

THE BELT RAILWAY COMPANY OF CHICAGO

6900 SOUTH CENTRAL AVENUE • CHICAGO, ILLINOIS 60638

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January 25, 1983

CERTIFIED MAIL #P22 6283551
RETURN RECEIPT REQUESTED

13929 3-0321079
REGISTRATION NO. _____ Filed 1425

The Honorable Agatha Mergenovich-
Interstate Commerce Commission
Washington, D.C. 20423

FEB 1 1983 10 45 AM
INTERSTATE COMMERCE COMMISSION \$50.00

Dear Secretary Mergenovich:

ICC Washington, D.C.

I have enclosed six executed copies of the document described below, to be recorded pursuant to Section 11303 of Title 49 U.S. Code.

This document is a Security Agreement, a primary document, and dated December 10, 1982.

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

Lendor: The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670
Attention: Gary S. Gage
Commercial Banking Officer

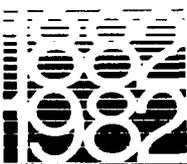
Borrower: The Belt Railway Company of Chicago
6900 South Central Avenue
Chicago, Illinois 60638
Attention: G. D. Moriarty
Secretary-Treasurer

A description of the equipment covered by the document follows:

Six 2,000 H.P. Diesel electric railroad locomotives, Model No. G.P. 38-2, marked with Belt Railway's Road Nos. 490 through 495 and marked with manufacturer's Serial Nos. 5807-1 through 5807-6.

A fee of \$50.00 is enclosed. Please return those copies not

RECEIVED
FEB 1 10 36 AM '83
FEE OPERATION BR.



The Honorable Agatha Mergenovich
January 25, 1983
Page 2

needed by the Commission for recordation to:

Richard F. Koproske
General Counsel
Law Department
The Belt Railway Company of Chicago
6900 South Central Avenue
Chicago, Illinois 60638

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

Security Agreement dated as of December 10, 1982, entered into between The First National Bank of Chicago and The Belt Railway Company of Chicago, granting to The First National Bank of Chicago a security interest in the above-mentioned six diesel locomotives to secure payment of the secured obligations of The Belt Railway Company of Chicago.

Sincerely,


Richard F. Koproske

RFK:mm
Enc.

cc: G. D. Moriarty

Interstate Commerce Commission
Washington, D.C. 20423

2/1/83

OFFICE OF THE SECRETARY

Richard F. Koproske
The Belt Railway Co. of Chicago
6900 South Central Avenue
Chicago, Illinois 60638

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 **2/1/83** at **10:45am**, and assigned re-
recording number (s). **13929**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure (s)

SE-30
(7/79)

SECURITY AGREEMENT
DATED AS OF DECEMBER 10, 1982 FEB 1 1983 10 15 AM

INTERSTATE COMMERCE COMMISSION

1. DEFINITIONS.

1.1 Certain Definitions. As used in this Security Agreement,

"Bank" means The First National Bank of Chicago.

"Collateral" means the Equipment and the proceeds thereof.

"Company" means The Belt Railway Company of Chicago, an Illinois railroad company incorporated under Chapter 114 of the Illinois Revised Statutes.

"Credit Agreement" means that certain Credit Agreement dated as of December 10, 1982 between the Company and the Bank, as it may be amended from time to time.

"Credit Agreement Default" means an event described in Section 6.1 of the Credit Agreement.

"Credit Agreement Obligations" means the aggregate unpaid balance of the Advance Account (as defined in the Credit Agreement) and all other obligations of the Company to the Bank arising under the Credit Agreement.

"Default" means an event described in Section 5.1.

"Equipment" means the six railroad locomotives described in the schedule attached hereto as Annex "A" together with any and all substitutions, replacements, accessories, appliances, equipment, parts and appurtenances, whether now owned or hereafter acquired by the Company, from time to time incorporated or installed therein or thereon.

"Indebtedness" means the Company's (a) obligations for borrowed money, (b) obligations representing the deferred purchase price of property other than accounts payable arising in the ordinary course of business on terms customary in the trade, (c) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from property now or hereafter owned or acquired by the Company or any Subsidiary and (d) obligations under any lease of property which would be shown as a liability on a balance sheet of the Company prepared in accordance with generally accepted accounting principles.

"Lien" means any security interest, mortgage, pledge, lien, claim, charge, encumbrance, title retention agreement, or lessor's interest, in, of or on any of the Collateral.

"Person" means any corporation, natural person, firm, joint venture, partnership, trust, unincorporated organization, government or any department or agency of any government.

"Potential Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Section" means a numbered section of this Security Agreement, unless another document is specifically referenced.

"Secured Obligations" means any and all existing and future indebtedness and liability of every kind, nature and character, direct or indirect, absolute or contingent, (including all renewals, extensions and modifications of any thereof and all attorneys' fees incurred by the Bank in connection with the collection or enforcement of any thereof) of the Company to the Bank howsoever and whensoever created, arising, evidenced or acquired, including, without limitation, the Credit Agreement Obligations and all obligations of the Company to the Bank arising under this Security Agreement.

"Security Agreement" means this security agreement, as it may be amended from time to time.

1.2. Singular and Plural Forms. The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

2. GRANT OF SECURITY INTEREST.

The Company grants to the Bank a security interest in the Collateral to secure payment of the Secured Obligations.

3. REPRESENTATIONS AND WARRANTIES.

The Company represents and warrants to the Bank as of each Closing Date that

3.1. Enforceability. This Security Agreement creates a security interest which is enforceable against the Company in the Collateral in which the Company now has rights and will create a security interest enforceable against the Company in any of the Collateral in which the Company hereafter acquires rights at the time the Company acquires any such right.

3.2. No Other Names. The Company has not conducted business under any name except the name in which it has executed this Security Agreement.

3.3. No Financing Statements. No financing statement which has not lapsed or been terminated covering the Collateral and naming the Company as debtor has been filed in any jurisdiction except financing statements naming the Bank as secured party.

4. COVENANTS.

From the date of this Security Agreement, and thereafter until this Security Agreement is terminated pursuant to Section 7.15,

4.1. The Company will:

4.1.1. Delivery of Certain Items. Deliver to the Bank immediately upon receipt all proceeds of the Collateral.

4.1.2. Inspection. Permit the Bank, by its representatives and agents, to (a) examine and make copies of the records of the Company relating to the Collateral and (b) discuss the Collateral, and the records of the Company with respect thereto with, and to be advised as to the same by, the Company's officers, all at such reasonable times and intervals as the Bank may determine.

4.1.3. Insurance. Maintain fire and extended coverage insurance on the Equipment containing a lender's loss payable clause in favor of the Bank and providing that said insurance will not be terminated except after at least 30 days' written notice from the insurance company to the Bank, maintain such other insurance on the Collateral for the benefit of the Bank as the Bank shall from time to time request, and furnish to the Bank upon the request of the Bank from time to time the originals of all policies of insurance on the Collateral and certificates with respect to such insurance.

4.1.4. Taxes. Pay when due all taxes, assessments and governmental charges and levies upon the Collateral, except those which are being contested in good faith by appropriate proceedings and with respect to which no Lien exists.

4.1.5. Maintenance of Collateral and Records. Do all things necessary to maintain, preserve, protect and keep the Equipment in good and saleable condition and maintain complete and accurate records with respect to the Collateral.

4.1.6. Recordations and Other Actions. Cause this Security Agreement and all supplements or amendments hereto to be kept, recorded and filed at all times and at no expense to the Bank with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303 and execute and deliver to the Bank all financing statements and other documents from time to time requested by the Bank in order to maintain a first perfected security interest in the Collateral.

4.1.7. Reports. Furnish to the Bank such reports relating to the Collateral as the Bank shall from time to time request.

4.1.8. Markings. Cause each item of the Equipment to be marked distinctly, plainly and permanently in letters not less than one inch in height as follows:

"SUBJECT TO A SECURITY INTEREST IN FAVOR OF
THE FIRST NATIONAL BANK OF CHICAGO FILED
WITH THE INTERSTATE COMMERCE COMMISSION"

with appropriate changes thereof and additions thereto as from time to time may be required by law to protect the security interest of the Bank in the Collateral.

4.2. The Company will not

4.2.1. Liens. Create, incur, or suffer to exist any Lien except the security interest created by this Security Agreement.

4.2.2. Disposition of Collateral. Sell, lease or otherwise dispose of the Collateral.

4.2.3. Change in Name. Unless the Bank shall first consent in writing (which consent shall be given as set forth in Section 7.9), change its name.

4.2.4. Other Financing Statements. Sign or authorize the signing on its behalf of any financing statement covering the Collateral and naming it as debtor, except financing statements naming the Bank as secured party.

5. DEFAULT.

5.1. The occurrence of any one or more of the following events shall constitute a Default:

5.1.1. Any representation or warranty made by the Company to the Bank under or in connection with this Security Agreement shall be materially false as of the date on which made.

5.1.2. The breach by the Company of any of the terms or provisions of Section 4.1 or 4.2.

5.1.3. The breach by the Company (other than a breach which constitutes a Default under Sections 5.1.1 or 5.1.2) of any of the terms or provisions of this Security Agreement which is not remedied within 30 calendar days after written notice from the Bank.

5.1.4. The occurrence of any Credit Agreement Default.

5.1.5. The Bank shall not have a first perfected security interest in the Collateral.

5.2. Acceleration and Remedies. If any Default occurs, then, upon the election of the Bank, the Secured Obligations shall immediately become due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, and the Bank may exercise any or all of the rights and remedies provided (a) in this Security Agreement, (b) to a secured party when a debtor is in default under a security agreement by the Illinois Uniform Commercial Code and (c) by any other applicable law.

5.3. Company's Obligations Upon Default. Upon the request of the Bank after the occurrence of a Default, the Company will

5.3.1. Assembly of Collateral. Assemble and make available to the Bank the Collateral and all records relating thereto at any place or places specified by the Bank.

5.3.2. Bank Access. Permit the Bank, by the Bank's representatives and agents, to enter any premises where all or any part of the Collateral, or the records relating thereto, or both, are located, to take possession of all or any part of the Collateral and the records relating thereto and to remove all or any part of the Collateral and the records relating thereto.

6. WAIVERS, AMENDMENTS AND REMEDIES.

No delay or omission of the Bank to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude other or further exercise thereof or the exercise of any other right or remedy, and no waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by the Bank, and then only to the extent in such writing specifically set forth. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Bank until the Credit Agreement Obligations have been paid in full.

7. GENERAL PROVISIONS.

7.1. Special Collateral Account. All cash proceeds of the Collateral received by the Bank pursuant to Section 4.1.1, Section 7.2 or otherwise shall be deposited in a special collateral account in the Bank and shall be held by the Bank as security for the Secured Agreement Obligations. The Company shall have no control whatsoever over said special collateral account. The Bank may, but is not

required to, at any time and from time to time after the occurrence of a Default, in its sole discretion, apply any part of the credit balance in said special collateral account to the payment of the Secured Obligations whether or not the Secured Obligations shall be then due.

7.2. Possession of Proceeds. The Bank may in its sole discretion after the occurrence of a Default at any time and from time to time take possession of any or all proceeds of the Collateral.

7.3. Notice of Disposition of Collateral. Notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made shall be reasonable if sent to the Company, addressed as set forth in Section 11 of the Credit Agreement, at least ten calendar days prior to any such public sale or the time after which any such private sale or other disposition may be made.

7.4. Bank Performance of Company Obligations. Without having any obligation to do so, the Bank may perform or pay any obligation which the Company has agreed to perform or pay in this Security Agreement and the Company shall reimburse the Bank for any amounts paid by the Bank pursuant to this Section 7.4. The Company's obligation to reimburse the Bank pursuant to the preceding sentence shall be a Secured Obligation payable on demand.

7.5. Authorization for Bank to Take Certain Action. The Company irrevocably authorizes the Bank at any time and from time to time in the sole discretion of the Bank (a) to execute on behalf of the Company as debtor and to file financing statements necessary or desirable in the Bank's sole discretion to perfect and to maintain the perfection of the Bank's security interest in the Collateral, (b) to indorse and collect any cash proceeds of the Collateral, (c) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement in such offices as the Bank in its sole discretion deems necessary or desirable to perfect and to maintain the perfection of the Bank's security interest in the Collateral, and (d) to enforce payment of the Rents, Receivables, Lease Security and Loan Security in the name of the Bank or the Company.

7.6. Specific Performance of Certain Covenants. The Company acknowledges and agrees that a breach of any of the covenants contained in Section 4.1.1, 4.2.2 and 5.3 will cause irreparable injury to the Bank, that the Bank has no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Bank to seek and obtain specific performance of other obligations of the Company contained in this Security Agreement, that the covenants of the Company contained in the Sections referred to in this Section 7.6 shall be specifically enforceable against the Company.

7.7. Dispositions Not Authorized. The Company is not authorized to sell or otherwise dispose of the Collateral except as set forth in Section 4.2.2 and notwithstanding any course of dealing between the Company and the Bank or other conduct of the Bank, no authorization to sell or otherwise dispose of the Collateral (except as set forth in Section 4.2.2) shall be binding upon the Bank unless such authorization is in writing signed by the Bank.

7.8. Definition of Certain Terms. Terms defined in the Illinois Uniform Commercial Code which are not otherwise defined in this Security Agreement are used in this Security Agreement as defined in the Illinois Uniform Commercial Code as in effect on the date hereof.

7.9. Consent to Change in Name. The Bank shall consent to transactions which would otherwise violate Section 4.2.3. so long as in the opinion of the Bank it shall have a first perfected security interest in the Collateral after giving effect to such transaction.

7.10. Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Company and the Bank and their respective successors and assigns, except that the Company shall not have the right to assign its rights under this Security Agreement or any interest herein, without the prior written consent of the Bank.

7.11. Survival of Representations. All representations and warranties of the Company contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

7.12. Taxes and Expenses. Any taxes (excluding income taxes) payable or ruled payable by Federal or State authority in respect of this Security Agreement shall be paid by the Company, together with interest and penalties, if any. The Company shall reimburse the Bank for any and all out-of-pocket expenses and internal charges paid or incurred by the Bank in connection with the preparation, execution, delivery, administration, collection and enforcement (including attorney's fees and reasonable time charges of attorneys who may be employees of the Bank) of this Security Agreement.

7.13. Choice of Law. This Security Agreement shall be construed in accordance with the laws of Illinois applicable to contracts made and performed in Illinois by an Illinois borrower and a national banking association located in Illinois, as lender..

7.14. Headings. Section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the provisions of this Security Agreement.

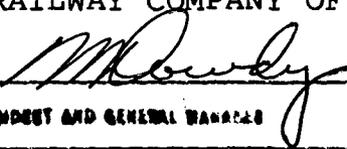
7.15. Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Secured Obligations or commitments therefor outstanding) until (a)

no Secured Obligations or commitments by the Bank which could give rise to a Secured Obligation shall be outstanding and (b) the Bank shall have received written notice from the Company electing to terminate this Security Agreement.

7.16. Entire Agreement. This Security Agreement embodies the entire agreement and understanding between the Company and the Bank relating to the Collateral and supersedes all prior agreements and understandings between the Company and the Bank relating to the Collateral.

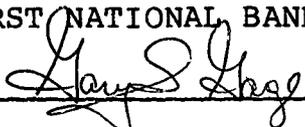
In Witness Whereof, the Company and the Bank have executed this Security Agreement as of the date first above written.

THE BELT RAILWAY COMPANY OF CHICAGO

By: 

Title: PRESIDENT AND GENERAL MANAGER

THE FIRST NATIONAL BANK OF CHICAGO

By: 

Title: COMMERCIAL BANKING OFFICER

ANNEX "A"

DESCRIPTION OF EQUIPMENT

Six 2000 HP. diesel electric railroad locomotives identified as follows:

<u>Manufacturer</u>	<u>Model</u>	<u>Company's Road Number</u>	<u>Manufacturer's Serial Number</u>
Electro-Motive Division of General Motors Corporation	G.P. 38-2	490	5807-1
Electro-Motive Division of General Motors Corporation	G.P. 38-2	491	5807-2
Electro-Motive Division of General Motors Corporation	G.P. 38-2	492	5807-3
Electro-Motive Division of General Motors Corporation	G.P. 38-2	493	5807-4
Electro-Motive Division of General Motors Corporation	G.P. 38-2	494	5807-5
Electro-Motive Division of General Motors Corporation	G.P. 38-2	495	5807-6

CORPORATE FORM OF ACKNOWLEDGEMENT

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

On this 18th day of January, 1983, before me personally appeared R. E. Dowdy, to me personally known, who being by me duly sworn says that he is the President and General Manager of The Belt Railway Company of Chicago, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Margaret Madoux
Notary Public

My commission expires 3/86.

