

ARTER & HADDEN

IN CLEVELAND  
ARTER & HADDEN  
1100 HUNTINGTON BUILDING  
CLEVELAND, OHIO 44115  
216/696-1100  
TELECOPIER 216/696-2645  
TELEX 98 5384

1919 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20006  
202/775-7100  
TELECOPIER 202/857-0172  
TELEX 6502156242-M

IN COLUMBUS  
ARTER & HADDEN  
ONE COLUMBUS  
10 WEST BROAD STREET  
COLUMBUS, OHIO 43215  
614/221-3155  
TELECOPIER 614/221-0479

IN CANTON  
ARTER & HADDEN  
640 CITIZENS SAVINGS BUILDING  
CANTON, OHIO 44702  
216/453-1166  
TELECOPIER 216/453-2364

IN DALLAS  
ARTER HADDEN & WITTS  
5353 RENAISSANCE TOWER  
DALLAS, TEXAS 75270  
214/741-7561  
TELECOPIER 214/741-7139

Date 2/29/88  
Fee \$18.00

February 29, 1988 Washington, D. C.

1 5512  
RECORDATION NO. \_\_\_\_\_ Filed & Recorded  
FEB 29 1988 3-30 PM  
(202) 775-7122

Interstate Commerce Commission  
Room 2303  
12th & Constitution Avenue, N.W.  
Washington, D. C.

INTERSTATE COMMERCE COMMISSION

1 5513  
RECORDATION NO. \_\_\_\_\_ Filed & Recorded

Attention: Ms. Mildred Lee

FEB 29 1988 3-30 PM

Ms. Lee:

INTERSTATE COMMERCE COMMISSION

Pursuant to 49 U.S.C. § 11303, I have enclosed copies of the following two notarized Security Agreements:

- 1) February 25, 1988 Security Agreement between Delaware and Hudson Railway Company, Iron Horse Park, North Billerica, Massachusetts 01862, (Debtor) and Midwest Steel and Alloy Corporation, 26949 Chagrin Boulevard, Cleveland, Ohio 44122 (Secured Party);
- 2) February 25, 1988 Security Agreement between Maine Central Railroad Company, Iron Horse Park, North Billerica, Massachusetts, 01862 (Debtor) and Midwest Steel and Alloy Corporation, 26949 Chagrin Boulevard, Cleveland, Ohio 44122 (Secured Party).

I have also enclosed the filing fee of \$13.00 for each Security Agreement and the originals of each Security Agreement for comparison purposes. After you have compared each original and copy for authenticity, please return the original Security Agreements, in the stamped, addressed envelope to:

*L. Moore*  
*C. O'Connell*

Ms. Mildred Lee  
February 29, 1988  
Page Two

Donald J. Fisher, Esq.  
Arter & Hadden  
1100 Huntington Building  
Cleveland, Ohio 44115

Thank you for your time.

Sincerely,

*Patricia G. Butler*  
Patricia G. Butler

PGB/jbh

Enclosures

**Interstate Commerce Commission**  
Washington, D.C. 20423

2/29/88

OFFICE OF THE SECRETARY

Donald J. Fisher, Esq  
Arter & Hadden  
1100 Huntington Building  
Cleveland, Ohio 44115

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 2/29/88 at 3:30pm, and assigned recordation number(s). 15512 & 15513

Sincerely yours,

*Nareta L. McLee*

Secretary

Enclosure(s)

RECORDATION NO. 15512 Filed 1485

*mb*  
FEB 29 1988 3:30 PM

INTERSTATE COMMERCE COMMISSION

FOR FILING WITH:

Department of Transportation  
Interstate Commerce Commission  
Washington, D.C.

SECURITY AGREEMENT

NAME & ADDRESS OF DEBTOR:

Delaware and Hudson Railway Company  
Iron Horse Park  
North Billerica, Massachusetts 01862

NAME & ADDRESS OF SECURED PARTY:

Midwest Steel & Alloy Corporation  
26949 Chagrin Boulevard  
Cleveland, Ohio 44122

DATE:

February 25, 1988

DESCRIPTION OF COLLATERAL BEING MORTGAGED:

Twenty-Four (24) Locomotives bearing the following locomotive numbers:

- |     |     |      |     |      |     |      |      |
|-----|-----|------|-----|------|-----|------|------|
| (1) | 191 | (7)  | 503 | (13) | 655 | (19) | 5006 |
| (2) | 228 | (8)  | 505 | (14) | 659 | (20) | 5008 |
| (3) | 238 | (9)  | 508 | (15) | 662 | (21) | 5011 |
| (4) | 290 | (10) | 651 | (16) | 754 | (22) | 5014 |
| (5) | 501 | (11) | 652 | (17) | 756 | (23) | 5020 |
| (6) | 502 | (12) | 654 | (18) | 757 | (24) | 5021 |

GENERAL TERMS:

1. The above described collateral is hereby mortgaged to the secured party for the purpose of securing the prompt and faithful discharge and performance of each agreement of the debtor herein contained or contained in that certain Purchase and Sale Agreement of even date hereof by and between the debtor and the secured party (the "Purchase and Sale Agreement") made with or for the benefit of the secured party in connection with the indebtedness otherwise secured hereby and the repayment of any sums expended or advanced by the

secured party for the maintenance or preservation of the collateral or in enforcing its rights hereunder (the foregoing being collectively referred to as the "Secured Obligations").

2. Debtor hereby declares and hereby warrants to the secured party that it is the absolute owner of the legal and beneficial title to the collateral and in possession thereof, and that the same is free and clear of all liens, encumbrances, and adverse claims whatsoever.

3. It is the intention of the parties to deliver this instrument in the State of Ohio.

4. If the debtor, its successors or assigns shall perform the Secured Obligations in full in accordance with the terms of the Purchase and Sale Agreement and this Security Agreement and shall otherwise keep and perform all and singular the terms, covenants and agreements in this Security Agreement, then this Security Agreement, and the security interest granted hereby, shall terminate and thereupon be null and void.

5. Time is of the essence of this Security Agreement. It is hereby agreed that:

- (a) if the debtor shall default in the performance of any of its obligations under the Purchase and Sale Agreement; or
- (b) if the debtor shall (i) make an assignment for the benefit of creditors, (ii) file or have filed against it a petition in bankruptcy or other similar proceeding under any law for the relief of debtors, or (iii) have a receiver appointed for it or any of its property; or
- (c) if any part of the collateral is seized under execution or other legal process;

(each of the foregoing events or occurrences being deemed a "Default" for purposes of this Agreement), then the Secured Obligations shall immediately become due and payable at the option of the secured party.

6. Upon a Default, secured party may at once proceed to foreclose this mortgage in any manner provided by law, or it may at its option, and it is hereby empowered so to do, with or without foreclosure action, enter upon the premises where the said collateral may be and take possession thereof and remove and sell and dispose of the same at public or private sale. Secured party may, from the proceeds of such sale, retain all costs and charges incurred by it in the taking or sale of said collateral, including any reasonable attorney's fees incurred, and apply the balance to the payment of the Secured Obligations then outstanding. Any surplus of such proceeds remaining after payment of the Secured Obligations shall be paid to the debtor, or whoever may be lawfully entitled to receive the same. If a deficiency occurs, the debtor agrees to pay such deficiency forthwith.

7. The secured party or its agent may bid upon and purchase the collateral at any sale made under this Security Agreement or herein authorized, or at any sale made upon foreclosure of this Security Agreement.

IN WITNESS WHEREOF, the debtor has executed this Security Agreement this 25th day of February, 1988.

NAME OF DEBTOR: DELAWARE AND HUDSON RAILWAY COMPANY

BY: *Kenneth C. Austin*

Name: Kenneth C. Austin

Title: Vice President-Finance

ACKNOWLEDGMENT

STATE OF MASSACHUSETTS )  
 ) SS.  
COUNTY OF MIDDLESEX )

Signed and sworn to before me, a notary public in and for said commonwealth and county, this 25th day of February, 1988, by Kenneth C. Austin who acknowledged to me that he is the Vice President-Finance of Delaware and Hudson Railway Company and duly authorized to execute the foregoing Security Agreement on behalf of said corporation.

*D. H. Quinn*  
Notary Public