

THOMPSON, MCNABOE, ASHLEY & BULL

BENJAMIN THOMPSON
THOMAS R MCNABOE
EDWARD J ASHLEY
NICHOLAS BULL
BRUCE M TOMPKINS
LAWRENCE R CLOUGH
DAVID M HIRSHON
MARK G FUREY
LEONARD W LANGER
JOHN R BASS II
EDWARD S MACCOLL
JANET C MCAA*
MARSHALL J TINKLE**
YVONNE V MILLER***
F JAY MEYER
PAULA RAMSBOTHAM
CYNTHIA A DILL

COUNSELORS AT LAW
85 EXCHANGE STREET
P O BOX 447
PORTLAND, MAINE 04112-0447

BENJAMIN THOMPSON
(1857-1918)
NATHAN W THOMPSON
(1895-1969)
TELEPHONE (207) 774-7600
TELECOPIER (207) 772 1039
CABLE THOMPOT
TELEX 944410

*ALSO ADMITTED IN VA AND DC
**ALSO ADMITTED IN DC
***ALSO ADMITTED IN MA AND NY

17277
RECORDED IN _____ FILED IN _____

April 2, 1991

APR 8 1991 - 12:30 PM

INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION
Room 2215
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

1-098A058

Dear Sirs,

Enclosed please find one original and one photocopy of the document described below to be recorded pursuant to Title 39 United States Code Section 11303.

The document is a security agreement, a primary document, dated as of February 15, 1991.

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

Secured Party: Casco Northern Bank, N.A.
One Monument Square
Portland, ME 04104-0678

Debtor: Maine Central Railroad Company
Iron Horse Park
North Billerica, MA 01862

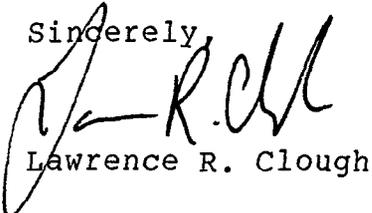
APR 10 12 23 PM '91
NOTICE OF RECORDING

A description of the documents covered by the document are as follows:

39 "100 ton" Ballast Cars bearing the identification marking set forth in the attached Schedule A.

A fee of \$15.00 is enclosed. Kindly return the original and any copies not required by the Commission after recordation to the Undersigned, Lawrence R. Clough, Esq., THOMPSON MCNABOE ASHLEY & BULL, 85 Exchange Street, P.O. Box 447, Portland, ME 04112.

Sincerely,



Lawrence R. Clough

Enc:

pc: Richard McNaughton, V.P.
5369H.35
14055-90280

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

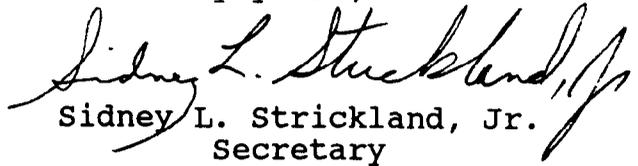
4/10/91

Lawrence R. Clough
Thompson, McNaboe, Ashley & Bull
85 Exchange Street
P. O. Box 447
Portland, Maine 04112-0447

Dear Sirs:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/10/91 at 12:30PM, and assigned recordation number(s). 17277.

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

SECURITY AGREEMENT

Portland, Maine

17277
APR 8 1991 - 12:30 PM
INTERSTATE COMMERCE COMMISSION

MAINE CENTRAL RAILROAD COMPANY, a railroad corporation with a mailing address of and chief executive offices at Iron Horse Park, North Billerica, Massachusetts 01862 (the "Debtor"), for valuable consideration, including the inducement to extend credit, the receipt and sufficiency of which is hereby acknowledged, hereby agrees with and covenants and represents to CASCO NORTHERN BANK, N.A. of One Monument Square, Portland, Maine 04104-0678 (the "Lender") as follows:

1. To secure a Two Hundred Fifty-Three Thousand Five Hundred Dollar (\$253,500.00) note of even or recent date from Debtor to Lender, Debtor hereby grants Lender a continuing security interest in the following assets:

Thirty-nine (39) "100 ton" Ballast Cars bearing the following identification markings:

- | | | |
|----------|----------|----------|
| MEC 1301 | MEC 1327 | MEC 1347 |
| MEC 1305 | MEC 1328 | MEC 1349 |
| MEC 1307 | MEC 1330 | MEC 1351 |
| MEC 1309 | MEC 1331 | MEC 1352 |
| MEC 1310 | MEC 1332 | MEC 1354 |
| MEC 1311 | MEC 1334 | MEC 1358 |
| MEC 1312 | MEC 1335 | MEC 1359 |
| MEC 1315 | MEC 1337 | MEC 1360 |
| MEC 1317 | MEC 1338 | MEC 1361 |
| MEC 1319 | MEC 1340 | MEC 1366 |
| MEC 1320 | MEC 1341 | MEC 1367 |
| MEC 1324 | MEC 1345 | MEC 1372 |
| MEC 1325 | MEC 1346 | MEC 1373 |

Being a portion of the cars leased by Seller to Buyer under Master Lease No. 139 dated June 21, 1983.

and all products and proceeds thereof (the "Collateral").

2. Debtor is a corporation duly organized and in good standing under the laws of the State of Maine. The execution, delivery of and performance of this Agreement and other agreements evidenced, secured or governed hereby, are within Debtor's corporate powers, have been duly authorized and all necessary corporate actions taken, are not in contravention of law, and does not constitute a breach of any provision contained in Debtor's Articles of Incorporation or Bylaws. Neither the execution, delivery or performance of this Agreement

(c) This Agreement constitutes the legal, valid and binding obligation of Seller, enforceable in accordance with the provisions hereof.

5. Representations and Warranties of Buyer. Buyer hereby represents, warrants and declares in favor of Seller that this Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable in accordance with the provisions hereof.

6. Condition of Equipment. BUYER AGREES THE EQUIPMENT SHALL BE SOLD TO BUYER BY SELLER "AS IS" WITHOUT ANY OTHER REPRESENTATIONS AND WARRANTIES, WHETHER WRITTEN, ORAL OR IMPLIED, AND THE SELLER SHALL NOT, BY VIRTUE OF HAVING SOLD THE EQUIPMENT HERewith, BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, FITNESS, OPERABILITY, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN, THE EQUIPMENT.

7. Buyer's Indemnity. Buyer shall indemnify and hold Seller harmless from and against any and all costs, claims, liabilities and causes of action, including but not limited to attorney's fees and the costs of defending such claims (collectively, the "Claims"), arising from events occurring from and after the Closing Date with respect to the condition, repair, leasing, sale, utility, use, ownership or management of the Equipment or any Car. Upon payment of such indemnity, Buyer shall be subrogated to Seller's rights against any third parties respecting the Claim.

8. Closing. The Closing Date shall be on or before December 28, 1990. On or before the Closing Date:

(a) Seller shall deliver to Buyer evidence satisfactory to Buyer of Seller's title to the Equipment;

(b) Buyer shall deliver the Note to Seller.

9** Delivery of Bill of Sale. Upon payment of the Note in full/ Seller shall deliver to Buyer a Bill of Sale in the form of Exhibit C to this Agreement.

10. Broker's Commissions. Each party hereto represents and warrants that it has not entered into any agreement with any broker relating to the sale of Equipment and that no broker's commission is due with respect to the transactions contemplated herein. Each party agrees to indemnify and hold the other party harmless from and against any claims for broker's commissions arising out of the acts of such party and for expenses (including reasonable attorney's fees) and costs relating to such claims as a result of a breach of the warranty contained in this section.

11. Survival of Representations and Warranties. The representations and warranties herein contained on the part of Seller shall survive the execution of this Agreement by the parties hereto and shall be deemed made as of the Closing Date.

** and the monthly rents due after lease maturity

consent by Debtor to the appointment of or taking possession by a receiver, liquidator, trustee, custodian (or other similar official) of the Debtor or for any substantial part of its property, or the making by Debtor of any assignment for the benefit of creditors, or the insolvency or the failure of the Debtor generally to pay its debts as such debts become due, or the taking of action by the Debtor in furtherance of any of the foregoing.

E. Loss or destruction of or substantial damage to any of the Collateral.

(Any one or more of the foregoing events shall be called a "Default".)

9. In the event of a Default under this Agreement, Lender may, at its option, without notice of its election and without demand, do any one or more of the following, all of which are authorized by Debtor:

A. Declare Debtor's note due and payable.

B. Exercise any or all of the rights of a Secured Party under the Uniform Commercial Code and any other applicable law upon default by a Debtor.

C. Enter, with or without process of law, any premises where the Collateral might be, and without charge or liability, take possession of the Collateral and use or store it in said premises, and at the option of Lender, remain thereon and use the same, together with Debtor's books and records relating to the Collateral, for the purpose of liquidating or collecting the Collateral and conducting and preparing for disposition of the Collateral; or remove the same to such place or places as Lender deems convenient.

D. Sell or otherwise dispose of the Collateral or any portion thereof from time to time (in its then condition or after further preparation thereof) at public or private sale (which sale Lender may postpone from time to time), all as Lender deems advisable; provided, however, that Debtor shall be credited with the net proceeds of such sale only when such proceeds are finally collected by Lender and the Debtor shall pay any deficiency on demand. Lender may become the purchaser at any such sale and Lender may, in lieu of actual payment of the purchase price, offset the amount thereof against the obligations of Debtor to Lender.

Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold

on a recognized market, Lender shall give the Debtor at least five (5) days' prior written notice of the time and place of any public sale or of the time after which any private sale or any other intended disposition is to be made.

Upon default, Debtor shall assemble the Collateral and make it available to Lender at a place or places to be designated by Lender.

All of Lender's aforesaid rights and remedies are cumulative and non-exclusive.

10. Any demand upon or notice to the Debtor that the Lender may elect to give shall be effective upon delivery in person or upon deposit in the United States mails or upon sending by telegraph, telecopier or Telex addressed to the Debtor at the address shown at the beginning of this Agreement or, if the Debtor has notified the Lender in writing of a change of address, to the Debtor's last address so notified. Demands or notices addressed to the Debtor's address at which the Lender customarily communicates with the Debtor shall also be effective.

11. The Debtor shall pay to or reimburse the Lender on demand and as a part of the obligations secured hereby any and all expenses, including, without limitation, reasonable counsel fees and expenses, incurred or paid by the Lender in connection with the collection or enforcement of this Agreement, the Collateral, or any other instrument, document or agreement evidencing, governing or securing the note.

12. At its option, and without limitation, the Lender may discharge taxes, liens, security interests or other encumbrances at any time levied against or placed on the Collateral, or provide for the maintenance and preservation of the Collateral and add the expense thereof to the obligations secured hereby.

13. This Agreement has been delivered by Debtor to Lender for Lender's acceptance or rejection at the place listed at the commencement of this Agreement and shall be construed in all respects in accordance with, and governed by, the laws of the State of Maine. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provisions of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

14. Debtor submits to the jurisdiction of any state or federal court located within the State of Maine.

15. This Agreement may be filed or recorded with local, state or federal offices which maintain public records. A photocopy or other reproduction of this Agreement or of any financing statement executed in conjunction herewith and filed to perfect a security interest in the Collateral.

This Agreement shall take effect as a sealed instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first above written.

IN WITNESS WHEREOF, the parties have set their hands and seals.

WITNESS

[Signature]

MAINE CENTRAL RAILROAD COMPANY

By: Michael A. Holmes
Michael A. Holmes
Treasurer

CASCO NORTHERN BANK, N.A.

Susanna Wedge

By: Richard A. McNaughton
Richard A. McNaughton,
Sr. Vice President

STATE OF Massachusetts
COUNTY OF Middlesex, ss

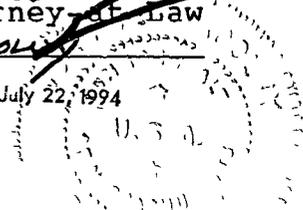
February 15, 1991

Personally appeared before me the above-named MICHAEL A. HOLMES as TREASURER of Maine Central Railroad Company in his said capacity and acknowledged the foregoing to be his free act and deed and the free act and deed of said corporation.

Before me,

[Signature]
Notary Public/Attorney-at-Law
Name: James R. Nadeau

My Commission Expires July 22, 1994

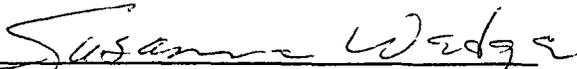


STATE OF MAINE
COUNTY OF CUMBERLAND, ss

MARCH 22,
February , 1991

Personally appeared before me the above-named
Richard A. McNaughton as Sr. Vice President of Casco
Northern Bank, N.A. in his said capacity and acknowledged
the foregoing to be his free act and deed and the free act
and deed of said Casco Northern Bank, N.A.

Before me,


~~Notary Public/Attorney-at-Law~~
Name: _____

SUSANNE WEDGE
NOTARY PUBLIC, MAINE
COMMISSION EXPIRES SEPTEMBER 11, 1984

5961H

SCHEDULE A

Thirty-nine (39) "100 ton" Ballast Cars bearing the following identification markings:

MEC 1301	MEC 1327	MEC 1347
MEC 1305	MEC 1328	MEC 1349
MEC 1307	MEC 1330	MEC 1351
MEC 1309	MEC 1331	MEC 1352
MEC 1310	MEC 1332	MEC 1354
MEC 1311	MEC 1334	MEC 1358
MEC 1312	MEC 1335	MEC 1359
MEC 1315	MEC 1337	MEC 1360
MEC 1317	MEC 1338	MEC 1361
MEC 1319	MEC 1340	MEC 1366
MEC 1320	MEC 1341	MEC 1367
MEC 1324	MEC 1345	MEC 1372
MEC 1325	MEC 1346	MEC 1373