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July 20, 1994

Mr. Sidney L. Strickland, Jr.  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

RECORDATION NO. 18907  
JUL 21 1994 10 50 AM  
INTERSTATE COMMERCE COMMISSION

Dear Mr. Strickland:

Enclosed for recordation in your office pursuant to the provisions of 49 U.S.C. §11303 are two original counterparts of a Security Agreement dated as of July 20, 1994 (the "Security Agreement"), a primary document as defined in the Interstate Commerce Commission's Rules for the Recordation of Documents, 49 C.F.R. §1177.

The name and address of the parties to the enclosed Security Agreement are as follows:

Secured Party:	ABC Funding, Inc. 6 West Hubbard Street Suite 500 Chicago, Illinois 60610
Debtor:	Akron Barberton Cluster Railway Company 100 East First Street Brewster, Ohio 44613

The enclosed Security Agreement covers any and all interests, rights and security interests in and to all properties, assets and rights of every kind and nature, wherever located, now owned or hereafter acquired or arising, and all proceeds and products thereof, as may have been granted pursuant to the Security Agreement, including all rights, interests and liens in and to all railroad equipment and rolling stock covered by the Security Agreement.

Please return one stamped original counterpart of the enclosed document to Debora J. Choate, Esq., McLachlan, Rissman & Doll, 6 West Hubbard Street, Suite 500, Chicago, IL 60610 in the enclosed pre-addressed stamped envelope.

Enclosed is a check payable to the order of the Interstate Commerce Commission covering the recordation fee.

A short summary of the document and equipment covered by the enclosed Security Agreement to appear in the Interstate Commerce Commission's files is as follows:

Security Agreement by Akron Barberton Cluster Railway Company ("Debtor") in favor of ABC Funding, Inc. covering all rolling stock of Debtor, whether now owned or hereafter acquired, including (i) two EMD SW 1500 locomotives currently bearing Akron & Barberton Belt Railroad Company ("ABB") unit numbers 1501 and 1502, (ii) one EMD locomotive currently bearing ABB unit number 1203, (iii) one flat car currently bearing ABB unit number 8705, and (iv) one box car currently bearing ABB unit number 16671.

**McLachlan, Rissman & Doll**

By: Dwain J. Chute

RECORDATION NO. **18907** FILED 1496

JUL 21 1994 11 50 AM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

This SECURITY AGREEMENT dated as of July 20, 1994, is by and between Akron Barberton Cluster Railway Company (the "Borrower") and ABC Funding, Inc. (the "Lender") under the Term Loan Agreement, dated as of July 20, 1994 between the Borrower and the Lender, as the same may be amended, restated, modified or supplemented from time to time (such agreement, as in effect from time to time, the "Loan Agreement"). Capitalized terms which are used herein without definition and which are defined in the Loan Agreement shall have the same meanings herein as in the Loan Agreement.

§1. GRANT OF SECURITY INTEREST. To secure the due and prompt payment and performance by the Borrower of the Obligations (as defined below), the Borrower hereby pledges, assigns and grants to the Lender a continuing security interest in and lien on all properties, assets and rights of the Borrower of every kind and nature, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof, including, without limitation, all goods, accounts, including all accounts receivable, contract rights, all rights of the Borrower under the Acquisition Agreements, all rights of the Borrower under all trackage rights agreements, joint facility agreements, interchange agreements and other operating agreements, all rights of the Borrower under any agreements with operating railroads pursuant to which rights of passage over tracks are granted, rights to the payment of money including tax refund claims, insurance proceeds and tort claims, chattel paper, documents, instruments, general intangibles, deposit accounts (including all rights of Borrower with respect to the Sale Proceeds Fund), the Borrower's operating certificate from the Interstate Commerce Commission (if any), securities, together with all income therefrom, increases thereunder and proceeds thereof, patents, trademarks, tradenames, copyrights, engineering drawings, service marks, customer lists, books and records, furniture, fixtures, including rail and ties, motor vehicles of every kind and description, and all related equipment, parts and accessories with respect thereto (including, without limitation, tires and parts, whether now owned or hereafter acquired), and all substitutions and replacements, rolling stock of every kind and description, including, without limitation, the rolling stock described on Schedule 1 attached hereto, locomotives, rail, ties and capital improvements thereon, equipment, maintenance of way equipment, including, without limitation, the maintenance of way equipment described on Schedule 2 attached hereto, inventory and all other capital assets, raw materials, work in progress and all rights under contracts listed on Schedule 3 attached hereto (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 of the indebtedness, obligations and liabilities of the Borrower to the Lender and other lender who becomes a holder of any of the obligations comprising the Obligations (as defined below) under the Loan Agreement, the Note and the other Loan Documents, in each case as such instrument is originally executed on the date hereof or as modified, amended, restated, supplemented or extended hereafter, whether such obligations are now existing or hereafter arising, joint or several, direct or indirect, absolute

or, contingent, due or to become due, matured or unmatured, liquidated or unliquidated, arising by contract, operation of law or otherwise, and all obligations of the Borrower to the Lender arising out of any extension, refinancing or refunding of any of the foregoing obligations (collectively, the "Obligations").

§3. PRO RATA SECURITY; APPLICATION OF PROCEEDS OF COLLATERAL.

All amounts owing with respect to the Obligations shall be secured pro rata 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 the Lender, whether by receipt of insurance proceeds pursuant to §4(g) or upon foreclosure and sale of all or part of the Collateral pursuant to §8 or otherwise, the Borrower agrees 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 §4 and of expenses incurred pursuant to §12 with respect to the sale of or realization upon any of the Collateral or the perfection, enforcement or protection of the rights of the Lender (including reasonable attorneys' fees and expenses, (ii) second, to all amounts of interest, expenses and fees outstanding which constitute the Obligations; (iii) third, to all amounts of principal outstanding under the Obligations; (iv) fourth, any proceeds remaining after the repayment of all of the Obligations to be paid over to the Borrower or such other person or persons as may be entitled thereto. The Borrower shall remain liable for any deficiency remaining unpaid after the application of proceeds in accordance with the foregoing provisions. The Borrower agrees 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 §3.

§4. REPRESENTATIONS AND COVENANTS OF THE BORROWER.

(a) Rolling Stock. The Borrower represents to the Lender that the Rolling Stock (as defined in this §4(a)) listed on Schedule 1 hereto constitutes all of the Rolling Stock, including markings thereon and AAR car numbers thereof, which the Borrower owns or leases (other than pursuant to any lease for a term of six months or less). The Borrower agrees not to change any markings or AAR car numbers on any of the Rolling Stock listed on Schedule 1 until after the Borrower has given notice in writing to the Lender of its intention to make such change. The Borrower agrees to notify the Lender of any other Rolling Stock which it may hereafter acquire or lease. The Borrower agrees that it will execute and deliver to the Lender supplemental security agreements and other instruments, as referred to in paragraph (n) below of this §4, and file the same in the appropriate recording offices (i) with respect to the Rolling Stock listed on Schedule 1 hereto, (ii) at such times as any assignable right, title or interest is acquired in the future by the Borrower in any other Rolling Stock and (iii) at such times as any change is made in one or more of the markings or AAR car numbers on any of the Rolling Stock listed on Schedule 1 hereto or on any other Rolling Stock owned or leased by the 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 the Lender as evidenced by its written consent thereto. The term "Rolling Stock" as used herein means all rolling stock of every kind and description, locomotives and all other rail cars.

(b) Motor Vehicles. The Borrower covenants with the Lender that, upon the occurrence and during the continuance of an Event of Default, upon the written request of the Lender (i) the Borrower shall deliver to the Lender all such information and documents, including, without limitation certificates of title, as the Lender may reasonably request with respect to the Collateral comprised of motor vehicles and (ii) the Borrower shall execute and deliver to the Lender, at the Lender's request, all documents and instruments, including, without limitation, applications for certificates of title, and shall take all actions as the Lender may reasonably deem necessary or proper to perfect its security interest in the Collateral comprised of motor vehicles.

(c) Patents, Trademarks, Copyrights. The Borrower represents to the Lender that as of the date hereof, except as set forth on Schedule 4 attached hereto, it has no right, title or interest in any patent, trademark registrations, copyright registrations or service mark registrations, or in any pending applications for the same and agrees promptly to furnish to the Lender written notice of each such patent, trademark, copyright or service mark registrations, or any applications for same, in which it may hereafter acquire any right, title or interest. The Borrower shall, on request by the Lender, execute, acknowledge and deliver all such documents and instruments as the Lender may reasonably require to confirm the Lender's security interest in and to any such patent, trademark or service mark registrations, or application for the same as part of such Collateral hereunder and appoints the Lender as the Borrower's attorney-in-fact to execute and file the same.

(d) Location of Chief Executive Office; Tax Identification Number. The Borrower represents and warrants to the Lender that the location of its chief executive office and the location where its books and records are kept is 100 East First Street, P.O. Box 96, Brewster, Ohio 44613. The Borrower's federal tax identification number is 34-1767064. The Borrower further represents that Schedule 5 attached hereto is a true and correct list of all localities where property (other than mobile goods) comprising a part of the Collateral is located. The Borrower agrees that it will not change its federal tax identification number or the location of its chief executive office or the location where its books and records are kept, except with 60 days' prior notice to the Lender and the taking of such steps as are necessary to maintain the perfection of Lender's security interest in the Collateral.

(e) Ownership of Collateral.

(i) The Borrower represents that it is the owner of the Collateral free from any lien, except for liens permitted by the Loan Agreement.

(ii) Except for the security interests herein granted and except for liens permitted by the Loan Agreement, the Borrower shall be the owner of the Collateral free of any lien, the 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 the Lender. Except for liens permitted by the Loan Agreement, the Borrower shall not pledge, mortgage or create or suffer to exist a security interest in the Collateral in favor of any person other than the Lender.

(f) Sale or Disposition of Collateral. Except as permitted by Section 6(m) of the Loan Agreement, the Borrower will not sell or offer to sell or otherwise transfer the Collateral, any portion thereof, or any interest therein except for sales of inventory in the ordinary course of business.

(g) Insurance. The Borrower shall have and maintain at all times with respect to the Collateral such insurance as is required by the Loan Agreement. In the event of failure to provide and maintain insurance as provided in the Loan Agreement, the Lender may, at its option, act as attorney for the Borrower in obtaining such insurance, and the Borrower hereby promises to pay to the Lender on demand the amount of any disbursements made by the Lender for such purpose. The Lender may act as attorney for the Borrower in canceling any such insurance obtained by the Lender in accordance with the terms hereof, endorsing any drafts, and, after the occurrence and during the continuance of an Event of Default, adjusting or settling any insurance claims of the Borrower. Any amounts collected or received under any such policies shall be applied by the Lender to the Obligations in accordance with the provisions of §3, or at the option of the Lender, the same may be released to the Borrower, but such application or release shall not cure or waive any default hereunder and no amount so released shall be deemed a payment on any Obligation secured hereby.

(h) Maintenance of Collateral. The Borrower will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon. Except as otherwise provided in the Loan Agreement, the 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, the Lender may discharge taxes and other encumbrances at any time levied or placed on the Collateral which remain unpaid in violation of the Loan Agreement, make repairs thereof and pay any necessary filing fees. The Borrower agrees to reimburse the Lender on demand for any and all expenditures so made, and until paid, the amount thereof shall be a debt secured by the Collateral. The Lender shall have no obligation to the Borrower to make any such expenditures, nor shall the making thereof relieve the Borrower of any default.

(i) Creation and Perfection of Lien. The Borrower represents and warrants to the Lender and covenants with the Lender that this Agreement creates a valid security interest in the Collateral as security for the payment and performance of the Obligations. Upon (i) the filing and recording of this Agreement with the Interstate Commerce Commission (the "ICC") in accordance with §11303 of Title 49 of the United States Code and the rules and regulations thereunder, and (ii) the filing of UCC-1 financing statements in the form attached hereto as Exhibit A (the "Financing Statements") under the Uniform Commercial Code as the same may be in effect from time to time in the States of Ohio and Illinois (the "UCC"), naming the Borrower as debtor and the Lender as secured party, all filings, assignments, pledges and deposits of documents or instruments will have been made and all other actions will have been taken that are necessary or advisable, under applicable law, to establish and perfect the Lender's security interest in such of the Collateral as to which a security interest may be perfected by filing under the UCC or the Interstate Commerce Act of 1887, as amended (the "ICA"), and such security interest shall remain prior to all other liens, except as contemplated by the Loan Agreement. No further filings, recordings or other actions are or will be

necessary to maintain the priority of such security interest other than the filing of UCC continuation statements within six months prior to the expiration of a period of five years after the original filing. The Collateral and the Lender's rights with respect to the Collateral are not subject to any setoff, claims, withholdings or other defenses.

(j) No Further Actions. Except for the filings referred to in paragraph (i) above, no authorization, approval or other action by, and no notice of filing with, any governmental authority or regulatory body or other person or entity that has not been received, taken or made is required (i) for the grant by the Borrower of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Borrower, (ii) for the perfection and maintenance of the security interest hereunder (with such exceptions as are contemplated by paragraph (i) of this §4) (including the first priority nature of such security interest), or (iii) for the exercise by the Lender of the rights or the remedies in respect of the Collateral pursuant to this Agreement.

(k) Accounts Receivable. The Borrower shall keep or cause to be kept separate records of accounts receivable which are complete and accurate in all material respects, and from time to time, after the occurrence and during the continuance of an Event of Default, upon the request of the Lender, shall deliver to the Lender a list of the names, addresses, face value, and dates of invoices for each debtor obligated on such accounts receivable.

(l) Contracts. The Borrower represents and warrants to the Lender that Schedule 3 hereto is a complete list of all contract to which the Borrower is a party that are material to the Borrower or to the conduct of the business of the Borrower, including all such contracts assigned to the Borrower pursuant to the Acquisition Agreements. At the request of the Lender, the Borrower will provide Lender with a copy of each such contract. Within 10 days after the Borrower becomes party to any additional material contracts, the Borrower shall give the Lender prompt notice of that event and, upon request, a copy of the additional contract. The Borrower agrees not to terminate, amend or grant any waivers under any of its material contracts without the prior written consent of Lender, which consent will not be unreasonably withheld.

(m) Securities. The Borrower agrees that it shall forthwith deliver and pledge to the Lender hereunder all certificates representing securities which it shall acquire, whether by purchase, stock dividend, distribution of capital or otherwise, together with stock powers or other appropriate instruments of assignment with respect thereto, duly executed in blank.

(n) Sale Proceeds Fund. The Borrower pledges to the Lender all amounts from time to time in the Sale Proceeds Fund and agrees that, upon the occurrence of any Event of Default and acceleration by Lender of the Loan, Lender may apply all amounts in the Sale Proceeds Fund to satisfaction of the Obligations.

(o) Further Assurances By the Borrower. The Borrower agrees to execute and deliver to the Lender from time to time at its request all documents and instruments, including financing statements and supplemental security agreements, and to take all action

as the Lender may reasonably deem necessary or proper to perfect or otherwise protect the security interest and lien created hereby.

§5. POWER OF ATTORNEY. (a) The Borrower acknowledges the Lender's right, to the extent permitted by applicable law, singly to execute and file financing or continuation statements and similar notices required by applicable law, and amendments thereto, concerning the Collateral without execution by the Borrower. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(b) The Borrower hereby irrevocably appoints the Lender as the Borrower's attorney-in-fact, effective at all times subsequent to the occurrence of an Event of Default (as defined herein), and during the continuance thereof, with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, to take any action and to execute any instrument which the Lender may deem necessary or advisable to accomplish the purpose of this Agreement, including, without limitation, the power and right (i) to endorse the Borrower's name on any checks, notes, acceptances, money orders, drafts, filings or other forms of payment or security that may come into the Lender's possession, and (ii) to do all other things which the Lender then determines to be necessary to carry out the terms of this Agreement. The Borrower ratifies and approves all acts of such attorney-in-fact. The power conferred on the Lender hereunder is solely to protect the Lender's interests in the Collateral and shall not impose any duty upon the Lender to exercise such power.

§6. SECURITIES AS COLLATERAL. (a) Upon the occurrence and during the continuance of an Event of Default, the Lender may, at any time, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Obligations. If the Lender so elects to exercise its right herein and gives notice of such election to the Borrower, upon the occurrence and during the continuance of an Event of Default to the extent permitted under applicable law, the Lender may vote any or all of the securities constituting Collateral possessing voting rights (whether or not the same shall have been transferred into its name or the name of its nominee or nominees) and give all consents, waivers and ratifications in respect of the securities constituting Collateral and otherwise act with respect thereto as though it were the outright owner thereof, the Borrower hereby irrevocably constituting and appointing the Lender the proxy and attorney-in-fact of the Borrower, with full power of substitution, to do so. So long as no Event of Default is continuing, the Borrower shall be entitled to receive all cash dividends paid in respect of the securities of which the Borrower is the registered owner, to vote such securities and to give consents, waivers and ratifications in respect of such securities, provided that no vote shall be cast, or consent, waiver or ratification given or action taken which would be inconsistent with or violate any provisions of any of the Loan Documents or this Agreement.

(b) Any sums paid upon or with respect to any of the securities upon the liquidation or dissolution of the issuer thereof shall be paid over to the Lender to be held by it as security for the Obligations; and in case any distribution of capital shall be made on or in respect of any of the securities or any property shall be distributed upon or with respect to

any of the securities pursuant to the recapitalization or reclassification of the capital of the issuer thereof or pursuant to the reorganization thereof, the property so distributed shall be delivered to the Lender to be held by it as security for the Obligations. All sums of money and property paid or distributed in respect of the securities upon such a liquidation, dissolution, recapitalization or reclassification which are received by the Borrower shall, until paid or delivered to the Lender, be held in trust for the Lender as security for the Obligations.

§7. ACCOUNTS RECEIVABLE. Upon the occurrence of an Event of Default, the Lender may request that debtors on accounts receivable of the Borrower or obligors on accounts, chattel paper or general intangibles of the Borrower or obligors on instruments for which the Borrower is an obligee or lessee or conditional vendee under agreements governing the leasing or selling by conditional sale of Collateral by the Borrower be notified of the Lender's security interest. Until the Lender requests such a notification, the Borrower shall continue to collect payment thereof. Upon the making of such a request by the Lender, the Borrower shall hold the proceeds received from collection as trustee for the Lender and shall turn the same over to the Lender, or to such other bank as may be approved by the Lender, immediately upon receipt in the identical form received. Upon the occurrence and during the continuance of an Event of Default, the Borrower shall, at the request of the Lender, notify such account debtors and obligors that payment thereof is to be made directly to the Lender, and the Lender may itself at any time, without notice to or demand upon the Borrower, so notify such account debtors and obligors. The making of such a request or the giving of any such notification shall not affect the duties of the Borrower described above with respect to proceeds of collection of accounts receivable received by the Borrower. The Lender shall apply the proceeds of such collection received by the Lender to the Obligations in accordance with §3 of this Agreement. The application of the proceeds of such collection shall be conditional upon final payment in cash or solvent credits of the items giving rise to them. If any item is not so paid, the Lender in its discretion, whether or not the item is returned, may either reverse any credit given for the item or charge it to any deposit account maintained by the Borrower with the Lender.

§8. EVENTS OF DEFAULT; REMEDIES.

(a) An "Event of Default" hereunder shall mean (i) that a representation, warranty or certification made in this Agreement or in any document executed or delivered from time to time relating to this Agreement is materially untrue, misleading or incomplete in its recital of any facts at the time as of which such representation, warranty or certification, as the case may be, is made or (ii) any Event of Default as that term is defined in any of the Loan Documents, whether or not any acceleration of the maturity of the amounts due in respect of any of the Obligations shall have occurred.

(b) Upon the occurrence and during the continuance of an Event of Default, whether or not the Obligations are due, the Lender may demand, sue for, collect, or make any settlement or compromise it deems desirable with respect to the Collateral and to the fullest extent permitted by applicable law, in addition to the remedies set forth elsewhere in this Agreement:

(i) The Lender 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 and otherwise allowed by law, the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Collateral may be located and the rights and remedies of a secured party holding a security interest in collateral pursuant to the ICA, and without limiting the generality of the foregoing, the Lender may immediately, without (to the fullest extent permitted by law) demand of performance or advertisement or notice of intention to sell or of time or place of sale or of redemption or other notice or demand whatsoever, (except that the Lender shall give to the Borrower at least ten days' notice of the time and place of any proposed sale or other disposition), all of which are hereby expressly waived to the fullest extent permitted by law, sell at public or private sale or otherwise realize upon, in the City of Chicago, Illinois, or elsewhere, the whole or from time to time any part of the Collateral in or upon which the Lender shall have a security interest or lien hereunder, or any interest which the Borrower may have therein, and after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for legal services) as provided in §12, shall apply the residue of such proceeds toward the payment of the Obligations in accordance with §3 of this Security Agreement, the Borrower remaining liable for any deficiency remaining unpaid after such application. If notice of any sale or other disposition is required by law to be given to the Borrower, the Borrower and the Lender hereby agree that a notice given as hereinbefore provided shall be reasonable notice of such sale or other disposition. The Borrower also agrees to assemble the Collateral at such place or places as the Lender reasonably designates by written notice. At any such sale or other disposition the Lender or any Bank may itself, and any other person or entity owed any Obligation may itself, purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of the Borrower, which right is hereby waived and released to the fullest extent permitted by law.

(ii) Furthermore, without limiting the generality of any of the rights and remedies conferred upon the Lender under §8(b)(i) hereof, the Lender to the fullest extent permitted by law, may enter upon the premises of the Borrower, exclude the 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 the Lender may determine in its discretion, and any such monies so collected or received by the Lender shall be applied to, or may be accumulated for application upon, the Obligations in accordance with §3 of this Agreement.

(iii) The Lender agrees that it will give notice to the Borrower of any enforcement action taken by it pursuant to this §8 promptly after commencing such action.

(iv) The Borrower recognizes that the Lender may be unable to effect a public sale of the securities by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers consistent with all applicable laws. The Borrower agrees that any such private sales may be at prices and other terms less favorable to the Borrower than if sold at public sales and that such private sales shall not by reason thereof be deemed not to have been made in a commercially reasonable manner. The Lender shall be under no obligation to delay a sale of any of the securities for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act of 1933, as amended, even if the issuer would agree to do so.

§9. MARSHALLING. The Lender 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 its 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 it lawfully may, the 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 the Lender'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 do so the Borrower hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by applicable law, the Lender shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the sole custody thereof.

§10. BORROWER'S OBLIGATIONS NOT AFFECTED. To the extent permitted by law, the obligations of the Borrower under this Security 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 the Borrower, to the extent permitted by law; (b) any exercise or nonexercise, or any waiver, by the Lender 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 any instrument evidencing any of the Obligations or pursuant to which any of them were issued; (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 the Borrower shall have notice or knowledge of any of the foregoing.

§11. NO WAIVER. No failure on the part of the Lender 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 the Lender 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 the Lender or the future holders of any of the Obligations or allowed to any of them by law or other agreement, including, without limitation, each of the Loan Documents, shall be cumulative and not exclusive of any other, and, subject to the provisions of this Agreement, may be exercised by the Lender or the future holders of any of the Obligations from time to time.

§12. EXPENSES. The Borrower agrees to pay, on demand, all reasonable costs and expenses (including reasonable attorneys' fees) of the Lender 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 the Lender hereunder; and the Lender may at any time apply to the payment of all such costs and expenses all monies of the Borrower or other proceeds arising from its possession or disposition of all or any portion of the Collateral.

§13. CONSENTS, AMENDMENTS, WAIVERS. Any term of this Agreement may be amended, and the performance or observance by the Borrower of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only in accordance with Section 8 of the Loan Agreement.

§14. 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.

§15. 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 assigns of the parties hereto, provided that the Borrower may not assign or transfer its rights hereunder without the prior written consent of the Lender. Any assignment or transfer by the Borrower of its rights hereunder in violation of this Agreement shall be void.

§16. 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.

§17. TERMINATION. Upon the indefeasible payment in full in cash of the Obligations in accordance with their terms (other than those covenants and agreements which survive payment in full and termination of the Loan Agreement), this Agreement shall terminate and the Lender shall return to the Borrower, at the expense of the Borrower, such Collateral in the possession or control of the Lender as has not theretofore been disposed of pursuant to the provisions hereof and shall deliver to the Borrower documents in recordable form sufficient to discharge the liens and security interests granted hereunder. The Lender shall execute and deliver to the Borrower, at the expense of the Borrower, documents in recordable form sufficient to discharge the liens and security interests granted hereunder to the extent applicable to property sold or disposed of by the Borrower in accordance with the terms of the Loan Agreement.

§18. NOTICES. Except as otherwise expressly provided herein, all notices and other communications made or required to be given pursuant to this Agreement shall be made in accordance with the provisions of Section 9 of the Loan Agreement.

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

AKRON BARBERTON CLUSTER RAILWAY  
COMPANY

By: Michelle A. Mountford  
Title: Secretary/Treasurer

ABC FUNDING, INC.

By: J. W. Hill  
Title: Vice President

STATE OF Ohio )  
 ) ss:  
COUNTY OF Stark )

On this 18 day of July, 1994 before me personally appeared Nicholas L. Montford personally known, who, being by me duly sworn, says that he is the Secretary/Treasurer of Akron Barberon Cluster Railway Company, that the seal affixed to the foregoing instrument beside his signature is the corporate seal of said 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.

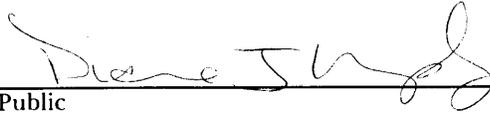
Paula Keller  
Notary Public

My commission expires Oct. 18, 1995

STATE OF ILLINOIS  
COUNTY OF COOK

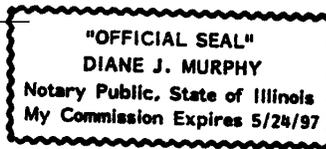
)  
) ss.  
)

On this 19th day of July, 1994, before me personally appeared John W Miller, to me personally known, who, being by me duly sworn, says that he is a Vice President of ABC Funding, Inc., and that he is duly authorized to sign the foregoing instrument on behalf of said corporation, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

My commission expires: \_\_\_\_\_



SCHEDULE 1  
TO  
SECURITY AGREEMENT

ROLLING STOCK

	<u>Year Built</u>	<u>Former Owner &amp; Road No.</u>	<u>Current Owner &amp; Road No.</u>
EMD Locomotives	1966 1967 1953	Conrail #9601 Conrail #9602 Norfolk Western #3375	ABB #1501 ABB #1502 ABB #1203
Flat Car	8/51	NKP (# Unknown)	ABB #8705
Box Car	N/A	C&O #16671	ABB #16671

SCHEDULE 2  
TO  
SECURITY AGREEMENT

MAINTENANCE OF WAY EQUIPMENT

Bantam Crane, Serial No. 13191, Carrier Serial No. 41274.  
Jackson Tamper, Model No. 980, purchased September 1985.  
Ford Compressor, Model No. 109 CFM, Serial No. 20036.  
CASE Backhoe Loader, Model No. 580C, Serial No. 8973582.

**SCHEDULE 3  
TO  
SECURITY AGREEMENT**

**CONTRACTS**

Purchase and Sale Agreement dated as of July 1, 1994, by and between Akron Barberton Cluster Railway Company, an Ohio corporation, and The Akron and Barberton Belt Railroad Company, an Ohio corporation ("ABB Purchase Agreement").

All agreements related to the ABB Purchase Agreement, including, without limitation, the contracts referred to in Appendix D to the ABB Purchase Agreement.

Purchase and Sale Agreement dated as of July 1, 1994, by and between Akron Barberton Cluster Railway Company, an Ohio corporation, and Consolidated Rail Corporation, a Pennsylvania corporation ("Conrail Purchase Agreement").

All agreements related to the Conrail Purchase Agreement, including, without limitation, the contracts listed on Appendix C-1 to the Conrail Purchase Agreement.

SCHEDULE 4  
TO  
SECURITY AGREEMENT

PATENTS, TRADEMARKS, COPYRIGHTS  
AND SERVICE MARKS

None.

SCHEDULE 5  
TO  
SECURITY AGREEMENT

LOCATION OF COLLATERAL

Medina County, Ohio  
Portage County, Ohio  
Summit County, Ohio  
Stark County, Ohio

**EXHIBIT A**  
to  
**Security Agreement**  
STANDARD FORM

JULIUS BLUMBERG, INC. NYC, 10013

**UNIFORM COMMERCIAL CODE - FINANCING STATEMENT - FORM UCC-1**

**INSTRUCTIONS:**

1. PLEASE TYPE this form. Fold only along perforation for mailing.
2. Remove Secured Party and Debtor copies and send other 3 copies with interleaved carbon paper to the filing officer. Enclose filing fee.
3. If the space provided for any item(s) on the form is inadequate the item(s) should be continued on additional sheets, preferably 5" x 8" or 8" x 10". Only one copy of such additional sheets need be presented to the filing officer with a set of three copies of the financing statement. Long schedules of collateral, indentures, etc., may be on any size paper that is convenient for the secured party. Indicate the number of additional sheets attached.
4. If collateral is crops or goods which are or are to become fixtures, describe generally the real estate and give name of record owner.
5. When a copy of the security agreement is used as a financing statement, it is requested that it be accompanied by a completed but unsigned set of these forms, without extra fee.
6. At the time of original filing, filing officer should return third copy as an acknowledgement. At a later time, secured party may date and sign Termination Legend and use third copy as a Termination Statement.

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:		3. Maturity date (if any):
1. Debtor(s) (Last Name First) and address(es) <b>Akron Barberton Cluster Railway Company 100 East First Street Brewster, Ohio 44613</b>	2. Secured Party(ies) and address(es) <b>ABC Funding, Inc. 6 West Hubbard Street Suite 500 Chicago, Illinois 60610</b>	For Filing Officer (Date, Time, Number, and Filing Office)

4. This financing statement covers the following types (or items) of property:

See Exhibit A attached hereto and made a part hereof.

5. Assignee(s) of Secured Party and Address(es)
---

Debtor is a transmitting utility.

This statement is filed without the debtor's signature to perfect a security interest in collateral. (check  if so)

already subject to a security interest in another jurisdiction when it was brought into this state.

which is proceeds of the original collateral described above in which a security interest was perfected:

Filed with:  
**Ohio Secretary of State**

Check  if covered:  Proceeds of Collateral are also covered.  Products of Collateral are also covered. No. of additional Sheets presented: **1**

**Akron Barberton Cluster  
Railway Company**

By: _____	Title _____	By: _____	Title _____
Signatures of Debtors)	Title	Signatures of Secured Parties)	Title

(1) Filing Officer Copy-Alphabetical

**STANDARD FORM - FORM UCC-1.**

(For Use In Most States)

**STANDARD FORM  
UNIFORM COMMERCIAL CODE - FINANCING STATEMENT - FORM UCC-1**

JULIUS BLUMBERG, INC. NYC, 10013

**INSTRUCTIONS:**

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2. Remove Secured Party and Debtor copies and send other 3 copies with interleaved carbon paper to the filing officer. Enclose filing fee.
3. If the space provided for any name(s) on the form is inadequate the name(s) should be continued on additional sheets, preferably 5" x 8" or 8" x 10". Only one copy of such additional sheets need be presented to the filing officer with a set of three copies of the financing statement. Long schedules of collateral, indentures, etc., may be on any size paper that is convenient for the secured party. Indicate the number of additional sheets attached.
4. If collateral is crops or goods which are or are to become fixtures, describe generally the real estate and give name of record owner.
5. When a copy of the security agreement is used as a financing statement, it is requested that it be accompanied by a completed but unsigned set of these forms, without extra fee.
6. At the time of original filing, filing officer should return third copy as an acknowledgement. At a later time, secured party may date and sign Termination Legend and use third copy as a Termination Statement.

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:		3. Maturity date (if any):
1. Debtor(s) (Last Name First) and address(es) Akron Barberton Cluster Railway Company 100 East First Street Brewster, Ohio 44613	2. Secured Party(ies) and address(es) ABC Funding, Inc. 6 West Hubbard Street Suite 500 Chicago, Illinois 60610	For Filing Officer (Date, Time, Number, and Filing Office)
4. This financing statement covers the following types (or items) of property:  See Exhibit A attached hereto and made a part hereof.		5. Assignee(s) of Secured Party and Address(es)
Debtor is a transmitting utility.		
This statement is filed without the debtor's signature to perfect a security interest in collateral. (check <input checked="" type="checkbox"/> if so)		Filed with: Medina County, Ohio Recorder
<input type="checkbox"/> already subject to a security interest in another jurisdiction when it was brought into this state. <input type="checkbox"/> which is proceeds of the original collateral described above in which a security interest was perfected:		
Check <input checked="" type="checkbox"/> if covered: <input checked="" type="checkbox"/> Proceeds of Collateral are also covered. <input type="checkbox"/> Products of Collateral are also covered. No. of additional Sheets presented: 1		
Akron Barberton Cluster Railway Company		

By: \_\_\_\_\_ Title: \_\_\_\_\_ By: \_\_\_\_\_ Title: \_\_\_\_\_  
 (1) Filing Officer Copy-Alphabetical      STANDARD FORM - FORM UCC-1.      (For Use In Most States)

**STANDARD FORM  
UNIFORM COMMERCIAL CODE - FINANCING STATEMENT - FORM UCC-1**

JULIUS BLUMBERG, INC. NYC, 10013

**INSTRUCTIONS**

1. PLEASE TYPE this form. Fold only along perforation for mailing.
2. Remove Secured Party and Debtor copies and send other 3 copies with interleaved carbon paper to the filing officer. Enclose filing fee.
3. If the space provided for any items on the form is inadequate the items should be continued on additional sheets, preferably 5" x 8" or 8" x 10". Only one copy of such additional sheets need be presented to the filing officer with a set of three copies of the financing statement. Long schedules of collateral, indentures, etc., may be on any size paper that is convenient for the secured party. Indicate the number of additional sheets attached.
4. If collateral is crops or goods which are or are to become fixtures, describe generally the real estate and give name of record owner.
5. When a copy of the security agreement is used as a financing statement, it is requested that it be accompanied by a completed but unsigned set of these forms without extra fee.
6. At the time of original filing, filing officer should return third copy as an acknowledgement. At a later time, secured party may date and sign Termination Legend and use third copy as a Termination Statement.

This <b>FINANCING STATEMENT</b> is presented to a filing officer for filing pursuant to the Uniform Commercial Code:		3. Maturity date (if any):
1. Debtor(s) (Last Name First) and address(es) <b>Akron Barberton Cluster Railway Company 100 East First Street Brewster, Ohio 44613</b>	2. Secured Party(ies) and address(es) <b>ABC Funding, Inc. 6 West Hubbard Street Suite 500 Chicago, Illinois 60610</b>	For Filing Officer (Date, Time, Number, and Filing Office)
4. This financing statement covers the following types (or items) of property:          <b>See Exhibit A attached hereto and made a part hereof.</b>          <b>Debtor is a transmitting utility.</b>		5. Assignee(s) of Secured Party and Address(es)
This statement is filed without the debtor's signature to perfect a security interest in collateral. (check <input checked="" type="checkbox"/> if so)		Filed with: <b>Portage County, Ohio Recorder</b>
<input type="checkbox"/> already subject to a security interest in another jurisdiction when it was brought into this state. <input type="checkbox"/> which is proceeds of the original collateral described above in which a security interest was perfected:		
Check <input checked="" type="checkbox"/> if covered: <input checked="" type="checkbox"/> Proceeds of Collateral are also covered. <input type="checkbox"/> Products of Collateral are also covered. No. of additional Sheets presented: <b>1</b>		
<b>Akron Barberton Cluster Railway Company</b>		

By: \_\_\_\_\_ Title \_\_\_\_\_ By: \_\_\_\_\_ Title \_\_\_\_\_  
 (1) Filing Officer Copy-Alphabetical      **STANDARD FORM - FORM UCC-1.**      (For Use In Most States)

**STANDARD FORM  
UNIFORM COMMERCIAL CODE - FINANCING STATEMENT - FORM UCC-1**

JULIUS BLUMBERG, INC. NYC, 10013

**INSTRUCTIONS:**

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6. At the time of original filing, filing officer should return third copy as an acknowledgement. At a later time, secured party may date and sign Termination Legend and use third copy as a Termination Statement.

This **FINANCING STATEMENT** is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

<p>1. Debtor(s) (Last Name First) and address(es) Akron Barberton Cluster Railway Company 100 East First Street Brewster, Ohio 44613</p>	<p>2. Secured Party(ies) and address(es) ABC Funding, Inc. 6 West Hubbard Street Suite 500 Chicago, Illinois 60610</p>	<p>3. Maturity date (if any):  For Filing Officer (Date, Time, Number, and Filing Office)</p>
--	--	---

4. This financing statement covers the following types (or items) of property:

See Exhibit A attached hereto and made a part hereof.

5. Assignee(s) of Secured Party and Address(es)

Debtor is a transmitting utility.

This statement is filed without the debtor's signature to perfect a security interest in collateral. (check  if so)

already subject to a security interest in another jurisdiction when it was brought into this state.

which is proceeds of the original collateral described above in which a security interest was perfected:

Filed with: Stark County,  
Ohio Recorder

Check  if covered:  Proceeds of Collateral are also covered.  Products of Collateral are also covered. No. of additional Sheets presented: 1

Akron Barberton Cluster  
Railway Company

By: \_\_\_\_\_ Signature(s) of Debtor(s) Title \_\_\_\_\_  
By: \_\_\_\_\_ Signature(s) of Secured Party(ies) Title \_\_\_\_\_

**STANDARD FORM  
UNIFORM COMMERCIAL CODE - FINANCING STATEMENT - FORM UCC-1**

JULIUS BLUMBERG, INC. NYC, 10013

**INSTRUCTIONS:**

1. PLEASE TYPE this form. Fold only along perforation for mailing.
2. Remove Secured Party and Debtor copies and send other 3 copies with interleaved carbon paper to the filing officer. Enclose filing fee.
3. If the space provided for any item(s) on the form is inadequate the item(s) should be continued on additional sheets, preferably 5" x 8" or 8" x 10". Only one copy of such additional sheets need be presented to the filing officer with a set of three copies of the financing statement. Long schedules of collateral, indentures, etc., may be on any size paper that is convenient for the secured party. Indicate the number of additional sheets attached.
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5. When a copy of the security agreement is used as a financing statement, it is requested that it be accompanied by a completed but unsigned set of these forms, without extra fee.
6. At the time of original filing, filing officer should return third copy as an acknowledgement. At a later time, secured party may date and sign Termination Legend and use third copy as a Termination Statement.

This **FINANCING STATEMENT** is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

<p>1. Debtor(s) (Last Name First) and address(es)</p> <p>Akron Barberton Cluster Railway Company 100 East First Street Brewster, Ohio 44613</p>	<p>2. Secured Party(ies) and address(es)</p> <p>ABC Funding, Inc. 6 West Hubbard Street Suite 500 Chicago, Illinois 60610</p>	<p>3. Maturity date (if any):</p> <p>For Filing Officer (Date, Time, Number, and Filing Office)</p>
---	---	---

4. This financing statement covers the following types (or items) of property:

See Exhibit A attached hereto and made a part hereof.

5. Assignee(s) of Secured Party and Address(es)

Debtor is a transmitting utility.

- This statement is filed without the debtor's signature to perfect a security interest in collateral. (check  if so)
- already subject to a security interest in another jurisdiction when it was brought into this state.
- which is proceeds of the original collateral described above in which a security interest was perfected:

Filed with: Summit County,  
Ohio Recorder

Check  if covered:  Proceeds of Collateral are also covered.  Products of Collateral are also covered. No. of additional Sheets presented: 1

Akron Barberton Cluster  
Railway Company

By: \_\_\_\_\_ Signature(s) of Debtors Title By: \_\_\_\_\_ Signature(s) of Secured Parties Title

(1) Filing Officer Copy-Alphabetical

STANDARD FORM - FORM UCC-1.

(For Use In Most States)

**EXHIBIT A**  
**TO**  
**FINANCING STATEMENT**

This financing statement covers the following items of property:

All properties (other than real properties but including fixtures thereon), assets and rights of the Debtor of every kind and nature, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof, including, without limitation, all goods, accounts, including all accounts receivable, contract rights, all rights of the Debtor under the Acquisition Agreements (as such term is defined in a Term Loan Agreement between the Secured Party, as Lender and the Debtor, as Borrower ("Loan Agreement")), all rights of the Debtor under all trackage rights agreements, joint facility agreements, interchange agreements and other operating agreements, all rights of the Debtor under any agreements with operating railroads pursuant to which rights of passage over tracks are granted, rights to the payment of money including tax refund claims, insurance proceeds and tort claims, chattel paper, documents, instruments, general intangibles, deposit accounts (including all rights of Debtor with respect to the Sale Proceeds Fund (as defined in the Loan Agreement)), the Debtor's operating certificate from the Interstate Commerce Commission (if any), securities, together with all income therefrom, increases thereunder and proceeds thereof, patents, trademarks, tradenames, copyrights, engineering drawings, service marks, customer lists, books and records, furniture, fixtures, including rail and ties, motor vehicles of every kind and description, and all related equipment, parts and accessories with respect thereto (including, without limitation, tires and parts, whether now owned or hereafter acquired), and all substitutions and replacements, rolling stock of every kind and description, locomotives, rail, ties and capital improvements thereon, equipment, maintenance of way equipment, inventory and all other capital assets, raw materials and work in progress.

This financing statement also covers the following items of equipment:

Bantam Crane, Serial No. 13191, Carrier Serial No. 41274.  
Jackson Tamper, Model No. 980, purchased September 1985.  
Ford Compressor, Model No. 109 CFM, Serial No. 20036.  
CASE Backhoe Loader, Model No. 580C, Serial No. 8973582.