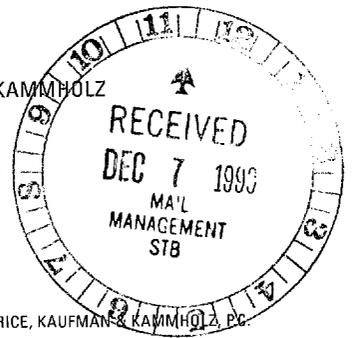


VEDDER PRICE

VEDDER, PRICE, KAUFMAN & KAMMHOLZ
222 NORTH LASALLE STREET
CHICAGO, ILLINOIS 60601-1003
312-609-7500
FACSIMILE: 312-609-5005



BARBARA C. KLABACHA
312-609-7895

A PARTNERSHIP INCLUDING VEDDER, PRICE, KAUFMAN & KAMMHOLZ, P.C.
WITH OFFICES IN CHICAGO AND NEW YORK CITY

November 29, 1999

BY UNITED STATES MAIL

Surface Transportation Board
1925 K Street, NW
Suite 714
Washington, DC 20006

Attention: Ms. Taleda Stokes

Re: Rail Logistics Services, Inc.

Dear Ms. Stokes:

RECORDATION NO. **20174-H, I** FILED
DEC 7 '99 11-29 AM

Previously forwarded for recording with the Board pursuant to Section 11301 of Title 49 of the U.S. Code, under recordation number 20174, were original, fully executed and notarized documents in connection with a primary document titled "Security Agreement" dated as of June 26, 1996 (as amended from time to time, the "Security Agreement") between Rail Logistics Services, Inc., as the debtor (the "Debtor"), and LaSalle Bank National Association, formerly known as LaSalle National Bank, as the secured party (the "Secured Party"), as described below:

(i) a Seventh Amendment to Security Agreement dated as of November 15, 1999 ("Seventh Amendment"), which amends Schedule A to the Security Agreement to add as additional collateral thereto the lease of a certain locomotive identified as CNW6626 (Type SD-18) (the "Additional Locomotive"); and

(ii) a First Amendment dated as of November 15, 1999 (the "Lease Amendment") to Master Collateral Assignment of Leases dated as of June 10, 1999 (as amended, the "Lease Assignment"), which amends Schedule 1 to the Lease Assignment to pledge the lease of the Additional Locomotive as collateral security and to release the pledge of the lease of a certain locomotive identified as Model GP-10 Road Number NY 202 (formerly known as OHCR 7595).

The names and addresses of the parties to the Seventh Amendment and the Lease Amendment are as follows: the Debtor is Rail Logistics Services, Inc., a Delaware corporation whose principal place of business is located at 53 West Jackson Boulevard, Suite 335, Chicago, Illinois 60604; the Secured Party is LaSalle Bank National Association, formerly known as LaSalle

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Surface Transportation Board
November 29, 1999
Page 2

National Bank, a national banking association whose principal place of business is located at 135 South LaSalle Street, Chicago, Illinois 60603.

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

A Seventh Amendment to Security Agreement, dated as of November 15, 1999, between Rail Logistics Services, Inc., as the debtor, and LaSalle Bank National Association, formerly known as LaSalle National Bank, as the secured party, amending Secured Party's security interest and lien to include a certain locomotive known as CNW6626 (Type SD-18).

A First Amendment dated as of November 15, 1999 to Master Collateral Assignment of Lease dated as of June 10, 1999, between Rail Logistics Services, Inc., as the debtor, and LaSalle Bank National Association, formerly known as LaSalle National Bank, as the secured party, amending the leases pledged as collateral to include the lease of a certain locomotive known as CNW6626 (Type SD-18) and to release the pledge of the lease of a certain locomotive identified as Model GP-10 Road Number NY 202 (formerly known as OHCR 7595).

Previously forwarded was a check in the amount of \$52.00 payable to the Surface Transportation Board to cover the recording fee prescribed by the Board in its rules and regulations.

Please acknowledge receipt of the enclosed documents by stamping and returning to me the enclosed copy of this letter together with each of (i) the Seventh Amendment to Security Agreement and (ii) the First Amendment to Master Collateral Assignment of Leases, each as filed.

If you have any questions with respect to the enclosed documents, please call me collect.

Very truly yours,



Barbara C. Klabacha

DEC 7 '99

11-29 AM

SEVENTH AMENDMENT TO SECURITY AGREEMENT

This SEVENTH AMENDMENT TO SECURITY AGREEMENT ("Seventh Amendment"), dated as of November 15, 1999, is made by and between RAIL LOGISTICS SERVICES, INC., a Delaware corporation having its principal place of business at 53 West Jackson Boulevard, Chicago, Illinois 60604 ("Borrower"), and LASALLE BANK NATIONAL ASSOCIATION, formerly known as LaSalle National Bank, a national banking association with its principal place of business at 135 South LaSalle Street, Chicago, Illinois 60603 ("Bank").

WHEREAS, the predecessor-in-interest to Borrower, Rail Logistics Services, Inc., a California corporation ("RLS-Cal") and Bank entered into a certain Security Agreement dated June 26, 1996 as amended by: (i) a certain First Amendment to Security Agreement dated as of March 12, 1997 by and between RLS-Cal and Bank; (ii) a certain Second Amendment to Security Agreement dated June 30, 1998 by and between RLS-Cal and Bank; (iii) a certain Third Amendment to Security Agreement dated November 6, 1998 by and between RLS-Cal and Bank (said Security Agreement, as amended, the "Original Security Agreement");

WHEREAS, RLS-Cal was merged into Borrower and, in connection with that certain Fourth Amendment to Security Agreement dated as of February 16, 1999, Borrower assumed all of RLS-Cal's obligations, duties and liabilities under the Original Security Agreement (as theretofore, thereby, thereafter and hereby amended from time to time, the "Security Agreement"); and

WHEREAS, Borrower and Bank amended the Security Agreement pursuant to (i) a certain Fifth Amendment to Security Agreement dated as of June 10, 1999 and (ii) a certain Sixth Amendment to Security Agreement dated as of October 15, 1999; and

WHEREAS, Borrower and Bank desire to amend certain provisions of the Security Agreement.

NOW THEREFORE, the parties agree as follows:

1. **Definitions.** Capitalized terms used herein without definitions shall have the meanings contained in the Security Agreement.
2. **Amended Definitions.** The last sentence of the first paragraph of the Security Agreement is hereby deleted and the following is inserted in its stead:

"Capitalized terms used but not defined herein shall have the meanings assigned to them in that certain Fourth Amended and Restated Promissory Note dated as of November __, 1999 executed by Borrower for the benefit of Bank (said Fourth Amended and Restated Promissory Note, as the same may be amended or restated from time to time, is hereinafter referred to either as the "Note" or the "Loan Agreement").

3. Additional Collateral. The following is added to Schedule A to the Security Agreement:

CNW6626 (Type SD-18)

4. Continuing Effect. Except as otherwise explicitly provided for herein, the terms and provisions of the Security Agreement remain in full force and effect.

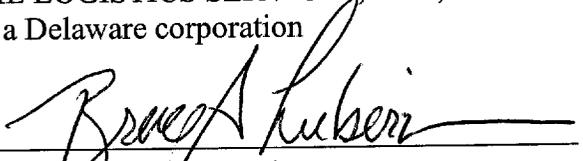
5. Counterparts. This Seventh Amendment to Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

(Signature Page to Seventh Amendment to Security Agreement)

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed as an instrument under seal by their authorized representatives as of the date first written above.

RAIL LOGISTICS SERVICES, INC.,
a Delaware corporation

By: 
Name: Bruce A. Lieberman
Title: Vice President and Treasurer

LASALLE BANK NATIONAL ASSOCIATION,
a national banking association

By: _____
Name: Terri Maurer
Title: Vice President

(Signature Page to Seventh Amendment to Security Agreement)

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed as an instrument under seal by their authorized representatives as of the date first written above.

RAIL LOGISTICS SERVICES, INC.,
a Delaware corporation

By: _____
Name: Bruce A. Lieberman
Title: Vice President and Treasurer

LASALLE BANK NATIONAL ASSOCIATION,
a national banking association

By: Terri A. Maurer
Name: Terri Maurer
Title: Vice President

STATE OF New York)
) ss.
COUNTY OF New York)

On this 12 day of November, 1999, before me personally appeared Bruce A. Lieberman, to me personally known, who, being by me duly sworn, says that he is the Vice President and Treasurer of Rail Logistics Services, Inc., a Delaware corporation, and that the said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Natalie Blank
Notary Public

NATALIE BLANK
Commissioner of Deeds
City of New York No. 3-6108
Certificate Filed in Bronx County
Commission Expires November 1, 2000

My commission expires:

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 15 day of November, 1999, before me personally appeared Terri Maurer, to me personally known, who, being by me duly sworn, says that she is a Vice President of LaSalle Bank National Association, a national banking association, and is duly authorized to sign the foregoing instrument on behalf of said banking association, and she acknowledges that the execution of the foregoing instrument was the free act and deed of said banking association.



Cynthia Mankowski
Notary Public

My commission expires: 10.21.01