Bank that, in the reasonable opinion of the Bank, any litigation, arbitration proceeding or government proceeding which has been instituted against the Company will, to a material extent, adversely affect the financial condition or continued operation of the Company, and such litigation or proceeding is not dismissed within 60 days after such notice.

11.2 Remedies. Whenever an Event of Default shall be existing, the Bank may exercise any one or more of all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Bank may, by notice in writing to the Company, declare all Liabilities and the Note to be immediately due and payable, and thereupon all such Liabilities and Note shall be and become immediately due and payable.

(b) The Bank, personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements), 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 Company, with or without notice, demand,

process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate the same until sold. It is understood, without limiting the foregoing, that the Bank may, and are hereby given the right and authority to, keep and store the Collateral, or any part thereof, on the premises of the Company, and that the Bank shall not thereby be deemed to have surrendered, or to have failed to take, possession of the Collateral. If requested by the Bank, the Company shall, at its own cost and expense, assemble and store the Collateral and shall maintain insurance thereon as and to the same extent as was in effect immediately prior to the occurrence of such Event of Default.

(c) The Bank may, if at the time such action may be lawful (subject to compliance with any mandatory legal requirements), either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Company once at least 10 days prior to the date of such sale, and having given any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction or private sale to the highest bidder, at any place, whether or not it be the location of the Collateral, designated in the notice above referred to, in one lot as an entirety or in separate lots, and either for cash or on credit and on such

terms as the Bank may determine. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, without further published notice; and the Bank may bid and become the purchaser at any such sale.

(d) The Bank may proceed to protect and enforce this Agreement by suit or suits or proceedings in equity, at law or in pending 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, or for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper legal or equitable remedy available under applicable law.

(e) The Bank may exercise any right provided for in, and subject to, Section 1168 of the Federal Bankruptcy Code.

Any sale or sales pursuant to the provisions hereof, or pursuant to any legal proceedings, shall operate to divest the Company of all right, title, interest, claim and demand whatsoever, either at law or in equity, of, in and to the items so sold, and shall be free and clear of any and all rights of redemption by, through or under the Company, the Company hereby covenanting and agreeing that it will not at any time insist upon or plead, or take the benefit or advantage of or from, any

law now or hereafter in force providing for a valuation or appraisal of the Collateral, or any part thereof, prior to any sale or sales thereof or providing for any right to redeem the Collateral, or any part thereof. The receipt of purchase money of other consideration by the Banks, or by any person authorized under any judicial proceeding to make any such sale, shall be a sufficient discharge to any purchaser of the Collateral, or of any part thereof, sold as aforesaid; and no such purchaser shall be bound to see to the application of such purchase money, or be bound to inquire as to the authorization, necessity or propriety of any such sale.

Any notification required by law of intended disposition by the Bank of any of the Collateral shall be deemed reasonably and properly given if given at least 10 days before such disposition. Any proceeds of the Collateral may be applied by the Bank to the payment of any expenses incurred in connection with the Collateral and herewith (including, without limitation, reasonable attorneys' fees and legal expenses) and in such order of application, as the Bank may from time to time determine.

12. GENERAL.

12.1 Delay. No delay on the part of the Bank in the exercise of any power or right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude other or further exercise thereof, or the

exercise of any other power or right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

12.2 Notice. Any notice hereunder to the Company or the Bank shall be in writing and, if mailed, shall be deemed to be given when sent by registered or certified mail, postage prepaid, and addressed to the Company or the Bank at its address set forth below, or at such other address as the Company or the Bank may, by written notice, designate as its address for purposes of notice hereunder.

Bank: 231 South LaSalle Street
Chicago, Illinois 60697
Attention: Transportation Division

Company: P.O. Box 389
2721-161st Street
Hammond, Indiana 46325
Attention: General Manager

12.3 Expenses. The Company agrees, whether or not any Loan is made hereunder, to pay the Bank upon demand for all reasonable expenses, including reasonable fees of attorneys for the Bank (who may be employees of the Bank), incurred by the Bank in connection with (a) the preparation, negotiation, recordation and execution of this Agreement and any document required to be furnished therewith, (b) the preparation of any and all amendments to this Agreement and all other instruments or documents provided for herein and (c) the enforcement of the Company's obligations hereunder. The Company also agrees

(iv) to indemnify and hold the Bank harmless from any loss or expense which may arise or be created by the acceptance of telephonic or other instructions for making the Loan and (d) to pay, and save the Bank harmless from all liability for, any stamp or other taxes which may be payable with respect to the execution or delivery of this Agreement or of any other instruments or documents provided for herein or to be delivered hereunder or in connection herewith. The Company's foregoing obligations shall survive any termination of this Agreement.

12.4 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

12.5 Law. This Agreement shall be contracts made under and governed by the laws of the State of Illinois.

12.6 Successors. This Agreement shall be binding upon the Company and the Bank and their respective successors and assigns, and shall inure to the benefit of the Company and the Bank and the successors and assign of the Bank. The Company shall not assign its rights or duties hereunder without the consent of the Bank.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed at Chicago, Illinois by their

respective officers thereunto duly authorized as of the date first written above.

INDIANA HARBOR BELT RAILROAD
COMPANY

By *W. H. Fasselman*
Title President

[Corporate Seal]

ATTEST:

J. D. McGEEHAN
Secretary

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

By *Robert M. ...*
Vice President

SCHEDULE I TO LOAN AND SECURITY AGREEMENT

Dated April 7, 1986

between

INDIANA HARBOR BELT RAILROAD COMPANY

and

CONTINENTAL ILLINOIS NATIONAL BANK AND

TRUST COMPANY OF CHICAGO

DESCRIPTION OF EQUIPMENT

<u>Type</u>	<u>Quantity</u>	<u>Car Numbers (Inclusive)</u>		<u>Unit Price</u>	<u>Loan Amount</u>	<u>Date of Delivery</u>
		<u>MILW</u>	<u>IHB</u>			
One Hundred Ton 52'6" Thrall Manufacturing Co. Gondola Cars	37	92325 to 92374, excluding 92326, 92341, 92344, 92345, 92361, 92365, 92369, 92343, 92355, 92368, 92371, 92330, and 92338	800-836	\$9,000 each	\$312,500	3/27/86

INDIANA HARBOR BELT RAILROAD COMPANY

By *R. H. Reselman*

Title: *President*

STATE OF Illinois)
) SS
COUNTY OF Chickasaw)

On this 18th day of April, 1986, before me personally appeared Richard B. Hissman, to me personally known, who being by my duly sworn, says that Richard B. Hissman is a PRESIDENT of INDIANA HARBOR BELT RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors; and Richard B. Hissman acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Carol Ann Cornell
Notary Public
Notary Public, Philadelphia, Philadelphia Co.
My Commission Expires April 4, 1990

[SEAL]

My Commission Expires: April 4, 1990

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 24th day of April, 1986, before me personally appeared Peter D. Horne, to me personally known, who being by me duly sworn, says that Peter D. Horne is a Vice President of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, that said instrument was signed on behalf of said national banking association by authority of its Board of Directors; and Peter D. Horne acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Catherine Drake
Notary Public

[SEAL]

My commission expires: September 17, 1989

EXHIBIT A

[Schedule of Litigation: §7.5]

<u>Name and Caption of Case</u>	<u>Where Pending</u>	<u>Amount Claimed</u>	<u>Status and Description</u>
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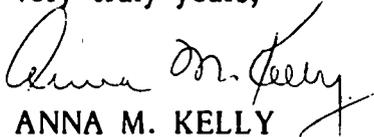
NONE

April 21, 1986
File: 11.6207

Continental Illinois Bank
Page No. 2

5. Upon the filing of the Agreement with the ICC pursuant to Section 11303(a) of the Interstate Commerce Act, 49 U.S.C. §11101 et seq., the Lien created thereby shall constitute a perfected first priority Lien in and to the Equipment and no other filing, registration or recording is necessary in the United States to perfect your Lien in and to such Equipment.
6. The Agreement has been duly executed and delivered by the Company and is a valid and binding obligation of the Company, enforceable in accordance with its terms.

Very truly yours,



ANNA M. KELLY
General Counsel

AMK/mt