C-347A036

REED SMITH SHAW & McCLAY

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17115
RECORDATION NO. _____ FILED 1425

December 10, 1990

DEC 13 1990 -3 45 PM

INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

RE: Security interest in favor of Mellon Bank, N.A. in certain locomotives, railcars and other rolling stock and leases thereon

Dear Secretary:

Enclosed are an original and one copy/counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

This document is a Security Agreement, a primary document, dated as of November 15, 1990.

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

DEC 13 3 48 PM '90
MOTOR CARRIER OPERATING UNIT

Debtor -- Springfield Terminal Railway Company
(a Vermont corporation)
Iron Horse Park
North Billerica, MA 01862

Secured Party -- Mellon Bank, N.A.
One Mellon Bank Center
Pittsburgh, PA 15258

A description of the equipment covered by the document is set forth in Exhibit A hereto:

A fee of $15.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to the undersigned at the above address.

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

The Security Agreement is between the Debtor, Springfield Terminal Railway Company, a Vermont corporation, whose address is Iron Horse Park, North Billerica, MA 01862, and the Secured Party, Mellon Bank, N.A., whose address is One Mellon Bank Center, Pittsburgh, PA 15258, dated as of November 30, 1990.

Included in the property covered by the aforesaid Security Agreement are all locomotives, railcars and other rolling stock intended for use related to interstate and international commerce now owned and/or leased by the Debtor or hereafter acquired by it.

If you have any questions or comments please do not hesitate to call the undersigned at 1-800-288-7776.

Very truly yours,

REED SMITH SHAW & McCLAY

By Dan Miller
Daniel M. Miller

Exhibit A

Owner/Debtor: SpringField Terminal Railway Company

Number	Type of Equipment	A.A.R. Mechanical Designation	Identifying Marks	Road Number (Both Inclusive in the Case of Each Series)	Plate Number
1	Locomotive	SD35	ST	614	N/A
1	Locomotive	SD26	ST	615	N/A
1	Locomotive	SD26	ST	619	5597-6
1	Locomotive	SD26	ST	620	N/A
1	Locomotive	SD26	ST	621	5597-8
1	Locomotive	SD26	ST	622	5597-13
1	Locomotive	SD26	ST	627	N/A
1	Locomotive	SD26	ST	633	N/A
1	Locomotive	SD26	ST	639	5617-23
1	Locomotive	SD26	ST	643	N/A
1	Locomotive	SD26	ST	644	5617-30
1	Locomotive	SD26	ST	647	N/A
1	Locomotive	SD45	ST	676	31974
1	Locomotive	SD45	ST	679	32717
1	Locomotive	SD45	ST	680	32722
1	Locomotive	SD45	ST	681	35527
1	Locomotive	SD45	ST	682	35535
1	Locomotive	SD45	ST	684	35567
1	Locomotive	SD45	ST	686	33574
1	Locomotive	SD45	ST	688	36114
1	Locomotive	SD45	ST	689	36115

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RECORDATION NO. ——— FILED 1425

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INTERSTATE COMMERCE COMMISSION

[Closing Document 32C]

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of November 15, 1990, between SPRINGFIELD TERMINAL COMPANY, a Vermont corporation (the "Company"), and MELLON BANK, N.A., a national banking association (the "Bank");

W I T N E S S E T H T H A T :

WHEREAS, the Bank has agreed to enter upon certain terms and conditions the Restructuring Amendment and Restatement of Credit Facilities, dated as of November 15, 1990, by and among Guilford Transportation Industries, Inc., its Affiliates identified therein and the Bank (as the same may be amended, modified or supplemented from time to time, the "Restructuring Agreement"); and

WHEREAS, the obligation of the Bank to enter into the Restructuring Agreement is subject to the condition, among others, that the Company grant to and create in favor of the Bank a security interest in certain property of the Company as hereinafter provided;

NOW, THEREFORE, in consideration of the Debt (as hereinafter defined) and other good and valuable consideration, receipt of which is hereby acknowledged by the Company, and in order to induce the Bank to enter into the Restructuring Agreement, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

Section 1. Definitions. In addition to other terms defined elsewhere in this Agreement:

(a) words and terms defined in the Restructuring Agreement shall, unless the context hereof clearly requires otherwise, have the same meanings herein as therein provided; and

(b) the following words and terms shall have the following meanings, respectively, unless the context hereof clearly requires otherwise:

(i) "Accounts" shall mean all rights of the Company, whenever acquired, to payment for goods sold or leased or for services rendered which are not evidenced by an Instrument or Chattel Paper, whether or not earned by performance.

(ii) "Agreement" shall mean this Security Agreement, as the same may from time to time be amended, modified or supplemented.

(iii) "Chattel Paper" shall mean all writings which evidence both a monetary obligation to the Company and a security interest of the Company in or a lease from the Company of specific goods, whether now existing or hereafter created or acquired, including any Instrument or Instruments evidencing such monetary obligations.

(iv) "Collateral" shall mean collectively the Accounts, Chattel Paper, Documents, Equipment, General Intangibles, Instruments, Inventory and Proceeds.

(v) "Debt" shall mean whether now existing or hereafter incurred and whether for principal, interest, expenses or otherwise, including any and all extensions, renewals, refundings, refinancings or other modifications thereof, in whole or in part, (i) all obligations of Maine Central and Boston and Maine under the Line of Credit, (ii) all obligations of Delaware and Hudson under the Term Loan Agreement, (iii) all obligations of Boston and Maine under the Lease, (iv) all obligations of Guilford and Maine Central and Guilford and Portland Terminal under the Applications, (v) all obligations of Guilford, Delaware and Hudson and Maine Central under the Lease Guarantee, (vi) all obligations of Guilford under the Line of Credit Guarantee, (vii) all obligations of the Term Loan Guarantors under the Term Loan Guarantees, (viii) all obligations of Maine Central and Boston and Maine under the Line of Credit Note, (ix) all obligations of the Term Loan Guarantors under the Term Loan Note and the Term Loan Interest Note, (x) all obligations of Guilford, Maine Central and Boston and Maine to repay the Unreimbursed Expenses Account, (xi) all obligations of Guilford and each Company (as defined in the Restructuring Agreement) under its Guaranty and Suretyship Agreement dated the Closing Date, (xii) all obligations of Guilford and each Company (as defined in the Restructuring Agreement) under the Restructuring Agreement, (xiii) all covenants, agreements and undertakings to be performed and discharged by any or all of Guilford and the Companies under any of the foregoing agreements or instruments or any related agreement or collateral undertaking, (xiv) all costs and expenses incurred by the Bank in connection with the collection of the indebtedness referred to in the preceding clauses (i) to and including (xii), the enforcement of the covenants, agreements and undertakings referred to in clause (xiii) or the realization upon the Collateral or the security of any other Security Document, including without limitation attorneys' fees and legal expenses, and (xv) all future advances made by the Bank for the maintenance, protection or preservation of the Collateral or the security of any other Security Document or any portion thereof or the Bank's security interest or Lien therein, including without limitation advances for storage, insurance premiums, transportation charges, taxes, filing fees and the like.

(vi) "Documents" shall mean (A) all bills of lading, dock warrants, dock receipts, warehouse receipts or orders, whether now in existence or hereafter issued, for the delivery of goods now or hereafter owned by the Company and (B) any other document now in existence or hereafter issued which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and goods owned by the Company which it covers and (C) in the case of documents described in the foregoing clauses (A) and (B) which purport to be issued by or addressed to a bailee and purport to cover goods in the possession of the bailee which are either identified or are fungible portions of an identified mass. "Documents" shall also mean, where goods including distilled spirits and agricultural commodities are stored under a statute requiring a bond against withdrawal or a license for the issuance of receipts in the nature of warehouse receipts, receipts issued for the goods even though issued by a person who is the owner of the goods and is not a warehouseman.

(vii) "Equipment" shall mean all goods (and interests therein) owned by the Company, whether or not deemed to constitute a fixture, whenever acquired and wherever located, not constituting Inventory, together with all attachments, accessories and parts used or intended to be used with said goods, whether now or hereafter installed therein or thereon or affixed thereto, as well as all substitutions and replacements thereof in whole or in part. Without limitation of the foregoing, "Equipment" shall include the railroad rolling stock identified on Exhibit A attached hereto.

(viii) "General Intangibles" shall mean any personal property (including things in action) of the Company, whenever acquired, other than goods, Accounts, Chattel Paper, Documents, Instruments and money.

(ix) "Instruments" shall mean all negotiable instruments or securities now or hereafter owned by the Company and all other writings now or hereafter owned by the Company which evidence a right to the payment of money, are not themselves security agreements or leases, are of a type which is in the ordinary course of business transferred by delivery with any necessary endorsement or assignment and are not included within the definition of Chattel Paper.

(x) "Inventory" shall mean all goods owned by the Company, whenever acquired and wherever located, held for sale or lease or furnished or to be furnished under contracts of service and all raw materials, work in process and materials owned by the Company, whenever acquired and

wherever located, and used or consumed in the Company's business.

(xi) "Permitted Liens" shall mean Liens permitted by Section 5.02(b) of the Restructuring Agreement.

(xii) "Proceeds" shall mean whatever is received when any of the Collateral is sold, exchanged, collected or otherwise disposed of, both cash and non-cash, including proceeds of insurance paid or payable on Collateral.

(xiii) "Subsidiary" of the Company at any time shall mean any entity of which the Company at such time controls a majority of the securities having voting power.

In the application of this definition:

"entity" means any company, corporation, joint venture, partnership or other business entity (whether now existing or hereafter organized).

"securities" means shares of stock or other securities.

"control" with respect to any securities means to own directly or indirectly (through one or more Subsidiaries of the Company), or to have voting power with respect to, such securities.

"voting power" means the ability or authority at the time in question to vote for the election, appointment or other determination of who shall fill the position of director (whether or not such power exists at the time by reason of the happening of a contingency).

"director" of an entity means one of the directors or comparable officials possessing the power to direct the management and policies of the entity.

If the directors of an entity do not all have equal voting power on a per capita basis, a "majority of the securities having voting power" shall mean at least such number of securities as shall have voting power to elect such number of directors as shall possess the power to direct the management and policies of the entity.

Section 2. Creation of Security Interest. As security for the full and timely payment of the Debt in accordance with the terms thereof the Company agrees that the Bank shall have, and hereby grants to and creates in favor of the Bank, a security interest under the Uniform Commercial Code (hereinafter called the "Code") in and to the Collateral. Notwithstanding the foregoing (or anything to the contrary set forth herein), the Bank hereby

acknowledges that the Company's grant to, and creation in favor of the Bank of, a security interest in and to certain of the Collateral requires the prior consent or approval of certain third parties as set forth in a certain letter to the Bank dated November 30, 1990 to which the Company is a party and that, with respect to such Collateral, the effectiveness of such grant or creation is subject to the Company's having obtained such consent or approval.

Section 3. Bank has Rights and Remedies of a Secured Party. In addition to all rights and remedies given to the Bank by this Agreement, the Bank shall have all the rights and remedies of a secured party under the Code.

Section 4. Provisions Applicable to the Collateral. The parties agree that the following provisions shall be applicable to the Collateral, and the Company covenants and agrees that at all times during the term of this Agreement:

(a) Books and Records. The Company will keep accurate and complete books and records concerning each category of the Collateral. The Company will furnish to the Bank at such times and in such form and substance as may be requested by the Bank information adequate to enable the Bank to identify the Collateral and determine the amount and value thereof, including without limitation the unpaid invoiced amount, net of any discount, and the age and collectibility of Accounts, the names and addresses of Account debtors, the location, cost, net book value and fair market value of Inventory and such information as the Bank may deem relevant concerning other categories of Collateral.

(b) Location of Chief Executive Office, Books, Records, Inventory and Equipment. The Company represents and warrants that its chief executive office, its principal place of business and its only original books of account and records relating to the Collateral are, and will continue to be, located at the address set forth below its signature hereto. The Company will not move its chief executive office or its principal place of business or permit any original books of account or records concerning the Collateral to be located at any other address except such new locations as it may establish in accordance with paragraph (d) below. The Company represents and warrants that each item of Equipment and Inventory other than rolling stock is, and will continue to be, located in the jurisdictions specified on Exhibit B hereto and that the rolling stock moves off-line pursuant to interchange only within the boundaries of the jurisdiction. The Company will not permit any items of Equipment or Inventory having an aggregate fair market value in excess of $50,000 to be located in any other jurisdiction except such new jurisdictions as it may establish in accordance with paragraph (d) below.

(c) Use of Other Names. The Company will not invoice an Account debtor or maintain its records relating to any Account in any name other than its own proper corporate name (as of the date hereof), except such new names as it may establish in accordance with paragraph (d) below.

(d) Establishment of New Location or Name. If the Company proposes to establish a new location for its chief executive office or principal place of business or where Equipment or Inventory or original books of account or records concerning Collateral may be kept, to establish a new name in which it may invoice Account debtors or maintain records concerning Collateral or to so change its name, identity or corporate structure that a filed financing statement will become seriously misleading, it shall first, with respect to each such new location, name or change:

(i) give the Bank written notice of its intention to do so and provide the Bank with such information in connection therewith as the Bank may reasonably request; and

(ii) take such action, satisfactory to the Bank, including without limitation all action required by Section 5 hereof, as may be necessary to maintain at all times the perfection and priority of the security interest granted to the Bank hereunder.

(e) Inspection. The Bank shall have the right, at any reasonable time and from time to time, to inspect the Equipment and Inventory and to examine and make copies of and extracts from the books and records of the Company concerning the Collateral.

(f) Maintenance of Equipment. The Company agrees that it will maintain the Equipment and Inventory now or hereafter owned or acquired by it, and every part thereof, in good working order and condition, reasonable wear and tear alone excepted, and will pay and discharge all taxes, levies and other impositions levied thereon (except such thereof as are being contested in good faith by appropriate proceedings diligently conducted) as well as the cost of repairs to or maintenance of the same. If the Company fails to do so the Bank may pay the cost of such repairs or maintenance and such taxes, levies or impositions for the account of the Company and add the amount thereof to the Debt.

(g) Risk of Loss; Insurance. Risk of loss of, damage to or destruction of the Collateral is and shall remain upon the Company. If the Company fails to effect and keep in force insurance covering the Collateral as required by Section 5.01(e) of the Restructuring Agreement, or fails to

pay the premiums thereon when due, the Bank may do so for the account of the Company and add the cost thereof to the Debt. All policies of insurance shall contain loss payable clauses in favor of the Company and the Bank as their respective interests may appear, and such policies or certificates evidencing the same shall be deposited with the Bank immediately upon the request of the Bank. The Company hereby assigns and sets over to the Bank all moneys which may become payable on account of all insurance covering Collateral during any period when an Event of Default shall have occurred and be continuing, including without limitation any return of unearned premiums which may be due upon cancellation of any such insurance, and directs the insurers to pay directly to the Bank any amount so due. The Bank and its officers, employees and authorized agents are hereby irrevocably appointed as the Company's true and lawful attorneys-in-fact and agents to endorse any draft or check which may be payable to the Company in order to collect the proceeds of such insurance or any return of unearned premiums. Any balance of insurance proceeds remaining in the possession of the Bank after payment in full of the Debt shall be paid to the Company or its order.

(h) Title and Liens. The Company represents, warrants and covenants that it has and will have good and marketable title to the Collateral from time to time owned or acquired by it, free and clear of all Liens except for Permitted Liens, and that it will defend such title against the claims and demands of all persons whomsoever.

(i) Sales of Inventory and Equipment. The Company may from time to time sell or lease Inventory, provided each such transaction is made in the ordinary course of the Company's business. Except as permitted by the Restructuring Agreement the Company shall not sell, lease, transfer or otherwise dispose of Equipment or any portion thereof without the prior written consent of the Bank (which consent shall not be unreasonably withheld), except for (i) attachments, accessories and parts replaced in the normal course of business and (ii) replacements of any item of Equipment with Equipment of the same or similar type or function and of at least equivalent value (in the reasonable judgment of the Bank), provided that such replacement item or items are made subject to the security interest created by this Agreement and such security interest is equal in priority to the security interest in the Equipment which it replaces and is perfected by the filing of financing statements in the appropriate public offices.

(j) Negative Pledge. Subject only to the immediately preceding paragraph and except as otherwise permitted by the Restructuring Agreement the Company will not, without the prior written consent of the Bank, (i) sell, assign, transfer

or otherwise dispose of any Collateral or any portion thereof or interest therein or otherwise do or permit anything to be done or occur that may impair the Collateral as security hereunder, (ii) borrow against the Collateral from any person, firm or corporation except as permitted by Section 5.02(a) of the Restructuring Agreement, (iii) grant, create or permit to attach or exist any Lien in any of the Collateral except for Permitted Liens, (iv) permit any levy or attachment to be made against any of the Collateral or (v) permit any financing statement to be on file with respect to any of the Collateral except financing statements with respect to Permitted Liens.

(k) Collection of Accounts. Notwithstanding the security interest in the Accounts, Chattel Paper and Instruments granted and created hereunder, the Company shall have the right to collect at its own expense its Accounts, Chattel Paper and Instruments until such time as the Bank shall have given notice pursuant to Section 4(m) or Section 6(b) hereof that it has revoked such right.

(l) Account Verification. The Bank may at any time, without notice to the Company, verify with any Account debtor or other person obligated thereon the status of any Account, Chattel Paper or Instrument payable by such person. Prior to the occurrence of an Event of Default or Potential Default, no request for verification shall be made in the name of the Bank or shall disclose the purpose of such request. The Company from time to time will execute and deliver such instruments and take all such action as the Bank may reasonably request in order to effectuate the purposes of this paragraph (l).

(m) Collection of Accounts by the Bank. The Bank shall have the right at any time in its sole and absolute discretion, (i) to revoke the right of the Company to collect the Accounts, Chattel Paper and Instruments under subparagraph (k) of this Section 4 by written notice to the Company to such effect, (ii) to take over and direct collection of the Accounts, Chattel Paper and Instruments of the Company, (iii) to give notice of the Bank's security interest in such Accounts, Chattel Paper and Instruments to any or all persons obligated thereon, (iv) to direct such persons to make payment of such Accounts, Chattel Paper and Instruments directly to the Bank and (v) to take control of such Accounts, Chattel Paper and Instruments and the Proceeds thereof. It is understood and agreed by the Company that the Bank shall have no liability whatsoever with respect to any action taken by the Bank under this paragraph (m) except for the Bank's gross negligence or willful misconduct.

(n) Cash Collateral Account. The Bank shall have the right at any time to cause to be opened and maintained at the

Bank's Office a non-interest-bearing demand deposit account entitled "Cash Collateral Account" for the Company (hereinafter called the "Collateral Account"). All cash Proceeds received by the Bank from the Company pursuant to paragraph (o) of this Section 4 as well as all cash Proceeds collected or received by the Bank arising out of the Collateral (including cash Proceeds received directly from persons obligated on Accounts pursuant to paragraph (m) of this Section 4) shall be deposited in the Collateral Account as further security for the payment of the Debt. The Bank shall have sole dominion and control over the Collateral Account and the funds from time to time on deposit therein, and such funds may be withdrawn or transferred from the Collateral Account only by the Bank; provided, however, that prior to the occurrence of an Event of Default the Bank shall withdraw or transfer such funds only as authorized or directed by the Company. Following the occurrence of an Event of Default the Bank may from time to time cause funds to be withdrawn from the Collateral Account and to be applied to the payment of the Debt or any part thereof, or to be released to or upon the order of the Company, as the Bank in its sole discretion may elect. Upon payment in full of the Debt the Collateral Account shall be terminated and the funds on deposit therein shall be paid to or upon the order of the Company.

(o) Collection of Proceeds. Upon notice by the Bank to the Company that the Collateral Account has been opened in accordance with paragraph (n) of this Section 4 the Company shall cause to be delivered to the Bank at its Office, forthwith upon receipt, in the original form in which received and bearing such endorsements or assignments by the Company as may be necessary to permit collection thereof by the Bank, all Chattel Paper, Documents and Instruments then owned or thereafter acquired by the Company and all Proceeds thereafter collected or received with respect to the Collateral. For the purpose of facilitating such collections, the Company hereby irrevocably authorizes and empowers the Bank and its officers, employees and authorized agents to endorse and sign the name of the Company on all checks, drafts, money orders or other payment media received by or delivered to the Bank and constituting Collateral hereunder, and such endorsements or assignments shall, for all purposes, be deemed to have been made by the Company prior to any endorsements or assignments thereof by the Bank. The Bank may use any convenient or customary means for the purpose of collecting such checks, drafts, money orders or other payment media.

Section 5. Preservation and Protection of Security Interest. The Company will faithfully preserve and protect the Bank's security interest in the Collateral and will, at its own cost and expense, cause such security interest to be perfected and

continued perfected so long as the Debt or any portion thereof is outstanding and unpaid. For such purpose the Company will, in addition, from time to time at the request of the Bank and at the expense of the Company, execute and deliver and file and record, or cause to be executed and delivered and filed and recorded, such instruments, documents and notices, including without limitation financing statements and continuation statements, as the Bank may deem necessary or advisable from time to time in order to perfect and continue perfected said security interest, and will do all such other acts and things and will execute and deliver all such other instruments, documents and assurances, including without limitation further security agreements, pledges, endorsements, assignments and notices, as the Bank may deem necessary or advisable from time to time in order to perfect and preserve the priority of said security interest as a perfected first priority security interest in the Collateral prior to the rights of any other secured party or Lien creditor, except for Permitted Liens or as otherwise permitted by the Restructuring Agreement.

Notwithstanding the preceding paragraph the Company shall not initially be required to deliver to the possession of the Bank any Chattel Paper, Documents or Instruments or cause a notation of the Bank's security interest therein to be made on certificates of title for motor vehicles. However, if at any time the Bank in its sole discretion shall so demand, the Company shall promptly deliver to the possession of the Bank to be held as security hereunder all Chattel Paper, Documents and Instruments then owned or thereafter acquired by the Company and/or cause a notation of the Bank's security interest therein to be made upon the certificates of title for all motor vehicles then owned or thereafter acquired by the Company.

Section 6. Events of Default. If an Event of Default shall occur and be continuing or shall exist, then, and in any such event, the Bank may forthwith proceed to exercise one or more of the rights and remedies afforded a secured party by the Code and such other rights and remedies which it may have at law or in equity, under this Agreement or under the Restructuring Agreement or any other Security Document, all of which rights and remedies shall, to the fullest extent permitted by Law, be cumulative. Without limitation upon the foregoing the Bank shall have the right without demand or prior notice to the Company or any other person, except as otherwise required by Law (and if notice is required by Law, after 3 days' prior written notice to the Company in accordance with Section 9.05 of the Restructuring Agreement), and without prior judicial hearings or legal proceedings, all of which the Company hereby expressly waives, and the Company hereby irrevocably appoints the Bank and its officers, employees and authorized agents as the Company's true and lawful attorneys-in-fact and agents with all necessary power and authority:

(a) to enter any premises where Collateral is located and to take possession and control of the same, to take possession and control of all books and records of the Company relating to the Collateral and to demand, sue for, collect, compromise and give acquittances for any and all Collateral;

(b) to revoke the right of the Company to collect the Accounts, Chattel Paper and Instruments pursuant to Section 4(k) hereof by written notice to the Company in accordance with Section 9.05 of the Restructuring Agreement;

(c) to take over and direct collection of the Accounts, Chattel Paper and Instruments and all other Collateral which consists of amounts owing to the Company, to give notice of the Bank's security interest therein and in the Proceeds thereof to any or all persons obligated thereon, to direct such persons to make payment of all moneys paid or payable thereon directly to the Bank (and at the request of the Bank the Company shall indicate on all billings that payments thereon are to be made to the Bank) and to give any person so notified and directed the receipt of the Bank for any such payment as full release for the amount so paid;

(d) to enforce collection, either in the name of the Bank or in the name of the Company, of any or all of the Accounts, Chattel Paper, Instruments and Proceeds by suit or otherwise, to receive, receipt for, surrender, release or exchange all or any part thereof or to compromise, settle, extend or renew (whether or not longer than the original period) any indebtedness thereunder and to prosecute, defend or compromise any other action, claim or proceeding with respect to the Collateral;

(e) to take over and perform any contract of the Company and to take control of any and all Accounts and Proceeds arising therefrom;

(f) to sell all or any portion of the Collateral at public or private sale at such place or places and at such time or times and in such manner and upon such terms, whether for cash or credit, as the Bank in its sole discretion may determine; and

(g) to endorse in the name of the Company any instrument, howsoever received by the Bank, representing Collateral or Proceeds of any of the Collateral.

Upon the occurrence of any Event of Default, the Company shall promptly upon demand by the Bank assemble the Inventory and the Equipment and make it available to the Bank at a place or places to be designated by the Bank which shall be reasonably convenient to both parties. The right of the Bank under this

paragraph to have the Inventory and Equipment assembled and made available to it is of the essence of this Agreement and the Bank may, at its election, enforce such right by a bill in equity for specific performance.

Upon any sale of any of the Collateral the Bank may purchase all or any of the Collateral being sold, free from any equity or right of redemption. The Company waives and releases any right to require the Bank to collect any of the Debt from any other of the Collateral or from any other security or source under any theory of marshalling of assets, or otherwise, and specifically authorizes the Bank to apply any of the Collateral against any of the Debt in any manner that the Bank may determine.

The Bank acknowledges that in connection with any exercise by the Bank of its rights hereunder to dispose of or operate under any authorizations, permits and licenses covered hereby it may be necessary to obtain the prior consent or approval of an Official Body. Notwithstanding anything to the contrary contained herein, neither the Bank nor the Company will take any action pursuant to this Agreement which would constitute or result in any assignment or transfer of such an authorization, permit or license, if such assignment or transfer would require under then existing Law the prior approval of an Official Body, without first obtaining such approval. Upon the exercise by the Bank of any power, right, privilege or remedy pursuant to this Agreement which requires any consent, approval, recording, qualification or authorization of an Official Body the Company will execute and deliver, or will cause the execution and delivery of, all applications, certificates, instruments and other documents and papers that the Bank may be required to obtain for such consent, approval, recording, qualification or authorization.

Section 7. Application of Moneys. The Bank shall apply the Proceeds of any sale of or other disposition or realization upon the Collateral:

(a) First, to the payment or reimbursement of all reasonable advances, expenses and disbursements of the Bank (including, without limitation, the fees and disbursements of its counsel and agents) incurred in connection with such sale, disposition or realization or the administration and enforcement of, or the preservation of any rights under, this Agreement or any other Security Document or in the collection of the Debt;

(b) Second, to be distributed to the Bank in satisfaction of the Debt, whether for principal, interest or otherwise, in such order as the Bank shall designate; and

(c) Third, any balance as required by law.

If the proceeds of any such sale, disposition or realization upon the Collateral are insufficient to pay the Debt the Company shall remain liable for such deficiency.

Section 8. Care of Collateral. The Company assumes full responsibility for taking any and all steps to preserve rights with respect to the Collateral against prior parties. The Bank shall be deemed to have exercised reasonable care in the custody and preservation of such of the Collateral as may be in the Bank's possession if the Bank takes such action for that purpose as the Company shall request in writing, provided that such requested action shall not, in the judgment of the Bank, impair the Bank's security interest in such Collateral or its rights in or the value of such Collateral, and provided further that such written request is received by the Bank in sufficient time to permit the Bank to take the requested action.

Section 9. Right of Bank to Perform. The Bank may, but shall have no duty to, perform any agreement of the Company hereunder which the Company shall have failed to perform, and the Company will forthwith reimburse the Bank for all expenses so incurred by the Bank. The Company hereby authorizes the Bank to sign and file financing statements and continuation statements at any time with respect to any Collateral without the signature of the Company (where permitted by applicable Law) and irrevocably appoints the Bank and its officers, employees and authorized agents as the Company's true and lawful attorneys-in-fact and agents to do all other acts and things which the Bank may deem necessary or advisable to preserve, perfect and continue perfected the Bank's security interest in the Collateral.

Section 10. Indemnification. The Company will indemnify and save and hold the Bank harmless from and against any and all claims, damages, losses, liabilities or judgments which may be incurred or sustained by the Bank or asserted against the Bank directly or indirectly in connection with the existence or the lawful exercise of any of the security rights with respect to the Collateral except for matters which result from the gross negligence or willful misconduct of the Bank. The covenants contained in this Section shall survive the termination of the other provisions of this Agreement. In the event of any action at Law or suit in equity in relation to this Agreement the Company, in addition to all other sums which it may be required to pay, will pay a reasonable sum for attorneys' fees incurred by the Bank in connection with such action or suit and all other expenses of collection.

Section 11. Amendments, Waivers, Notices, etc. Sections 9.01, 9.02, 9.05 and 9.06 of the Restructuring Agreement shall be applicable to this Agreement as though set forth herein in full.

Section 12. Headings. The underlined headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provision hereof.

Section 13. Governing Law. The Code shall govern the attachment and perfection of the Bank's security interest in and to the Collateral and the rights, duties and obligations of the Bank and the Company with respect thereto. This Agreement shall be deemed to be a contract under the laws of the Commonwealth of Pennsylvania and the execution and delivery hereof and, to the extent not inconsistent with the preceding sentence, the terms and provisions hereof shall be governed by and construed and enforced in accordance with the laws of said Commonwealth.

Section 14. Termination; Successors and Assigns. Upon payment in full of the Debt this Agreement shall terminate and be of no further force and effect, and in such event the Bank will, at the expense of the Company, redeliver and reassign to the Company the remaining Collateral and take all action necessary to terminate the security interest of the Bank in the Collateral. Until such time, however, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company may not assign or transfer any of its rights or interests herein or hereunder or delegate any of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized and intending to be legally bound hereby, have executed and delivered this Agreement as of the day and year first above written.

[Corporate Seal]

Attest: _____

Title Secretary

SPRINGFIELD TERMINAL COMPANY

By _____

Title President

Address:

Iron Horse Park
North Billerica, MA 01862

MELLON BANK, N.A.

By Martin T. Hanning

Title AVP

ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF ALLEGHENY)

On this the 30th day of NOVEMBER, 1990, before me, a Notary Public in and for the jurisdiction set forth above, personally appeared, DAVID A. FINK, to me personally known (or satisfactorily proven), who, being by me duly sworn, did acknowledge himself to be PRESIDENT of Springfield Terminal Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that he, as such PRESIDENT, being authorized to do so by the Board of Directors of said corporation, executed and delivered the foregoing instrument on behalf of said corporation, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

NOTARIAL SEAL
CAROL A. COLTES, NOTARY PUBLIC
PITTSBURGH, ALLEGHENY COUNTY
MY COMMISSION EXPIRES MARCH 23, 1992
Member, Pennsylvania Association of Notaries

Carol A. Coltes

Notary Public

My Commission expires: 3-23-92

ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF ALLEGHENY)

On this the 30th day of NOVEMBER, 1990, before me, a Notary Public in and for the jurisdiction set forth above, personally appeared, MARTIN T HANNING to me personally known (or satisfactorily proven), who, being by me duly sworn, did acknowledge himself to be ASST VICE PRESIDENT of Mellon Bank, N.A., that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that he, as such ASST. VICE PRESIDENT, being authorized to do so by the Board of Directors of said corporation, executed and delivered the foregoing instrument on behalf of said corporation, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

NOTARIAL SEAL
CAROL A SOLTES, NOTARY PUBLIC
PITTSBURGH, ALLEGHENY COUNTY
MY COMMISSION EXPIRES MARCH 23, 1992
Member, Pennsylvania Association of Notaries

Carol A Soltes

Notary Public

My Commission expires: 3-23-92

Exhibit A

Owner/Debtor: SpringField Terminal Railway Company

Number	Type of Equipment	A.A.R. Mechanical Designation	Identifying Marks	Road Number (Both Inclusive in the Case of Each Series)	Plate Number
1	Locomotive	SD35	ST	614	N/A
1	Locomotive	SD26	ST	615	N/A
1	Locomotive	SD26	ST	619	5597-6
1	Locomotive	SD26	ST	620	N/A
1	Locomotive	SD26	ST	621	5597-8
1	Locomotive	SD26	ST	622	5597-13
1	Locomotive	SD26	ST	627	N/A
1	Locomotive	SD26	ST	633	N/A
1	Locomotive	SD26	ST	639	5617-23
1	Locomotive	SD26	ST	643	N/A
1	Locomotive	SD26	ST	644	5617-30
1	Locomotive	SD26	ST	647	N/A
1	Locomotive	SD45	ST	676	31974
1	Locomotive	SD45	ST	679	32717
1	Locomotive	SD45	ST	680	32722
1	Locomotive	SD45	ST	681	35527
1	Locomotive	SD45	ST	682	35535
1	Locomotive	SD45	ST	684	35567
1	Locomotive	SD45	ST	686	33574
1	Locomotive	SD45	ST	688	36114
1	Locomotive	SD45	ST	689	36115