

VEDDER PRICE

RECORDATION NO. ~~212881~~ FILED

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

JUL 8 '98

11-53 PM

JOHN T McENROE
312-609-7885

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

July 1, 1998

BY FEDERAL EXPRESS

Surface Transportation Board
Room 2303
12th Street & Constitution Ave., N.W.
Washington, DC 20423

Attention: Mr. Vernon A. Williams

Dear Mr. Williams:

Recordation Number has
been changed to:

20174-B

RECORDATION NO. FILED

JUL 8 '98 11-53 AM

JUL 8 11 53 AM '98
SURFACE TRANSPORTATION BOARD

Enclosed for recording with the Board pursuant to Section 11303 of Title 49 of the U.S. Code is an original fully executed and notarized document as described below.

This document is a Second Amendment to Security Agreement and is an amendment to a primary document, dated as of March 12, 1997, between Rail Logistics Services, Inc, as the debtor (the "Debtor"), and LaSalle National Bank, as the secured party (the "Secured Party"). The Second Amendment to Security Agreement adds as additional collateral certain of the Debtor's rolling stock. A description of such rolling stock is contained in Section 3 of the Second Amendment to Security Agreement.

The names and addresses of the parties to the Second Amendment to Security Agreement are as follows: the Debtor is Rail Logistics Services, Inc., whose principal place of business is located at 405 Lexington Avenue, 50th Floor, New York, New York 10174; the Secured Party is LaSalle National Bank whose principal place of business is located at 135 South LaSalle Street, Chicago, Illinois 60603.

Included in the property covered by the aforesaid Second Amendment to 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 Second Amendment to Security Agreement or thereafter.

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

VEDDER PRICE

Surface Transportation Board

July 1, 1998

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Rail Logistics Services, Inc., 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 additional rolling stock which is the subject of the Second Amendment to Security Agreement is contained in Section 3 of the Second Amendment to Security Agreement."

Also enclosed is a check in the amount of \$26.00 payable to the Surface Transportation Board, to cover the recording fee prescribed by the Board in its rules and regulations.

Please acknowledge receipt of the enclosed documents by stamping and returning to me the enclosed copy of this letter together with the Second Amendment to Security Agreement as filed.

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

Very truly yours,

A handwritten signature in cursive script that reads "John T. McEnroe/vlb". The signature is written in dark ink on a white background.

John T. McEnroe

JTM/vlb
Enclosure

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

OFFICE OF THE SECRETARY

DATE: 7/8/98

John T. McEnroe
Vedder Price, Kaufman & Kammholz
222 North LaSalle Street
Chicago, Illinois 60601-1003

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of 49 U.S.C. 11301
and 49 CFR 1177.3(c), on 7/8/98 at 11:53AM, and
assigned recordation number(s) ~~20174-A~~ ^{TMS} 20174-B.

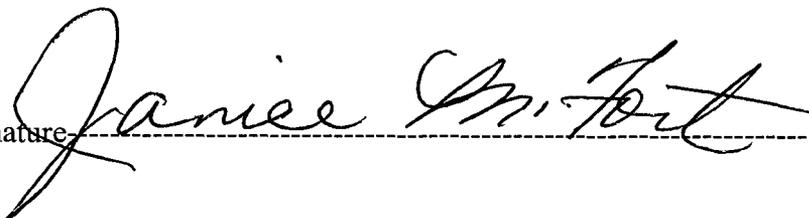
Sincerely Yours,


Vernon A. Williams

Enclosure(s)
26.00

\$-----The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid. In the event of an error or any questions concerning this fee, you will receive a notification after the Surface Transportation Board has an opportunity to examine your document.

Signature



RECORDATION NO. 20174-B FILED

RECORDATION NO. ~~213788-A~~ FILED TMS

JUL 8 '98 11-53 AM

JUL 8 '98 11-53 PM

SECOND AMENDMENT TO SECURITY AGREEMENT

THIS SECOND AMENDMENT TO SECURITY AGREEMENT ("Second Amendment"), dated as of June 30, 1998, between RAIL LOGISTICS SERVICES, INC., a California corporation having its principal place of business at 405 Lexington Avenue, 50th Floor, New York, New York 10174 ("Borrower") and LASALLE NATIONAL BANK, a national banking association with its principal place of business at 135 South LaSalle Street, Chicago, Illinois 60603 ("Bank").

WHEREAS, Borrower and Bank entered into a certain Security Agreement dated June 26, 1996 as amended by a certain First Amendment to Security Agreement dated as of March 12, 1997 by and between Borrower and Bank (said Security Agreement, as amended, the "Original Security Agreement"); and

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

NOW THEREFORE, the parties agree as follows:

1. Definitions. Capitalized terms used herein without definitions shall have the meanings contained in the Original Security Agreement.

2. Amended Definitions. The last sentence of the first paragraph of the Original Security Agreement is hereby deleted and the following is inserted in its stead:

"Capitalized terms used but not defined herein shall have the meanings assigned to them in that certain Second Amended and Restated Promissory Note dated as of June 30, 1998 executed by Borrower for the benefit of Bank (said Second Amended and Restated Promissory Note, as the same may be amended or restated from time to time, is hereinafter referred to either as the "Note" or the "Loan Agreement").

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

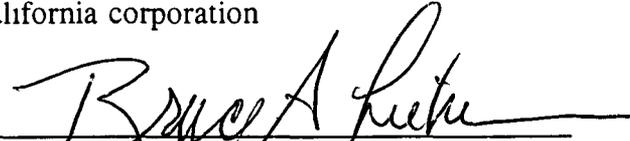
Model No. 6628 (Type SD-18)

Model No. 6637 (Type SD-18)

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

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

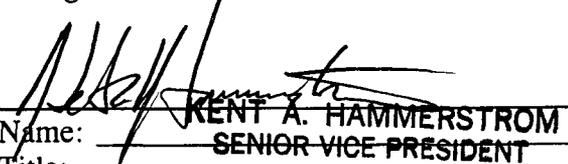
RAIL LOGISTICS SERVICES, INC.,
a California corporation

By: 
Name: Bruce A. Lieberman
Title: Treasurer

and

By: 
Name: PETER A. GILCHRIST
Title: CHAIRMAN

LASALLE NATIONAL BANK, a national
banking association

By: 
Name: KENT A. HAMMERSTROM
Title: SENIOR VICE PRESIDENT

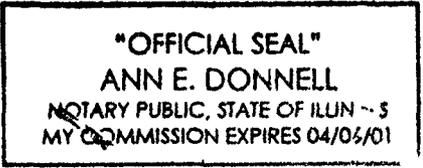
STATE OF Illinois)
)
) SS.
COUNTY OF Cook)

On this 26th day of June, 1998, before me personally appeared Bruce A. Lieberman and Peter Gibbeton to me personally known, who, being by me duly sworn, says that he is the Treasurer and Chairman of Rail Logistics Services, Inc., a California 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.

Ann E. Donnell
Notary Public

My commission expires:

STATE OF ILLINOIS)
)
) SS.
COUNTY OF COOK)



On this 29 day of June, 1998, before me personally appeared Kent Hammerstrom, to me personally known, who, being by me duly sworn, says that he is a Senior 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.

Ursula M. Slotkus
Notary Public

My commission expires:

