VEDDER, PRICE, KAUFMAN & KAMMHOLZ
A PARTNERSHIP INCLUDING VEDDER, PRICE, KAUFMAN & KAMMHOLZ, P.C.
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WRITER'S DIRECT DIAL NUMBER

312/609-7674

June 7, 1994

RECORDATION NO. 18837 FILED 1425
JUN 7 1994 -2 30 PM
INTERSTATE COMMERCE COMMISSION

VIA FEDERAL EXPRESS

Interstate Commerce Commission
Room 2303
12th Street & Constitution Ave., N.W.
Washington, DC 20423

ATTN: Ms. Mildred Lee

Ladies and Gentlemen:

Enclosed for recording with the Commission pursuant to Section 11303 of Title 49 of the U.S. Code are two original fully executed and notarized documents as described below.

This document is a Security Agreement, a primary document, dated as of May 24, 1994, between Louisville & Indiana Railroad Company, as the debtor (the "Debtor"), and LaSalle National Bank, as the secured party (the "Secured Party"), covering all of the Debtor's rolling stock. A description of the rolling stock is contained in Section 4(a) of the Security Agreement.

The names and addresses of the parties to the Security Agreement are as follows: the Debtor is Louisville & Indiana Railroad Company, whose principal place of business is located at 2500 Old Highway East, Jeffersonville, Indiana 47130; the Secured Party is LaSalle National Bank whose principal place of business is located at 120 South LaSalle Street, Chicago, Illinois 60603.

Included in the property covered by the aforesaid Security Agreement are all railroad cars, locomotives and other rolling stock intended for use related to interstate commerce, or interests therein, owned by the Debtor at the date of said Security Agreement or thereafter.

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

"A Security Agreement, dated as of May 24, 1994, between Louisville & Indiana Railroad Company, as the debtor, and LaSalle National Bank, as the

secured party, covering all of the debtor's rolling stock now owned or hereafter acquired. A description of the rolling stock is contained in Section 4(a) of the Security Agreement."

Also enclosed is a check in the amount of $18.00 payable to the Interstate Commerce Commission, to cover the recording fee prescribed by the Commission 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 the Security Agreement as filed.

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

Sincerely,

Kristen Kelley

Kristen Kelley

KK:vlk
Encs.

cc: J.T. McEnroe, Esq.
M.G. Malven, Esq.

Interstate Commerce Commission

Washington, D.C. 20423

6/8/94

OFFICE OF THE SECRETARY

Kristen Kelly
Vedder Price Kaufman & Kammholz
222 North LaSalle St.
Chicago, Illinois 60601-1003

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 6/7/94 at 2:30pm, and assigned recordation number(s). 18837

Sincerely yours,

Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

RECORDATION NO. 18837 FILED

JUN 7 1994 -2:30 PM

INTERSTATE COMMERCE COMMISSION

05/19/94

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement"), dated as of May 24, 1994, between LOUISVILLE & INDIANA RAILROAD COMPANY, an Indiana corporation having its principal place of business at 2500 Old Highway East, Jeffersonville, Indiana 47130 ("Borrower") and LASALLE NATIONAL BANK, a national banking association with its principal place of business at 120 South LaSalle Street, Chicago, Illinois 60603 ("Bank"). Capitalized terms used but not defined herein shall have the meanings assigned to them in that certain Loan and Security Agreement dated March 11, 1994 by and between Borrower and Bank (said Loan and Security Agreement as the same may be amended from time to time, the "Loan Agreement").

1. GRANT OF SECURITY INTEREST, ETC. Borrower hereby grants, pledges and assigns to Bank a continuing security interest in and lien on, all properties, assets and rights of Borrower of every kind and nature, wherever located, now owned or hereafter acquired or arising, and all proceeds and products thereof, including without limiting the generality of the foregoing, all Rolling Stock (as such term is defined in Paragraph 4(a) hereof), equipment, plant, inventory and all other capital assets, including without limitation all rights of Borrower under all leases of railcars, car assignments and similar arrangements regarding Rolling Stock, and any insurance proceeds, chattel paper, documents, instruments, general intangibles, accounts, including all accounts receivable, securities, and books and records, related to the foregoing but excluding governmental licenses, permits and approvals which by law cannot be subjected to a security interest (all such properties, assets and rights hereinafter sometimes called, collectively, the "Collateral").

2. OBLIGATIONS SECURED. The Collateral hereunder constitutes and will constitute continuing security for all the obligations of Borrower to Bank (and any permitted assign or successor thereto).

3. APPLICATION OF PROCEEDS OF COLLATERAL. All amounts owing with respect to the Obligations shall be secured by the Collateral without distinction as to whether some Obligations are then due and payable and other Obligations are not then due and payable. Upon any realization upon the Collateral by Bank, whether by receipt of insurance proceeds pursuant to Paragraph 4(e) or upon foreclosure and sale of all or part of the Collateral pursuant to Paragraph 6 or otherwise, Borrower and Bank agree that the proceeds thereof shall be applied (i) first, to the payment of expenses incurred with respect to maintenance and protection of the Collateral pursuant to Paragraph 4 and of expenses incurred pursuant to Paragraph 10 with respect to the sale of or realization upon, any of the Collateral or the perfection, enforcement or protection of the rights of Bank (including reasonable attorney's fees and expenses of every kind); (ii) second, to all amounts of interest, expenses and fees outstanding which constitute Obligations; (iii) third, to all amounts of principal outstanding under the Obligations; (iv) fourth, any excess, after payment in full of all of the Obligations, shall be returned to Borrower or to any other party as required by applicable law. Proceeds applied to the payment of the Obligations shall be applied first to interest, expenses and fees due with respect to the Obligations and then to the

principal amounts of the Obligations. Borrower and Bank agree that all amounts received with respect to any of the Obligations, whether by realization on the Collateral or otherwise, shall be applied to the payment of the Obligations in accordance with the provisions of this Paragraph.

4. REPRESENTATIONS AND COVENANTS OF BORROWER.

(a) Rolling Stock. Borrower represents to Bank that the Rolling Stock (as defined in this Paragraph) listed on Schedule A hereto constitutes all of the Rolling Stock that Borrower owns or leases. Borrower agrees not to change any markings or serial numbers on any of the Rolling Stock listed on Schedule A until after it has given notice in writing to Bank of its intention to make such change. Borrower agrees to notify Bank of any other Rolling Stock that Borrower may hereafter acquire or lease. Borrower agrees that it will execute and deliver to Bank supplemental security agreements and other instruments, as referred to in Paragraph 4(g), (i) with respect to the Rolling Stock listed on Schedule A hereto, (ii) at such times as any assignable right, title or interest is acquired in the future by Borrower in any other Rolling Stock and (iii) at such times as any change is made in one or more of the markings or serial numbers on any of the Rolling Stock listed on Schedule A hereto or on any other Rolling Stock owned or leased by Borrower. All such supplemental security agreements and other instruments shall secure all of the Obligations pro rata and shall be on terms and conditions satisfactory to Bank as evidenced by its written consent thereto. The term "Rolling Stock" as used herein means all rolling stock, including, but not limited to, locomotives, cabooses, bulkhead flat cars, boxcars, woodrack cars, open top hopper cars, covered hopper cars, plastic pellet cars, gondolas and all other rail cars.

(b) Location of Principal Place of Business, etc. Borrower represents to Bank that the location of its principal place of business and the location where the books and records of Borrower are kept is 2500 Old Highway East, Jeffersonville, Indiana 47130. Borrower further represents that attached hereto as Schedule B is a true and correct list of all localities where property comprising a part of the Collateral is located. Borrower agrees that it will not change the location of its principal place of business or the location where its books and records are kept without 30 days' prior written notice to Bank and will promptly advise Bank as to any change in the location of any property comprising a material part of the Collateral, except for changes in the location of Rolling Stock in the ordinary course of business.

(c) Ownership of Collateral

(i) Borrower represents that it is the owner of the Collateral free from any adverse lien, security interest or encumbrance, except liens permitted by Section 9.3(a) of the Loan Agreement.

(ii) Except for the security interests herein granted and the liens permitted by Section 9.3(a) of the Loan Agreement, Borrower shall be the owner of the

Collateral free of any lien, security interest or encumbrance and Borrower shall defend the same against all claims and demands of all persons at any time claiming the same or any interest therein adverse to Bank. Borrower shall not pledge, mortgage or create or suffer to assist a security interest in the Collateral in favor of any person other than Bank.

(d) Sale or Disposition of Collateral. Borrower will not sell or offer to sell or otherwise transfer the Collateral or any interest therein except as otherwise permitted by the Loan Agreement.

(e) Insurance. Borrower shall have and maintain at all times with respect to the Collateral such insurance as is in accordance with prudent business practices of similar companies similarly situated and in accordance with all provisions of Section 9.2(h) of the Loan Agreement.

(f) Maintenance of Collateral. Borrower will keep the Collateral in good order and repair for its intended use and will not use the same in violation of law or any policy of insurance thereon. Subject to the provisions of the Loan Agreement, Bank may at its own expense inspect the Collateral at any reasonable time, wherever located. Borrower will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this Agreement. In its discretion, Bank may discharge taxes and other encumbrances at any time levied or placed on the Collateral which remain unpaid, make repairs thereof and pay any necessary filing fees. Borrower agrees to reimburse Bank on demand for any and all expenditures so made, and until paid the amount thereof shall be a debt secured by the Collateral. Bank shall have no obligation to Borrower to make any such expenditures, nor shall the making thereof relieve Borrower of any default.

(g) Further Assurances By Borrower. Borrower agrees to execute and deliver to Bank, from time to time at its request, all documents and instruments, including financing statements, supplemental security agreements, notices of assignments under the United States Assignment of Claims Act and under similar or local statutes and regulations, and to take all action as Bank may reasonably deem necessary or proper to perfect or otherwise maintain and perfect the security interest and lien created hereby.

5. POWER OF ATTORNEY. Borrower hereby irrevocably authorizes Bank, or its designees, at Borrower's expense, to file such financing statements with respect to the Collateral, with or, if Borrower fails upon request to sign such financing statements, without Borrower's signature, as Bank may reasonably deem appropriate, and irrevocably appoints Bank as Borrower's attorney in fact to execute such financing statements upon Borrower's unreasonable refusal to execute the same. Borrower agrees that an original notarized copy of this Agreement may be recorded with the Interstate Commerce Commission, and, at the election of Bank upon Borrower's unreasonable refusal to execute the same, a photocopy of this Agreement may be filed with any appropriate filing office as a UCC-1 financing statement.

6. REMEDIES. Upon the occurrence and during the continuation of any Event of Default as defined in the Loan Agreement (whether or not any acceleration of the maturity of the amounts due in respect of any of the Obligations shall have occurred), to the fullest extent permitted by applicable law:

(a) Bank shall have, in addition to all other rights and remedies given it by any instrument or other agreement evidencing, or executed and delivered in connection with, any of the Obligations, including without limitation the Loan Agreement or the Other Agreements and otherwise allowed by law, the rights of a secured party under the Uniform Commercial Code as in effect in the State of Illinois, and the rights and remedies of a secured party holding a security interest in collateral pursuant to the Interstate Commerce Act of 1887, as amended.

(b) Furthermore, without limiting the generality of any of the rights and remedies conferred upon Bank under Paragraph 6(a) hereof, Bank may, to the fullest extent permitted by law, enter upon the premises of Borrower, exclude Borrower therefrom and take immediate possession of the Collateral, either personally or by means of a receiver appointed by a court therefor, using all necessary force to do so, and may, at its option, use, operate, manage and control the Collateral in any lawful manner and may collect and receive all rents, income, revenue, earnings, issues and profits therefrom, and may maintain, repair, renovate, alter or remove the Collateral as Bank may determine in its discretion, and any such monies so collected or received by Bank shall be applied to, or may be accumulated for application upon, the Obligations in accordance with Paragraph 3 of this Agreement.

7. MARSHALLING. Bank shall not be required to marshal any present or future security for (including but not limited to this Agreement and the Collateral subject to the security interest created hereby), or guaranties of, the Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of Bank's rights hereunder and in respect of such securities and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, Borrower hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of Bank's rights under this Agreement or under any other instrument evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or guaranteed, and to the extent that it lawfully may, Borrower hereby irrevocably waives the benefits of all such laws.

8. BORROWER'S OBLIGATIONS NOT AFFECTED. To the extent permitted by law, the obligations of Borrower under this Agreement shall remain in full force and effect without regard to, and shall not be impaired by (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of Borrower, to the extent permitted by law; (b) any exercise or nonexercise, or any waiver, by Bank of any right, remedy, power or privilege under or in respect of any of the Obligations or any security therefor (including this Agreement); (c) any amendment to or modification of this Agreement or any

instrument evidencing any of the Obligations or pursuant to which any of them were issued (except to the extent so amended); (d) any amendment to or modification of any instrument or agreement (other than this Agreement) securing any of the Obligations; or (e) the taking of additional security for or any guaranty of any of the Obligations or the release or discharge or termination of any security or guaranty for any of the Obligations; and whether or not Borrower shall have notice or knowledge of any of the foregoing.

9. NO WAIVER. No failure on the part of Bank to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Bank of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power. Each and every right, remedy and power hereby granted to Bank or allowed to it by law or other agreement, including, without limitation, the Loan Agreement, the Notes, and the Other Agreements, shall be cumulative and not exclusive of any other, and, subject to the provisions of this Agreement, may be exercised by Bank (or any permitted assign or successor thereto).

10. EXPENSES. Borrower agrees to pay, in accordance with the provisions of the Loan Agreement, all reasonable costs and expenses (including reasonable attorneys' fees and expenses for legal services of every kind) of Bank incidental to the sale of, or realization upon, any of the Collateral or in any way relating to the perfection,enforcement or protection of the rights of Bank hereunder; and Bank may at any time apply to the payment of all such costs and expenses all monies of Borrower or other proceeds arising from its possession or disposition of all or any portion of the Collateral.

11. CONSENTS, AMENDMENTS, WAIVERS, ETC. Any term of this Agreement may be amended, and the performance or observance by Borrower of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument signed by Borrower and Bank.

12. GOVERNING LAW. Except as otherwise required by the laws of any jurisdiction in which any Collateral is located, this Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

13. PARTIES IN INTEREST. All terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto including without limitation, any institutional lender who becomes a participant in any of the Obligations, by amendment to the Loan Agreement or otherwise, provided that Borrower may not assign or transfer its rights hereunder without the prior written consent of Bank and Bank may not assign or transfer its rights hereunder unless the assignee confirms in writing its agreement to be bound by the provisions of this Agreement.

14. COUNTERPARTS. This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall constitute one

instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

15. TERMINATION. Upon payment in full of the Obligations in accordance with their terms, this Agreement shall terminate and Borrower shall be entitled to the prompt return, at Borrower's expense, of such Collateral in the possession or control of Bank as has not theretofore been disposed of pursuant to the provisions hereof. Bank shall use reasonable care in the care and custody of any Collateral within its possession.

16. NOTICE. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by another, or whenever any of the parties desire to give or serve upon another any communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing, shall be delivered in person (by personal delivery, delivery service or overnight courier service) with receipt acknowledged, or telecopied with receipt acknowledged, or sent by certified mail, return receipt requested, postage prepaid, addressed as hereafter set forth, or mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows and in each case with a copy addressed as follows:

(A)	If to Bank:	LaSalle National Bank 120 South LaSalle Street Chicago, Illinois 60603 Attention: Terry M. Keating Telecopier No.: (312) 606-8423
	With a copy to:	Vedder, Price, Kaufman & Kammholz 222 North LaSalle Street Suite 2600 Chicago, Illinois 60601 Attention: John T. McEnroe Telecopier No.: (312) 609-5005
(B)	If to Borrower:	Louisville & Indiana Railroad Company 53 West Jackson Boulevard Chicago, Illinois 60604 Attention: Bruce A. Lieberman Telecopier No.: (312) 362-1402

With a copy to:

Mayer, Brown & Platt
787 Seventh Avenue
New York, New York 10019
Attention: Benjamin W. Lau
Telecopier No.: (212) 262-1910

17. CONFLICT OF TERMS. Except as otherwise provided in this Agreement, if any provision contained in this Agreement is in conflict with, or inconsistent with, any provision in the Loan Agreement, the provision in the Loan Agreement shall govern and control to the extent of such conflict or inconsistency, unless the provision of the Loan Agreement is unenforceable.

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.

LOUISVILLE & INDIANA RAILROAD COMPANY, an Indiana corporation

By: John K. Secor
Name: ~~Bruce A. Lieberman~~ John K. Secor
Title: ~~Vice President and Treasurer~~ President

LASALLE NATIONAL BANK, a national banking association

By: Terry M. Keating
Name: Terry M. Keating
Title: First Vice President

STATE OF INDIANA)
) ss.
COUNTY OF CLARK)

On this 24 day of May, 1994, before me personally appeared ~~Bruce~~ John K. Secor A. Lieberman, to me personally known, who, being by me duly sworn, says that he is the ~~Vice~~ President ~~and Treasurer~~ of Louisville & Indiana Railroad Company, an Indiana 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.

Kathryn E Hooper
Notary Public

My commission expires: 4-19-98

STATE OF INDIANA)
) ss.
COUNTY OF CLARK)

On this 24th day of May 1994, before me personally appeared Terry M. Keating, to me personally known, who, being by me duly sworn, says that he is a First Vice President of LaSalle National Bank, a national banking association, and that he is duly authorized to sign the foregoing instrument on behalf of said banking association, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said banking association.

"OFFICIAL SEAL"
Kristen I. Kelley
Notary Public, State of Illinois
My Commission Expires 1/4/97

Kristen I. Kelley
Notary Public

My commission expires: 1/4/97

Schedule A - Rolling Stock

CSXT 1764
CSXT 1780
CSXT 1800
CSXT 1842

Schedule B - Locations of Collateral

Not Applicable