

REED SMITH SHAW & McCLAY

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PHILADELPHIA, PA 19103-7301

215-851-8100

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215-851-1420

WRITER'S DIRECT DIAL NUMBER

(215) 851-8134

May 31, 1994

PITTSBURGH, PA
WASHINGTON, DC
HARRISBURG, PA
McLEAN, VA
PRINCETON, NJ

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Twelfth Street & Constitution Avenue, N.W.
Washington, DC 20423

RECORDATION NO. 18830
FILED 1994
JUN 2 1994 11:50 AM
INTERSTATE COMMERCE COMMISSION

Re: VMV Enterprises, Inc.

Dear Mr. Strickland:

I am enclosing for filing and recording pursuant to Section 11303 of Title 49 of the United States Code two original fully executed and acknowledged copies of the document described below, a primary document as defined in the Commissioner's Rules for Recordation of Documents under such aforementioned Section 11303. As one of the attorneys representing VMV Enterprises, Inc. in this transaction, I have knowledge of the matters described in this letter.

The enclosed primary document is as follows:

Security Agreement dated May 27, 1994 made by VMV Enterprises, Inc., International VMV, Inc., and PLC Systems, Inc. (collectively the "Debtors") in favor of Banque Indosuez, New York Branch, as agent.

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

Debtors: VMV Enterprises, Inc.
1300 Kentucky Avenue
Paducah, KY 42003

International VMV, Inc.
69A Kronprindsens Gade
Post Office Box 1858
St. Thomas, U.S.V.I. 00801

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PLC Systems, Inc.
1300 Kentucky Avenue
Paducah, KY 42003

Secured Party: Banque Indosuez, New York Branch, as Agent
1230 Avenue of the Americas
New York, New York 10020

The Security Agreement provides, *inter alia*, for the granting of a security interest in locomotives, cabooses, bulkhead flat cars, box cars, open top hoppercars, woodrack cars, gondolas and all other rail and rolling stock (collectively "Rolling Stock") intended for use related to interstate commerce, owned and leased by the Debtors as of the date of said Security Agreement or thereafter acquired by Debtors or its successors as owners of the collateral covered in the Security Agreement.

The description of the Rolling Stock covered as of the date hereof by the aforesaid Security Agreement is attached hereto as Schedule IV to said Security Agreement and hereto as Exhibit "A" to this letter.

A check for eighteen dollars (\$18.00) is enclosed, payable to the order of the Interstate Commerce Commission in full payment of all required filing and recordation fees. Please time and date stamp the enclosed copy of each of the enclosed documents along with the extra copy of this letter as proof of filing and recordation of the enclosed documents and return the original and any extra copies of such documents and this letter not needed by the Commissioner for recordation to:

David W. Marston, Esquire
Reed Smith Shaw & McClay
2500 One Liberty Place
Philadelphia, PA 19103

A short summary of the document to appear in the Commissioner's Index is as follows:

1. Security Agreement:

A Security Agreement, dated May 27, 1994, made by VMV Enterprises, Inc., International VMV, Inc. and PLC Systems, Inc. (collectively, the "Debtors") in favor of Banque Indosuez, New York Branch, as Agent, on behalf and for the benefit of the Secured Parties referred to therein, covering all of the

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May 31, 1994

Debtors' rolling stock and all other assets of the Debtors specifically listed therein. Descriptions of the rolling stock of each such Debtor are attached to the Security Agreement as Schedule IV.

If you have any questions or need further information, please do not hesitate to contact Mark Morton, Esquire (215-851-8126) or me (215-851-8198).

Very truly yours,



David W. Marston

DWM:A:h
Enclosures

B-10-1-R

| LOCO NUMBER | LOCO TYPE |
|----------------|--------------|
| BN6405 | SD45 |
| BN6420 | SD45 |
| BN6683 | SD45 |
| CSX8902 | SD45 |
| CSX8904 | SD45 |
| CSX8906 | SD45 |
| CSX8922 | SD45 |
| CSX8930 | SD45 |
| CSX8932 | SD45 |
| CSX8933 | SD45 |
| GMO603 | GP35 |
| GMO610 | GP35 |
| GMO620 | GP35 |
| GMO627 | GP35 |
| GMO628 | GP35 |
| GMO633 | GP35 |
| GMO634 | GP35 |
| GMO638 | GP35 |
| CNW910 | SD45 |
| ICG913 | SD40 |
| CNW918 | SD45 |
| CNW919 | SD45 |
| CNW937 | SD45 |
| CNW938 | SD45 |
| CNW939 | SD45 |
| CNW943 | SD45 |
| CNW952 | SD45 |
| CNW955 | SD45 |
| CNW969 | SD45 |
| CNW970 | SD45 |
| CNW972 | SD45 |
| CNW975 | SD45 |
| CNW976 | SD45 |
| PAL1425 | SW140 |
| ICG2501 | GP35 |
| ICG2508 | GP35 |
| ICG2511 | CAT |
| IC2516 | GP35 |
| CNW6476 | SD45 |
| CNW6509 | SD45 |
| SSW6513 | GP35 |
| SP6614 | GP35 |
| PAL8309 | GP8 |
| RET8919 | SD45 |
| CSX8926 | SD45 |
| CSX8928 | SD45 |
| VMV902 | SD45 |
| 3124 | SD45 |
| 3139 | SD45 |
| 3143 | SD45 |
| 3155 | SD45 |
| 3156 | SD45 |
| 3157 | SD45 |
| 3160 | SD45 |
| 6530 | SD45 |
| VMV1500 | GP7 |

RECORDATION NO. **18830** FILED 1426

JUN 2 1994 9 50 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

SECURITY AGREEMENT, dated May 27, 1994, made by VMV Enterprises, Inc., a Kentucky corporation ("VMV"), International VMV, Inc., a U.S. Virgin Island corporation, and PLC Systems, Inc., a Kentucky corporation (each, a "Grantor", and collectively, the "Grantors") in favor of Banque Indosuez, New York Branch, as agent for the financial institutions party to the Credit Agreement referred to below (in such capacity, the "Agent").

W I T N E S S E T H :

WHEREAS, VMV has entered into a Credit Agreement, dated as of May 27, 1994, with the financial institutions party thereto (the "Lenders") and the Agent (said Agreement, as it may be amended or otherwise modified from time to time, being the "Credit Agreement" and capitalized terms not defined herein but defined therein being used herein as therein defined); and

WHEREAS, it is a condition precedent to the making of the Loans and the issuance of the Letters of Credit that the Grantors shall have entered into this Agreement;

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make the Loans and the Issuer to issue the Letters of Credit, each Grantor, intending to be legally bound hereby, hereby agrees with the Agent on behalf and for the ratable benefit of the Secured Parties as follows:

1. Defined Terms. As used in this Agreement, the following terms have the meanings specified below (such meanings being equally applicable to both the singular and plural forms of the terms defined):

"Account" means any "account," as such term is defined in Section 9-106 of the UCC, now owned or hereafter acquired by any Grantor and, in any event, includes, without limitation, (i) all accounts receivable, book debts and other forms of obligations (other than forms of obligations evidenced by Chattel Paper, Documents or Instruments) now owned or hereafter received or acquired by or belonging or owing to any Grantor (including, without limitation, under any trade name, style or division thereof) whether arising out of goods sold or services rendered by any Grantor or from any other transaction, whether or not the same involves

the sale of goods or services by any Grantor (including, without limitation, any such obligation which might be characterized as an account or contract right under the UCC), (ii) all of any Grantor's rights in, to and under all purchase orders or receipts now owned or hereafter acquired by it for goods or services, and all of any Grantor's rights to any goods represented by any of the foregoing (including, without limitation, unpaid seller's rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods), (iii) all moneys due or to become due to any Grantor under all contracts for the sale of goods or the performance of services or both by such Grantor (whether or not yet earned by performance on the part of such Grantor or in connection with any other transaction), now in existence or hereafter occurring, including, without limitation, the right to receive the proceeds of said purchase orders and contracts, and (iv) all collateral security and guarantees of any kind given by any Person with respect to any of the foregoing.

"Account Debtor" means any "account debtor," as such term is defined in Section 9-105(1)(a) of the UCC.

"Chattel Paper" means any "chattel paper," as such term is defined in Section 9-105(1)(b) of the UCC, now owned or hereafter acquired by any Grantor.

"Collateral" has the meaning assigned to such term in Section 2 of this Agreement.

"Contracts" means all contracts, undertakings or other agreements (other than Chattel Paper, Documents or Instruments) in or under which any Grantor may now or hereafter have any right, title or interest, including, without limitation, with respect to an Account, any agreement relating to the terms of payment or the terms of performance thereof.

"Copyrights" means all United States copyrights, registrations and applications therefor of each Grantor, including, without limitation, those listed on Schedule III hereto, and any and all (i) renewals and extensions thereof, (ii) income, royalties, damages and payments now or hereafter due or payable or both with respect thereto, including, without limitation, damages and payments for past or future infringements or misappropriations thereof, (iii) rights to sue for past, present and future infringements or misappropriations thereof, and (iv) all other

rights corresponding thereto, in each instance, whether now owned or hereafter acquired by such Grantor.

"Documents" means any "document," as such term is defined in Section 9-105(1)(f) of the UCC, now owned or hereafter acquired by any Grantor.

"Equipment" means any "equipment," as such term is defined in Section 9-109(2) of the UCC, now owned or hereafter acquired by any Grantor and, in any event, includes, without limitation, all machinery, equipment, furnishings, fixtures, vehicles, computers and other electronic data-processing and office equipment now owned or hereafter acquired by such Grantor and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"General Intangibles" means any "general intangibles," as such term is defined in Section 9-106 of the UCC, now owned or hereafter acquired by any Grantor and, in any event, includes, without limitation, all customer lists, trademarks, patents, rights in intellectual property, licenses, permits, copyrights, trade secrets, proprietary or confidential information, inventions (whether patented or patentable or not) and technical information, procedures, designs, knowledge, know-how, software, data bases, data, skill, expertise, experience, processes, models, drawings, materials and records, goodwill, rights of indemnification and all right, title and interest which such Grantor may now or hereafter have in or under any Contract, now owned or hereafter acquired by such Grantor.

"ICC" means the Interstate Commerce Commission, or any successor thereto.

"Instrument" means any "instrument," as such term is defined in Section 9-105(1)(i) of the UCC, now owned or hereafter acquired by any Grantor, other than instruments that constitute, or are a part of a group of writings that constitute, Chattel Paper.

"Inventory" means any "inventory," as such term is defined in Section 9-109(4) of the UCC, now owned or hereafter acquired by any Grantor, and wherever located, and, in any event, includes, without limitation, all inventory, merchandise, goods and other personal property now owned or

hereafter acquired by such Grantor which are held for sale or lease (other than Rolling Stock) or are furnished or are to be furnished under a contract of service or which constitute raw materials, work in process or materials used or consumed or to be used or consumed in such Grantor's business, or the processing, packaging, delivery or shipping of the same, and all finished goods.

"Permitted Liens" means Liens permitted by Section 7.1 of the Credit Agreement existing as of the date hereof or to be created hereafter.

"Proceeds" means "proceeds," as such term is defined in Section 9-306(1) of the UCC, and, in any event, shall include, without limitation, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to any Grantor from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to any Grantor 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 Authority (or any Person acting under color of Governmental Authority), and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Rolling Stock" means all rolling stock now owned or hereafter acquired by any Grantor, and wherever located, and in any event shall include, without limitation, all rolling stock listed on Schedule IV hereto, and any and all locomotives, locomotive hulks, cabooses, bulkhead flat cars, boxcars, open top hopper cars, covered hopper cars, woodrack cars, gondolas and all other rail cars of such Grantor.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of New York; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the Agent's and the Secured Parties' security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

2. Grant of Security Interest.

(a) As collateral security for the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of, and the performance of, all the Obligations and to induce the Lenders to make the Loans and the Issuer to issue the Letters of Credit pursuant to the Credit Agreement, each Grantor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to the Agent, on behalf and for the ratable benefit of the Secured Parties, and hereby grants to the Agent, on behalf and for the ratable benefit of the Secured Parties, a security interest in, all of such Grantor's right, title and interest in, to and under the following (all of which being hereinafter collectively called the "Collateral"):

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Contracts and any and all claims of such Grantor for damages arising out of or for breach of or a default under any Contract and the right of such Grantor to perform or to compel performance under any Contract and to exercise all remedies thereunder;

(iv) all Documents;

(v) all Equipment;

(vi) all General Intangibles, including, without limitation, all Copyrights;

(vii) all Instruments;

(viii) all Inventory;

(ix) all Rolling Stock;

(x) all other goods and personal property of such Grantor whether tangible or intangible or whether now owned or hereafter acquired by such Grantor and wherever located; and

(xi) to the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing.

(b) In addition, as collateral security for the prompt and complete payment when due of the Obligations, each Secured Party is hereby granted a lien and security interest in all property of any Grantor held by such Secured Party, including, without limitation, all property of every description, now or hereafter in the possession or custody of or in transit to such Secured Party for any purpose, including safekeeping, collection or pledge, for the account of such Grantor, or as to which such Grantor may have any right or power.

3. Rights of the Secured Parties; Limitations on Secured Parties' Obligations.

(a) It is expressly agreed by each Grantor that, anything herein to the contrary notwithstanding, such Grantor shall remain liable under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder and such Grantor shall perform all of its duties and obligations thereunder, all in accordance with and pursuant to the terms and provisions of each such Contract. Neither the Agent nor any Lender shall have any obligation or liability under any Contract by reason of or arising out of this Agreement or the granting of a security interest in any contract to the Agent on behalf and for the ratable benefit of the Secured Parties of a security interest therein or the receipt by the Agent or any Lender of any payment relating to any Contract pursuant hereto, nor shall the Agent or any Lender be required or obligated in any manner to perform or fulfill any of the obligations of such Grantor under or pursuant to any Contract, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any Contract, or to present or file any claim, or to take any action to collect or enforce any performance or 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 Agent authorizes each Grantor to collect its Accounts, Chattel Paper and Instruments, provided that such collection is performed in a prudent and businesslike manner, and the Agent may, upon the occurrence and during the continuance of any Event of Default and without notice, limit or terminate said authority at any time. If required by the Agent at any time during the continuance of any Event of Default, any Proceeds, when first collected by any Grantor, received in payment of any such Account or in payment for any of its Inventory or on account of any of its Contracts, shall be promptly deposited by such Grantor in precisely the form received (with all necessary

indorsements) in a special bank account maintained by the Agent and subject to withdrawal only by the Agent, as hereinafter provided, and until so turned over shall be deemed to be held in trust by such Grantor for and as the Agent's property and shall not be commingled with the Grantor's other funds or properties. Such Proceeds, when deposited, shall continue to be collateral security for all of the Obligations and shall not constitute payment thereof until applied as hereinafter provided. The Agent shall upon the request of the Majority Lenders apply all or a part of the funds on deposit in said special account to the principal of or interest on or both in respect of any of the Obligations in accordance with the provisions of Section 8(d) hereof and any part of such funds which the Majority Lenders elect not so to apply and deem not required as collateral security for the Obligations shall be paid over from time to time by the Agent to such Grantor. If an Event of Default has occurred and is continuing, at the request of the Agent, each Grantor shall deliver to the Agent all original and other documents evidencing, and relating to, the sale and delivery of such Inventory or the performance of labor or service which created such Accounts, including, without limitation, all original orders, invoices and shipping receipts; and, prior to the occurrence of an Event of Default, such Grantor shall deliver photocopies thereof to the Agent at its request.

(c) The Agent may at any time, upon the occurrence and during the continuance of any Default or Event of Default, after first notifying each Grantor of its intention to do so, notify Account Debtors of such Grantor, parties to Contracts of such Grantor, obligors of Instruments of such Grantor and obligors in respect of Chattel Paper of such Grantor that the Accounts and the right, title and interest of such Grantor in and under such Contracts, such Instruments and such Chattel Paper have been assigned to the Agent and that payments shall be made directly to the Agent. Upon the request of the Agent, each Grantor will so notify such Account Debtors, parties to such Contracts, obligors of such Instruments and obligors in respect of such Chattel Paper. Upon the occurrence and during the continuance of an Event of Default, the Agent may in its own name or in the name of others communicate with such Account Debtors, parties to such Contracts, obligors of such Instruments and obligors in respect of such Chattel Paper to verify with such Persons to the Agent's satisfaction the existence, amount and terms of any such Accounts, Contracts, Instruments or Chattel Paper.

(d) Upon reasonable prior notice to each Grantor (unless a Default or Event of Default has occurred and is continuing, in which case no notice is necessary), the Agent

shall have the right to make test verifications of the Accounts and physical verifications of the Inventory in any manner and through any medium that it considers advisable one time during each Fiscal Year (unless a Default or Event of Default has occurred and is continuing, in which case, there shall be no limit on the number of test verifications and physical verifications that the Agent may conduct), and such Grantor agrees to furnish all such assistance and information as the Agent may require in connection therewith and shall pay or reimburse the Agent for the costs thereof. Each Grantor, at its own cost and expense, will cause certified independent public accountants satisfactory to the Agent to prepare and deliver to the Agent, at any time and from time to time promptly upon the Agent's request, the following reports: (i) a reconciliation of all its Accounts, (ii) an aging of all its Accounts, (iii) trial balances, and (iv) a test verification of such Accounts as the Agent may request. Each Grantor at its expense will cause certified independent public accountants satisfactory to the Agent to prepare and deliver to the Agent the results of the annual physical verification of its Inventory made or observed by such accountants.

4. Representations and Warranties. Each Grantor hereby represents and warrants to the Secured Parties as follows:

(a) Such Grantor is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) The execution, delivery and performance by such Grantor of this Agreement are within such Grantor's corporate powers, have been duly authorized by all necessary corporate action, do not contravene such Grantor's certificate of incorporation or by-laws, any Requirement of Law or any order or decree of any court, or any Contractual Obligation of such Grantor, and do not result in or require the creation of any Lien (other than pursuant to the Credit Agreement) upon or with respect to any of its properties.

(c) No consent, authorization, approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by such Grantor of this Agreement, except for (i) consents, authorizations, approvals or actions which can be obtained or taken by the taking of ministerial action to secure the grant or transfer thereof or failures which in the aggregate have no Material Adverse Effect and (ii) the filings under the

UCC and with the ICC and with the United States Copyright Office contemplated hereby.

(d) This Agreement has been duly executed and delivered by such Grantor and is the legal, valid and binding obligation of such Grantor, enforceable against such Grantor in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting the enforcement of creditor's rights and remedies generally and subject, as to enforceability, to general principles of equity.

(e) There are no pending or threatened actions, investigations or proceeding affecting such Grantor or any of its Subsidiaries before any court, Governmental Authority or arbitrator other than those that in the aggregate, if adversely determined, would have no Material Adverse Effect.

(f) Such Grantor is the sole owner of each item of the Collateral in which it purports to grant a security interest hereunder, having good title thereto, free and clear of any and all Liens, except for the security interest granted pursuant to this Agreement and other Permitted Liens. No material amounts payable under or in connection with any of its Accounts or Contracts are evidenced by Instruments which have not been delivered to the Agent.

(g) No effective security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral is on file or of record in any public office, except such as may have been filed by such Grantor in favor of the Agent pursuant to this Agreement or such as relate to other Permitted Liens.

(h) Upon appropriate financing statements under the UCC and with the United States Copyright Office, and other comparable documents with the ICC having been filed in the jurisdictions listed on Schedule I hereto, and the delivery by such Grantor and receipt by or on behalf of the Agent of all Instruments, this Agreement is effective to create a valid and continuing first priority Lien on and security interest in the Collateral, prior to all other Liens except Permitted Liens. All action necessary or desirable to perfect such security interest in each item of the Collateral has been duly taken.

(i) Such Grantor's principal place of business and the place where its records concerning the Collateral are kept and

the location of its Inventory and Equipment are set forth on Schedule II hereto.

(j) The amount represented by such Grantor to the Agent from time to time as owing by each Account Debtor or by all Account Debtors in respect of the Accounts of such Grantor will at such time be the correct amount in all material respects actually and unconditionally owing by such Account Debtors thereunder.

5. Covenants. Each Grantor covenants and agrees with the Agent and the Lenders that from and after the date of this Agreement and until the Obligations are fully satisfied:

(a) Further Documentation; Pledge of Instruments. At any time and from time to time, upon the written request of the Agent, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Agent may reasonably deem desirable to obtain the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, using its best efforts to secure all consents and approvals necessary or appropriate for the assignment to the Agent of any Contract held by such Grantor or in which such Grantor has any rights not heretofore assigned, and the filing of any financing or continuation statements or amendments under the UCC and other comparable documents with the ICC with respect to the Liens and security interests granted hereby, transferring Collateral to the Agent's possession (if a security interest in such Collateral can be perfected by possession) and placing the interest of the Agent as lienholder on the certificate of title of any vehicle. Such Grantor also hereby authorizes the Agent to file any such financing or continuation statement or amendment or other comparable document without the signature of such Grantor to the extent permitted by applicable law. If any of the Collateral shall be or become evidenced by any Instrument, such Grantor agrees to pledge such Instrument to the Agent and shall duly endorse such Instrument in a manner reasonably satisfactory to the Agent and deliver the same to the Agent within ten days of receipt of such Instrument.

(b) Maintenance of Records. Such Grantor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. Such Grantor will mark its books and records pertaining to the Collateral to evidence this Agreement and the Lien

and security interests granted hereby. All Chattel Paper will be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of Banque Indosuez, New York Branch, as Agent". If requested by the Agent, the security interest of the Agent shall be noted on the certificate of title of each vehicle. For the Agent's and the Lenders' further security, such Grantor agrees that the Agent and the Lender shall have a special property interest in all of such Grantor's books and records pertaining to the Collateral and, upon the occurrence and during the continuance of any Event of Default, such Grantor shall deliver and turn over any such books and records to the Agent or to its representatives at any time on demand of the Agent. Prior to the occurrence of an Event of Default and upon reasonable notice from the Agent and during normal business hours, such Grantor shall permit any representative of the Agent to inspect such books and records and will provide photocopies thereof to the Agent.

(c) Indemnification. In any suit, proceeding or action brought by the Agent or any Lender relating to any Account, Chattel Paper, Contract, General Intangible or Instrument for any sum owing thereunder, or to enforce any provision of any Account, Chattel Paper, Contract, General Intangible or Instrument, such Grantor will save, indemnify and keep each of the Agent and the Lenders harmless from and against all expense, loss or damage suffered by reason of any defense, set-off, counterclaim, recoupment or reduction of liability whatsoever of the obligor thereunder, arising out of a breach by such Grantor of any obligation thereunder or arising out of any other agreement, Indebtedness or liability at any time owing to, or in favor of, such obligor or its successors from such Grantor, and all such obligations of the Grantor shall be and remain enforceable against and only against such Grantor and shall not be enforceable against the Agent or the Lenders.

(d) Compliance with Laws, Etc. Such Grantor will comply, in all material respects, with all acts, rules, regulations, orders, decrees and directions of any Governmental Authority, applicable to the Collateral or any part thereof or to the operation of such Grantor's business; provided, however, that such Grantor may contest any act, regulation, order, decree or direction in any reasonable manner which shall not, in the sole opinion of the Agent, adversely affect the Agent's rights hereunder or adversely affect the first priority of its Lien on and security interest in the Collateral.

(e) Payment of Obligations. Such Grantor will pay promptly when due all taxes, assessments and governmental charges

or levies imposed upon the Collateral or in respect of its income or profits therefrom and all claims of any kind (including, without limitation, claims for labor, materials and supplies), except that no such tax, assessment or charge need be paid if (i) such non-payment does not involve any danger of the sale, forfeiture or loss of any of the Collateral or any interest therein, and (ii) such tax, assessment or charge is being contested in good faith by proper proceedings, and is adequately reserved against in accordance with and to the extent required by GAAP.

(f) Compliance with Terms of Accounts, Etc. In all material respects, such Grantor will comply with and perform with all obligations, covenants, conditions and agreements with respect to any Account, Chattel Paper, Contract, License and all other agreements to which it is a party or by which it is bound.

(g) Limitation on Liens on Collateral. Such Grantor will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral except Permitted Liens, and will defend the right, title and interest of the Agent and the Lenders in and to any of such Grantor's rights under the Chattel Paper, Contracts, Documents, General Intangibles and Instruments and to the Equipment and Inventory and in and to the Proceeds thereof against the claims and demands of all Persons whomsoever.

(h) Limitations on Modifications of Accounts. Upon the occurrence and during the continuance of any Event of Default, such Grantor will not, without the Agent's prior written consent, grant any extension of the time of payment of any of the Accounts, Chattel Paper or Instruments, or compromise, compound or settle the same for less than the full amount thereof, or release, wholly or partly, any Person liable for the payment thereof, or allow any credit or discount whatsoever thereon.

(i) Maintenance of Insurance. Such Grantor will maintain, with financially sound and reputable companies, insurance policies (i) insuring its Inventory and Equipment against loss by fire, explosion, theft and such other casualties as are usually insured against by companies engaged in the same or similar businesses and (ii) insuring such Grantor and the Agent and the Lenders against liability for personal injury and property damage relating to such Inventory and Equipment, such policies to be in such amounts and against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business, naming the Agent as an additional insured with a lender loss payable clause in favor of the Agent on behalf and for the ratable benefit of

the Secured Parties. Such Grantor shall, if so requested by the Agent, deliver to the Agent as often as the Agent may reasonably request, a report of a reputable insurance broker satisfactory to the Agent with respect to the insurance on its Inventory and Equipment. All insurance with respect to the Inventory and Equipment shall (i) contain a clause which provides that the Secured Parties' interest under the policy will not be invalidated by any act or omission of, or any breach of warranty by, the insured, or by any change in the title, ownership or possession of the insured property, or by the use of the property for purposes more hazardous than is permitted in the policy, and (ii) provide that no cancellation, reduction in amount or change in coverage thereof shall be effective until at least ten days after receipt by the Agent of written notice thereof.

(j) Limitations on Disposition. Such Grantor will not sell, lease, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so, except as permitted by the Credit Agreement.

(k) Further Identification of Collateral. Such Grantor will, if so requested by the Agent, furnish to the Agent, as often as the Agent reasonably requests, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Agent may reasonably request, all in reasonable detail.

(l) Notices. Such Grantor will advise the Agent promptly, in reasonable detail, (i) of any material Lien or claim made or asserted against any of the Collateral, (ii) of any material change in the composition of the Collateral, and (iii) of the occurrence of any other event which would have a Material Adverse Effect on the aggregate value of the Collateral or in the security interests created hereunder.

(m) Right of Inspection. Upon reasonable notice to such Grantor (unless an Event of Default has occurred and is continuing, in which case no notice is necessary), the Agent shall at all times have full and free access during normal business hours to all the books and records and correspondence of such Grantor, and the Agent or its representatives may examine the same, take extracts therefrom and make photocopies thereof, and such Grantor agrees to render to the Agent, at such Grantor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. Upon reasonable notice to such Grantor (unless an Event of Default has occurred and is continuing, in which case no notice is necessary), the Agent and its representatives shall also have the right to enter into and

upon any premises where any of the Equipment or Inventory is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein.

(n) Maintenance of Equipment. Such Grantor will keep and maintain the Equipment in good operating condition, subject to reasonable wear and tear, sufficient for the continuation of the business conducted by such Grantor on a basis consistent with past practices, and such Grantor will provide all maintenance and service and all repairs necessary for such purpose.

(o) Continuous Perfection. Such Grantor will not change its name, identity or corporate structure in any manner which might make any financing or continuation statement or other comparable document filed under the UCC, with the ICC or otherwise in connection herewith seriously misleading within the meaning of Section 9-402(7) of the UCC (or any other then applicable provision of the UCC) unless such Grantor shall have given the Agent at least 30 days' prior written notice thereof and shall have taken all action (or made arrangements to take such action substantially simultaneously with such change if it is impossible to take such action in advance) necessary or reasonably requested by the Agent to amend such financing statement or continuation statement or other comparable document so that it is not seriously misleading. Such Grantor will not change its principal place of business or remove its records or change the location of its Inventory and Equipment, each as set forth on Schedule II hereto, or change any markings or serial or registration numbers on any of the Rolling Stock as set forth on Schedule IV hereto or acquire or lease any additional Rolling Stock (other than any locomotive or any locomotive hulk), or acquire or lease any locomotive or any locomotive hulk for a purchase price in excess of \$50,000 or \$150,000 in the aggregate during any 30 day period, unless it gives the Agent at least 30 days' prior written notice thereof and has taken such action as is necessary to cause the security interest of the Agent in the Collateral to continue to be, or to be, as the case may be, perfected; provided, however, that in the case of the acquisition of any locomotive or locomotive hulk that does not meet the criteria set forth above, then such Grantor shall give the Agent notice of any such acquisition or lease thereof upon the earlier to occur of (i) 31 days after such acquisition or lease and (ii) the date the monthly report referred to in subsection (q) below is required to be delivered.

(p) Consignment. At no time shall such Grantor have (i) any Rolling Stock on consignment or (ii) any Equipment or

Inventory on consignment in an amount in excess of \$200,000 per location and \$500,000 in the aggregate.

(g) Rolling Stock. Such Grantor shall provide the Secured Parties with a written monthly report on the last Business Day of each month detailing the status of (i) all sales, leases and purchases of Rolling Stock by such Grantor and (ii) any communications with the ICC with respect to any Rolling Stock now owned or hereafter acquired or sold by or leased by or to such Grantor. These reports shall include, without limitation, the serial or registration number of any such Rolling Stock so sold, purchased or leased and the sale, purchase or lease price therefor, as the case may be, and such Grantor shall attach to such reports copies of any filings with, and correspondence to or from, the ICC.

6. The Agent's Appointment as Attorney-in-Fact.

(a) Each Grantor hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, from time to time in the Agent's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute and deliver any and all documents and instruments which the Agent may deem necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives the Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor to do the following:

(i) to ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due under any Collateral and, in the name of such Grantor or in its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other Instruments for the payment of moneys due under any Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Agent for the purpose of collecting any and all such moneys due under any Collateral whenever payable and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Agent for the purpose of collecting any and all such moneys due under any Collateral whenever payable;

(ii) to pay or discharge taxes, Liens, security interests or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Agreement and to pay all or any part of the premiums therefor and the costs thereof; and

(iii) (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due, and to become due thereunder, directly to the Agent or as the Agent shall direct; (B) to receive payment of and receipt for any and all moneys, claims and other amounts due, and to become due at any time, in respect of or arising out of any Collateral; (C) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with Accounts and other Documents constituting or relating to the Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Agent may deem appropriate; (G) to license or, to the extent permitted by an applicable license, sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any patent or trademark, throughout the world for such term or terms, on such conditions, and in such manner, as the Agent shall in its sole discretion determine; and (H) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do, at the Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Agent reasonably deems necessary to protect, preserve or realize upon the Collateral and the Agent's and the Lenders' Lien therein, in order to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

(b) The Agent agrees that, except upon the occurrence and during the continuance of any Event of Default, it will forbear from exercising the power of attorney or any rights granted

to the Agent pursuant to this Section 6. Each Grantor hereby ratifies, to the extent permitted by law, all that any said attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted pursuant to this Section 6, being coupled with an interest, shall be irrevocable until the Obligations are paid in full.

(c) The powers conferred on the Agent hereunder are solely to protect the Agent's and the Lenders' interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act, except for its own gross negligence or willful misconduct.

(d) Each Grantor also authorizes the Agent, at any time and from time to time upon the occurrence and during the continuance of an Event of Default, (i) to communicate in its own name with any party to any Contract with regard to the assignment of the right, title and interest of such Grantor in and under the Contracts hereunder and other matters relating thereto and (ii) to execute, in connection with the sale provided for in Section 8 hereof, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

7. Performance by the Agent of the Grantors' Obligations. If any Grantor fails to perform or comply with any of its agreements contained herein and the Agent, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable expenses of the Agent incurred in connection with such performance or compliance, together with interest thereon at the highest rate then in effect in respect of the Loans, shall be payable by such Grantor to the Agent on demand and shall constitute Obligations secured hereby.

8. Remedies, Rights Upon an Event of Default.

(a) If any Event of Default shall occur and be continuing, the Agent shall, at the request of the Majority Lenders, or may with the consent of the Majority Lenders, exercise in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, each Grantor expressly agrees

that in any such event the Agent, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon such Grantor or any other Person (all and each of which demands, advertisements and/or notices are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or any of the Agent's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Agent or any Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption each Grantor hereby releases. Each Grantor further agrees, at the Agent's request to assemble the Collateral and make it available to the Agent at places which the Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, as provided in Section 8(d) hereof, each Grantor remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by the Agent of any other amount required by any provision of law, including Section 9-504(1)(c) of the UCC, need the Agent account for the surplus, if any, to such Grantor. To the maximum extent permitted by applicable law, each Grantor waives all claims, damages, and demands against the Secured Parties arising out of the repossession, retention or sale of the Collateral other than for the gross negligence or willful misconduct of the Secured Parties. Each Grantor agrees that the Agent need not give more than ten days' notice of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which the Secured Parties are entitled, such Grantor also being liable for the fees and expenses of any attorneys employed by the Agent and the Lenders to collect such deficiency.

(b) Each Grantor also agrees to pay all costs of the Agent and the Lenders, including, without limitation, attorneys'

fees, incurred in connection with the enforcement of any of its rights and remedies hereunder.

(c) Each Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Agreement or any Collateral.

(d) The Proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be distributed by the Agent in the following order of priorities:

First, to the payment of the costs and expenses of such sale, including, without limitation, all expenses of the Agent and its agents, including the fees and expenses of its counsel, and all expenses, liabilities and advances made or incurred by the Agent and the Lenders in connection therewith or pursuant to Section 7 hereof;

Next, to the Lenders and the Agent, pro rata, for the payment in full of the Obligations; and

Finally, after payment in full of all the Obligations, to the payment to the Grantors, or their respective successors or assigns, or to whomsoever may be lawfully entitled to receive the same as a court of competent jurisdiction may direct.

9. Limitation on the Secured Parties' Duty in Respect of Collateral. No Secured Party shall have any duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of it or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto, except that each Secured Party shall use reasonable care with respect to the Collateral in its possession or under its control. Upon request of any Grantor, the Agent shall account for any moneys received by it in respect of any foreclosure on or disposition of the Collateral.

10. Notices. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telex, telecopy, or cable communication) and mailed, telegraphed, telexed, telecopied, cabled or delivered by hand, if to any Grantor, addressed to it at its address specified on the signature pages hereof, and if to any Secured Party, addressed to it at the address of such Secured Party specified in the Credit Agreement, or, as to each party, at such other address as shall be designated by such party in a written notice to each other

party complying as to delivery with the terms of this Section. All such notices and other communications shall, when mailed, telegraphed, telexed, telecopied, cabled or delivered, be effective three days after deposited in the mails, or when delivered to the telegraph company, confirmed by telex answerback, telecopied with confirmation of receipt by mail, delivered to the cable company, or delivered by hand to the addressee or its agent, respectively.

11. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by any Grantor therefrom shall in any event be effective unless the same shall be in writing, approved by the Majority Lenders and signed by the Agent, and then any such waiver or consent shall only be effective in the specific instance and for the specific purpose for which given.

12. No Waiver; Remedies. (a) No failure on the part of any Secured Party to exercise, and no delay in exercising any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative, may be exercised singly or concurrently, and are not exclusive of any remedies provided by law or any of the other Loan Documents.

(b) Failure by any of the Secured Parties at any time or times hereafter to require strict performance by any Grantor or any other Person of any of the provisions, warranties, terms or conditions contained in any of the Loan Documents now or at any time or times hereafter executed by such Grantor or any such other Person and delivered to any of the Secured Parties shall not waive, affect or diminish any right of any of the Secured Parties at any time or times hereafter to demand strict performance thereof, and such right shall not be deemed to have been modified or waived by any course of conduct or knowledge of any of the Secured Parties, or any agent, officer or employee of any Secured Party.

13. Successors and Assigns. This Agreement and all obligations of the Grantors hereunder shall be binding upon their respective successors and assigns, and shall, together with the rights and remedies of the Agent hereunder, inure to the benefit of the Agent, the Lenders, and their respective successors and assigns.

14. Governing Law. This Agreement shall be governed by, and be construed and interpreted in accordance with, the law

of the State of New York. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity and without invalidating the remaining provisions of this Agreement.

15. Waiver of Jury Trial. Each Grantor waives any right it may have to trial by jury in any action or proceeding to enforce or defend any rights or remedies hereunder, under the Credit Agreement or under any of the other Loan Documents or any other document relating to any of the foregoing.

16. Further Indemnification. Each Grantor agrees to pay, and to save the Agent and each Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all excise, sales or other similar taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

17. Section Titles. The Section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of this Agreement.

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be executed and delivered by its duly authorized officer on the date first above written.

VMV ENTERPRISES, INC.

By: Paul M. Seaton

Name: Paul M. Seaton

Title: Vice President

Address for notices:

VMV Enterprises, Inc.
1300 Kentucky Avenue
Paducah, Kentucky 42003
Attention: Paul Seaton
Telecopy Number: (502) 444-4415

with copies to:

Dimeling, Schreiber and Park
Reorganization Fund, L.P.
1629 Locust Street
Philadelphia, Pennsylvania 19103
Attention: Richard R. Schreiber
Telecopy Number: (215) 546-9160

and

Reed Smith Shaw & McClay
2500 One Liberty Place
Philadelphia, Pennsylvania 19103
Attention: David W. Marston, Esq.
Telecopy Number: (215) 851-1420

INTERNATIONAL VMV, INC.

By: J. Thomas Garrett

Name: J. Thomas Garrett

Title: Secretary

Address for notices:

c/o VMV Enterprises, Inc. at the
address listed above with copies to
Dimeling, Schreiber and Park
Reorganization Fund, L.P. and to

Reed Smith Shaw & McClay, in each case at their respective addresses listed above.

PLC SYSTEMS, INC.

By: J. Thomas Garrett
Name: J. Thomas Garrett
Title: Assistant Secretary

Address for notices:
c/o VMV Enterprises, Inc. at the address listed above with copies to Dimeling, Schreiber and Park Reorganization Fund, L.P. and to Reed Smith Shaw & McClay, in each case at their respective addresses listed above.

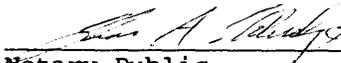
Accepted and acknowledged by:

BANQUE INDOSUEZ, NEW YORK BRANCH

By: Patricia B. Thanel
Name:
Title:

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

On this 27th day of May, 1994, before me personally appeared Paul M. Scater, to me personally known, who, being by me duly sworn, says that (s)he is Vice President of VMV Enterprises, Inc., and that the said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.



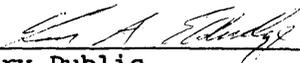
Notary Public

My commission expires:

LEWIS A. ELDRIDGE
NOTARY PUBLIC, State of New York
No. 4880397 - Nassau County 5
Commission Expires February 17, 1994

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

On this 27th day of May, 1994, before me personally appeared Patrick S. Frankel, to me personally known, who, being by me duly sworn, says that (s)he is Vice President of Banque Indosuez, New York Branch, and that the said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

LEWIS A. ELDRIDGE
NOTARY PUBLIC, State of New York
No. 4880397 - Nassau County 5
Commission Expires February 17, 1994

Schedule I

VMV Enterprises, Inc.

- McCracken County, KY = Clerk's Office
- McCracken County, KY = Real Estate Records

PLC Systems, Inc.

- McCracken County, KY = Clerk's Office
- United States Copyright Office

VMV Holdings, Inc.

- Secretary of the Commonwealth - PA
- Prothonotary of Philadelphia

International VMW, Inc.

- Office of the Lieutenant Governor in the U.S. Virgin Islands

SCHEDULE II TO SECURITY AGREEMENT

LOCATION OF RECORDS AND CERTAIN COLLATERAL

GRANTOR: VMV ENTERPRISES, INC.

Principal Place of
Business and
Location of Records

1300 Kentucky Avenue
Paducah, KY 42003

Location of
Inventory
and Equipment

VMV Enterprises, Inc.
1300 Kentucky Avenue
Paducah, KY 42003

Atchison, Topeka and Santa Fe
Railroad Co.
H & Main Street
Barstow, CA

Atchison, Topeka and Santa Fe
Railroad Co.
22nd & Argentine Boulevard
Kansas City, KS 66106

Atchison, Topeka and Santa Fe
Railroad Co.
901 North East River Road
P.O. Box 1674
Topeka, KS 66601

Buffalo & Pittsburgh Rairoad
Co.
P.O. Box 1532
Butler, PA 16003

The Bay Line L.L.C.
P.O. Box 2600
Panama City, FL 32402

Genesee & Wyoming Railroad
3546 Retsof Road
Retsof, NY 14539

Ohio Central Railroad
325 Cambridge Road
Coshocton, OH 43812

Wheeling & Lake Erie Railroad
East First Street
Brewster, OH 44613

SCHEDULE II TO SECURITY AGREEMENT

GRANTOR: INTERNATIONAL VMV, INC.

Principal Place of
Business and
Location of Records

69A Kronprindsens Gade
Post Office Box 1858
St. Thomas, U.S.V.I. 00801

Location of
Inventory
and Equipment

69A Kronprindsens Gade
Post Office Box 1858
St. Thomas, U.S.V.I. 00801

GRANTOR: PLC SYSTEMS, INC.

Principal Place of
Business and
Location of Records

1300 Kentucky Avenue
Paducah, Kentucky 42003

Location of
Inventory
and Equipment

1300 Kentucky Avenue
Paducah, Kentucky 42003

SCHEDULE IV

| LOCO NUMBER | LOCO TYPE |
|----------------|--------------|
| BN6405 | SD45 |
| BN6420 | SD45 |
| BN6683 | SD45 |
| CSX8902 | SD45 |
| CSX8904 | SD45 |
| CSX8906 | SD45 |
| CSX8922 | SD45 |
| CSX8930 | SD45 |
| CSX8932 | SD45 |
| CSX8933 | SD45 |
| GMO603 | GP35 |
| GMO610 | GP35 |
| GMO620 | GP35 |
| GMO627 | GP35 |
| GMO628 | GP35 |
| GMO633 | GP35 |
| GMO634 | GP35 |
| GMO638 | GP35 |
| CNW910 | SD45 |
| ICG913 | SD40 |
| CNW918 | SD45 |
| CNW919 | SD45 |
| CNW937 | SD45 |
| CNW938 | SD45 |
| CNW939 | SD45 |
| CNW943 | SD45 |
| CNW952 | SD45 |
| CNW955 | SD45 |
| CNW969 | SD45 |
| CNW970 | SD45 |
| CNW972 | SD45 |
| CNW975 | SD45 |
| CNW976 | SD45 |
| PAL1425 | SW140 |
| ICG2501 | GP35 |
| ICG2508 | GP35 |
| ICG2511 | CAT |
| IC2516 | GP35 |
| CNW6476 | SD45 |
| CNW6509 | SD45 |
| SSW6513 | GP35 |
| SP6614 | GP35 |
| PAL8309 | GP8 |
| RET8919 | SD45 |
| CSX8926 | SD45 |
| CSX8928 | SD45 |
| VMV902 | SD45 |
| 3124 | SD45 |
| 3139 | SD45 |
| 3143 | SD45 |
| 3155 | SD45 |
| 3156 | SD45 |
| 3157 | SD45 |
| 3160 | SD45 |
| 6530 | SD45 |
| VMV1500 | GP7 |

SCHEDULE III TO SECURITY AGREEMENT

COPYRIGHTS

| <u>Registration Copyright</u> | <u>Owner</u> | <u>Registration Date</u> | <u>No.</u> |
|-----------------------------------|-------------------|------------------------------|------------|
| Trainmaster | PLC Systems, Inc. | December 12, 1988 | TXU351586 |