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BINGHAM, DANA & GOULD

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December 30, 1991

17651  
RECEIVED BY \_\_\_\_\_

DEC 31 1991 - 10 45 AM

BY MESSENGER

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission  
Room 2303  
12 Street & Constitution Avenue, N.W.  
Washington, D.C. 20423

Attention: Ms. Mildred Lee

Ladies and Gentlemen:

Enclosed for recording with the Commission pursuant to Section 11303 of Title 49 of the U.S. Code are executed and notarized copies of the document described below.

This document is a Security Agreement, a primary document dated as of December 30, 1991, among The Central Railroad Company of Indiana and Central Railroad Company of Indianapolis, as the debtors (collectively, the "Debtors"), and The First National Bank of Boston as agent for itself and other lenders, as the secured party (the "Secured Party"), covering the Debtors' rolling stock now owned or hereafter acquired and all other properties and rights of the Debtors. Descriptions of the rolling stock are attached to the Security Agreement as Schedule 4(b), as the same may be revised from time to time, but the property covered by the Security Agreement is not limited to that listed in Schedule 4(b).

The names and addresses of the parties to the Security Agreement are as follows: the Debtors are The Central Railroad Company of Indiana, whose chief executive office is located at 500 North Buckeye Street, Kokomo, Indiana, 46903-0554 and Central Railroad Company of Indianapolis, whose chief executive office is located at 500 Buckeye Street, Kokomo, Indiana 46903-0554; the Secured Party is The First National Bank of Boston, as agent, whose head office is located at 100 Federal Street, Boston, Massachusetts 02110.

NOTOR  
DEC 31 11 38 AM '91  
FEDERAL BUREAU OF INVESTIGATION

*Charterparty - Jms B Kemp*

BINGHAM, DANA & GOULD

Interstate Commerce Commission  
December 30, 1991  
Page 2

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

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

"A Security Agreement, dated as of December 30, 1991, among The Central Railroad Company of Indiana and Central Railroad Company of Indianapolis, as the debtors, and The First National Bank of Boston, as agent, as the secured party, covering the debtors' rolling stock and all other properties and rights of the debtors. Descriptions of the rolling stock are attached to the Security Agreement as Schedule 4(b)."

Also enclosed is a check in the amount of \$16.00, payable to the Interstate Commerce Commission, to cover the recording fee prescribed by the Commission in its rules and regulations.

Please acknowledge receipt of the enclosed documents at your earliest convenience by stamping and returning to the undersigned the enclosed copy of this letter together with the Security Agreement as filed.

If you have any questions with respect to the enclosed documents, please call the undersigned collect at (617) 951-8000.

Sincerely,



Toby R. Serkin

Enclosures

4095K

**Interstate Commerce Commission**

Washington, D.C. 20423

12/29/91

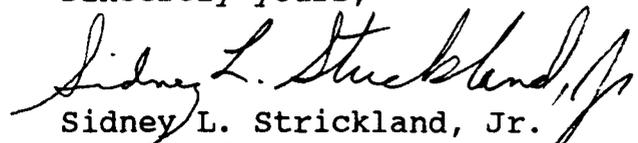
OFFICE OF THE SECRETARY

Jill Sweim  
Bingham, Dana & Gould  
150 Federal Street  
Boston, Massachusetts 02110

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 12/31/91 at 10:45AM , and assigned recordation number(s). 17651, 17652, 16431-A, 16489-A and 16596-A.

Sincerely yours,

  
Sidney L. Strickland, Jr.  
Secretary

## SECURITY AGREEMENT

DEC 31 1991 - 10<sup>42</sup> AM

This SECURITY AGREEMENT, dated as of December 30, 1991, INTERSTATE COMMERCE COMMISSION is among THE CENTRAL RAILROAD COMPANY OF INDIANA ("CIND"), an Indiana corporation having its principal place of business at 500 North Buckeye Street, P.O. Box 554, Kokomo, Indiana 46903-0554, CENTRAL RAILROAD COMPANY OF INDIANAPOLIS ("CERA"), an Indiana corporation having its principal place of business at 500 North Buckeye Street, P.O. Box 554, Kokomo, Indiana 46903-0554 (CIND and CERA shall be referred to herein, collectively, as the "Borrowers"), and THE FIRST NATIONAL BANK OF BOSTON as agent (the "Agent") for the benefit of itself and those lenders (the "Banks") which are or may become parties to that certain Revolving Credit and Term Loan Agreement, dated as of December 30, 1991, among the Borrowers, the Banks and the Agent, as the same may be amended, restated, modified or supplemented from time to time (such agreement, as in effect from time to time, the "Credit Agreement"). Capitalized terms which are used herein without definition and which are defined in the Credit Agreement shall have the same meanings herein as in the Credit Agreement.

§1. GRANT OF SECURITY INTEREST. To secure the due and prompt payment and performance by each of the Borrowers of the Obligations (as defined below), the Borrowers hereby jointly and severally pledge, assign and grant to the Agent, for the benefit of the Banks, a continuing security interest in and lien on all properties, assets and rights of the Borrowers of every kind and nature, wherever located, now owned or hereafter acquired or arising, and all proceeds and products thereof, whether derived from voluntary or involuntary disposition or otherwise, including, without limiting the generality of the foregoing, all goods, accounts, including all accounts receivable, contract rights, including, without limitation, all rights of the Borrowers under any Interest Rate Protection Arrangements, all rights of CIND under the Acquisition Documents, all rights of the Borrowers under leases of equipment and other personal property, and all rights of the Borrowers under any agreements with operating railroads pursuant to which rights of passage over tracks are granted during periods of emergency and disasters, rights to the payment of money including tax refund claims, insurance proceeds and tort claims, chattel paper, documents, instruments, general intangibles, the Borrowers' operating certificates from the Interstate Commerce Commission, 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, 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, work in progress, and real property and interests in and rights in, on or over real property, including railbeds, yards and maintenance areas (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 Borrowers to the Banks and any institutional lender who becomes a participant in or holder of any of the obligations comprising the Obligations (as defined below) under the Credit Agreement, the Notes, the other Loan Documents and any documents evidencing Interest Rate Protection Arrangements between the Borrowers and The First National Bank of Boston, 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 Borrowers to the Banks arising out of any extension, refinancing or refunding of any of the foregoing obligations (hereinafter collectively referred to as 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 Agent or any Bank, whether by receipt of insurance proceeds pursuant to §4(g) hereof or upon foreclosure and sale of all or part of the Collateral pursuant to §8 hereof or otherwise, the Borrowers agree that the proceeds thereof shall be applied (i) first, to the payment of expenses incurred with respect to maintenance and protection of the Collateral pursuant to §4 hereof and of expenses incurred pursuant to §12 hereof with respect to the sale of or realization upon any of the Collateral or the perfection, enforcement or protection of the rights of the Agent and the Banks (including reasonable attorneys' fees and expenses of every kind, including without limitation reasonable allocated costs of staff counsel); (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; and (iv) fourth, the balance, if any, shall be returned to the Borrowers or the Person entitled thereto. The Borrowers agree that all amounts received with respect to any of the Obligations, whether by realization on the Collateral or otherwise, shall be applied to the payment of the Obligations in accordance with the provisions of this §3.

§4. REPRESENTATIONS AND COVENANTS OF THE BORROWERS.

(a) Real Property. The Borrowers represent and warrant to the Agent, for the benefit of the Banks, that the real property listed in Schedule 4(a) hereto constitutes all of the real property which the Borrowers own or lease. The Borrowers agree to notify the Agent of any other real property which the Borrowers may hereafter acquire or lease. The Borrowers agree that they shall execute and deliver to the Agent, for the benefit of the Banks, mortgages and other instruments, as referred to in paragraph (i) below of this §4, and file the same in the appropriate recording offices with respect to the real property listed on Schedule 4(a) hereto and at such times as any mortgagable right, title or interest is acquired in the future by either of the Borrowers in any other real property. All such mortgages and other instruments shall secure all of the Obligations pro rata and shall be on terms and conditions satisfactory to the Agent as evidenced by its written consent thereto.

(b) Rolling Stock. The Borrowers represent and warrant to the Agent, for the benefit of the Banks, that the Rolling Stock (as defined in this §4(b)) listed on Schedule 4(b) hereto constitutes all of the Rolling Stock, including markings thereon and serial numbers thereof, which the Borrowers own or lease. The Borrowers agree not to change any markings or serial numbers on any of the Rolling Stock listed on Schedule 4(b) hereto until after the Borrowers have given notice in writing to the Agent of their intention to make such change. The Borrowers agree to notify the Agent of any other Rolling Stock which either Borrower may hereafter acquire or lease. The Borrowers agree that they shall execute and deliver to the Agent supplemental security agreements and other instruments, as referred to in paragraph (i) below of this §4, and file the same in the appropriate recording offices (i) with respect to the Rolling Stock listed on Schedule 4(b) hereto, (ii) at such times as any assignable right, title or interest is acquired in the future by the either Borrower in any other Rolling Stock and (iii) at such times as any change is made

in one or more of the markings or serial numbers on any of the Rolling Stock listed on Schedule 4(b) hereto or on any other Rolling Stock owned or leased by the Borrowers. 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 Agent 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.

(c) Patents, Trademarks, Copyrights. The Borrowers represent and warrant to the Agent, for the benefit of the Banks, that as of the date hereof, except as set forth on Schedule 4(c) hereto, they have 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 agree promptly to furnish to the Agent written notice of each such patent, trademark, copyright or service mark registrations, or any applications for same, in which they may hereafter acquire any right, title or interest. The Borrowers shall, on request by the Agent, execute, acknowledge and deliver all such documents and instruments as the Agent may reasonably require to confirm the Agent's security interest in and to any such patent, trademark or service mark registrations, or application for the same as part of the Collateral hereunder and appoint the Agent as the Borrowers' attorney-in-fact to execute and file the same.

(d) Location of Chief Executive Office and Principal Place of Business. CIND represents and warrants to the Agent, for the benefit of the Banks, that the location of its chief executive office (as such term is used in Paragraph 5(c) of the Official Comment to Section 9-103 of the UCC, as hereinafter defined) and the location where its books and records are kept is 500 North Buckeye Street, P.O. Box 554, Kokomo, Indiana 46903-0554. CERA represents and warrants to the Agent, for the benefit of the Banks, that the location of its chief executive office (as such term is used in Paragraph 5(c) of the Official Comments to Section 9-103 of the UCC, as hereinafter defined) and the location where its books and records are kept is 500 North Buckeye Street, P.O. Box 554, Kokomo, Indiana 46903-0554. The Borrowers further represent that attached hereto as Schedule 4(d) is a true and correct list of all localities where property comprising a part of the Collateral (other than interests in real property set forth in Schedule 4(a) hereto) is located. The Borrowers agree that they shall not change the location of either chief executive office or location where books and records are kept or the location of any property comprising a part of the Collateral other than

changes in the location of Rolling Stock unless they shall have (i) given the Agent at least thirty (30) days' advance written notice of such change, and (ii) filed in all necessary jurisdictions such UCC-3 financing statements or other documents as may be necessary to continue without impairment or interruption the perfection and priority of the Liens on the Collateral in favor of the Agent pursuant to the Security Documents.

(e) Ownership of Collateral.

(i) The Borrowers represent and warrant to the Agent, for the benefit of the Banks, that they are the owners of the Collateral free from any adverse lien, security interest or encumbrance, except as permitted by §10.2 of the Credit Agreement.

(ii) Except for the security interest herein granted and except as permitted by §10.2 of the Credit Agreement, the Borrowers shall be the owners of the Collateral free of any lien, security interest or encumbrance and the Borrowers 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 Agent. Except as permitted by §10.2 of the Credit Agreement, the Borrowers shall not pledge, mortgage or create or suffer to exist a security interest in the Collateral in favor of any person other than the Agent.

(f) Sale or Disposition of Collateral. Except as permitted by §10.3 of the Credit Agreement, the Borrowers shall not sell or offer to sell or otherwise transfer the Collateral or any interest therein except for sales of inventory in the ordinary course of business.

(g) Insurance. The Borrowers shall have and maintain at all times with respect to the Collateral such insurance as is required by the Credit Agreement, such insurance to be payable to the Agent and to the applicable Borrower as their interests may appear, and all such property insurance to name the Agent as loss payee and mortgagee. All policies of insurance shall provide for thirty (30) days' written minimum cancellation notice to the Agent. In the event of the Borrowers' failure to provide and maintain insurance as herein provided, the Agent may, at its option, provide such insurance, and the Borrowers hereby promise to pay to the Agent on demand the amount of any disbursements made by the Agent for such purpose. The Borrowers shall furnish to the Agent certificates or other evidence satisfactory to the Agent of compliance with the foregoing insurance

provisions. After the occurrence and during the continuance of an Event of Default (as defined herein) or if the Borrowers fail to obtain or maintain insurance as required by the Credit Agreement, the Agent may act as attorney for the Borrowers in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts; and any amounts collected or received under any such policies shall be applied by the Agent to the Obligations in accordance with the provisions of §3 hereof or, at the option of the Agent, the same may be released to the Borrowers, 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 Borrowers shall keep the Collateral in good order and repair and shall not use the Collateral in violation of law or any policy of insurance thereon. The Agent may, at any reasonable time, upon written notice to the Borrowers inspect the Collateral, wherever located. The Borrowers shall pay promptly when due all taxes and assessments upon the Collateral, upon the use and operation of the Collateral and upon this Agreement, except those taxes and assessments as are being in good faith appropriately contested by the Borrowers and for which adequate reserves have been established as provided in §9.3 of the Credit Agreement. In its discretion, after the occurrence and during the continuance of an Event of Default (as defined herein), or if the Borrowers fail to discharge unpaid taxes or encumbrances or pay filing fees, the Agent may make repairs of the Collateral, discharge taxes and other encumbrances at any time levied or placed on the Collateral which remain unpaid in violation of §9.3 of the Credit Agreement and pay any necessary filing fees. The Borrowers agree to reimburse the Agent on demand for any and all expenditures so made and, until paid, the amount thereof shall be an Obligation secured by the Collateral. The Agent shall have no obligation to the Borrowers to make any such expenditures, nor shall the making thereof relieve the Borrowers of any default.

(i) Creation and Perfection of Lien. The Borrowers represent and warrant to the Agent, for the benefit of the Banks, and covenant with the Agent, for the benefit of the Banks, that this Agreement creates a valid security interest in the Collateral as security for the payment and performance of the Obligations. Upon 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 upon 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 Indiana and Ohio, or in any other jurisdiction whose Uniform Commercial Code would govern the perfection or priority of security interests in the Collateral (the "UCC"), naming a Borrower as debtor and the Agent as secured party, such security interest shall be perfected under the UCC and the Interstate Commerce Act of 1887, as amended ("ICA"), and such security interest shall be prior to all other Liens, except as contemplated by §10.2 of the Credit 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. This Agreement and all documents to be filed herewith are in appropriate form for filing with the ICC. The Financing Statements are in appropriate form and have been duly filed pursuant to the UCC.

(j) No Further Actions. Except for the filings referred to in paragraph (i) above and as otherwise specified in §6.2 of the Credit Agreement, no authorization, approval or other action by, and no notice of filing with, any governmental authority or regulatory body or other Person that has not been received, taken or made is required (i) for the granting by the Borrowers of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Borrowers, (ii) for the maintenance of the security interest hereunder (including the first priority nature of such security interest), or (iii) for the exercise by the Agent of the rights or the remedies with respect to the Collateral pursuant to this Agreement.

(k) Accounts Receivable. The Borrowers shall keep or cause to be kept separate records of accounts receivable, which such records shall be complete and accurate in all material respects and, from time to time upon the request of the Agent, shall deliver to the Agent with respect to each account receivable lists setting forth the name, address, face value, and date of invoice of each debtor obligated on such account receivable.

(l) Government Contracts. The Borrowers agree that from time to time at the Agent's request, they shall execute all such documents, and take all such actions, as the Agent may reasonably deem necessary or proper to perfect the Agent's security interest in any Collateral consisting of the Borrowers' rights to monies due or to become due under any contracts or agreements with or orders from the United States government or any agency or department thereof.

(m) Securities. The Borrowers agree that they shall forthwith deliver and pledge to the Agent hereunder, for the benefit of the Banks, all certificates representing securities which the Borrowers shall acquire, whether by purchase, stock dividend, distribution of capital or otherwise, along with stock powers or other appropriate instruments of assignment with respect thereto, duly executed in blank.

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

§5. POWER OF ATTORNEY. (a) The Borrowers acknowledge the Agent'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 Borrowers. 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 Borrowers hereby irrevocably appoint the Bank as their 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 Borrowers and in the name of the Borrowers or otherwise, to take any action and to execute any instrument which the Agent may deem necessary or advisable to accomplish the purpose of this Agreement, including, without limitation, the power and right (i) to endorse either Borrower's name on any checks, notes, acceptances, money orders, drafts, filings or other forms of payment or security that may come into the Agent's possession and (ii) to do all other things which the Agent then determines to be necessary to carry out the terms of this Agreement. The power conferred on the Agent hereunder is solely to protect the Agent's interests in the Collateral and shall not impose any duty upon the Agent to exercise such power.

§6. SECURITIES AS COLLATERAL. (a) Upon the occurrence and during the continuance of an Event of Default (as defined herein), the Agent may and, at the written

instruction of the Majority Banks, the Agent shall, 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 Agent so elects or is directed by the Majority Banks to exercise its right herein and gives notice of such election or direction to the Borrowers, upon the occurrence and during the continuance of an Event of Default (as defined herein), the Agent 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 Borrowers hereby irrevocably constituting and appointing the Agent the proxy and attorney-in-fact of the Borrowers, with full power of substitution, to do so. So long as no Event of Default (as defined herein) is continuing, the Borrowers shall be entitled to receive all cash dividends paid in respect of the securities, to vote the securities and to give consents, waivers and ratifications in respect of the 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 the Credit Agreement, any other Security Document or this Agreement.

(b) Any sums paid upon or in respect of any of the securities, upon the liquidation or dissolution of the issuer thereof, shall be paid over to the Agent to be held by it as security for the Obligations; and in case any distribution of capital or property shall be made on or in respect of any of the securities pursuant to the recapitalization or reclassification of the capital of the issuer thereof or pursuant to the reorganization of such issuer, the property so distributed shall be delivered to the Agent to be held by it as security for the Obligations. All sums of money paid and property distributed in respect of the securities upon such a liquidation, dissolution, recapitalization or reclassification which are received by the Borrowers shall, until paid or delivered to the Agent, be held in trust for the Agent as security for the Obligations.

§7. ACCOUNTS RECEIVABLE. So long as no Event of Default (as defined herein) has occurred or is continuing, the Borrowers shall continue to collect payment from debtors on accounts receivable of either Borrower, obligors on accounts, chattel paper and general intangibles of either Borrower, obligors on instruments for which either Borrower is an obligee and lessees and conditional vendees under

agreements governing the leasing or selling by conditional sale of Collateral by either Borrower. After the occurrence and during the continuance of an Event of Default (as defined herein) the Agent may and, upon the written instructions of the Majority Banks, the Agent shall, require the Borrowers to notify such debtors, obligors, lessees or conditional venders of the Agent's security interest. Upon the making of such a request by the Agent, the Borrowers shall hold, as trustee for the Agent, the proceeds received from such collection and shall turn the same over to the Agent, or to such other bank as may be approved by the Agent, immediately upon receipt of such proceeds and in the identical form received. After the occurrence and during the continuance of an Event of Default (as defined herein), the Agent may, and upon the written instructions of the Majority Banks, the Agent shall, require the Borrowers to notify such account debtors and obligors that payment thereof is to be made directly to the Agent, and, if the Borrowers do not promptly so notify such account debtors and obligors, the Agent may itself without further notice to or demand upon the Borrowers, so notify such account debtors or obligors. The making of such a request or the giving of any such notification shall not affect the duties of the Borrowers described above with respect to proceeds received by the Borrowers. The Agent shall apply the proceeds of such collection received by the Agent 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 Agent in its discretion, whether or not such item is returned, may either reverse any credit given for the item or charge it to any deposit account maintained by the Borrowers with the Agent.

§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, (ii) any Event of Default, as that term is defined in the Credit Agreement, whether or not any acceleration of the maturity of the amounts due in respect of any of the Obligations shall have occurred, or (iii) any Event of Default as that term is defined in any other Security Document.

(b) Upon the occurrence and during the continuance of an Event of Default, to the fullest extent permitted by applicable law, in addition to the remedies set forth elsewhere in this Agreement:

(i) The Agent 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 UCC 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 Agent may, 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 Agent shall give to the Borrowers at least ten (10) 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 Boston, Massachusetts, or elsewhere, the whole or from time to time any part of the Collateral in or upon which the Agent shall have a security interest or lien hereunder, or any interest which the Borrowers 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 and disbursements, including without limitation reasonable allocated costs of staff counsel) as provided in §12 hereof, shall apply the residue of such proceeds toward the payment of the Obligations in accordance with §3 of this Security Agreement (without duplication for any expenses paid in accordance with the previous sentence hereof), the Borrowers 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 Borrowers or any Bank, each of the Borrowers and the Banks hereby agrees that a notice given as hereinbefore provided shall be reasonable notice of such sale or other disposition. The Borrowers also agree to assemble the Collateral at such place or places as the Agent reasonably shall designate by written notice. At any such sale or other disposition the Agent 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 Borrowers, 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 Agent under §8(b)(i) hereof, the Agent to the fullest extent permitted by law may enter upon the premises of the Borrowers, exclude the Borrowers 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 Agent may determine in its discretion, and any such monies so collected or received by the Agent shall be applied to, or may be accumulated for application upon, the Obligations in accordance with §3 of this Agreement.

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

(iv) The Borrowers recognize that the Agent 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 Borrowers agree that any such private sales may be at prices and other terms less favorable to the Borrowers 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 Agent 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. Neither the Agent nor any of the Banks shall 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 their rights hereunder and in respect of such securities and guaranties shall be

cumulative and in addition to all other rights, however existing or arising. To the extent that they lawfully may, the Borrowers hereby agree that they will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Agent's or any Bank's rights under this Agreement or under any other instrument evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or guaranteed and, to the extent that they lawfully may, the Borrowers hereby irrevocably waive the benefits of all such laws. Except as otherwise provided by applicable law, the Agent 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. BORROWERS' OBLIGATIONS NOT AFFECTED. To the extent permitted by law, the obligations of the Borrowers 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 either Borrower, to the extent permitted by law; (b) any exercise or nonexercise, or any waiver, by the Agent or any Bank of any right, remedy, power or privilege under or in respect of any of the Obligations or any security therefor (including this Agreement); (c) any amendment to or modification of this Agreement or any instrument evidencing any of the Obligations or pursuant to which any of them were issued, other than in the specific instance and for the specific purpose for which such amendment or modification was given; (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 Borrowers shall have notice or knowledge of any of the foregoing.

§11. NO WAIVER. No failure on the part of the Agent 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 Agent 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 Agent, the Banks or the future holders of any of the Obligations or allowed to any of them by law or other agreement, including, without limitation, the Credit Agreement, the Notes or any other Security Document, shall

be cumulative and not exclusive of any other, and, subject to the provisions of this Agreement, may be exercised by the Agent, the Banks or the future holders of any of the Obligations from time to time.

§12. EXPENSES. The Borrowers agree to pay, on demand, all reasonable costs and expenses (including reasonable attorneys' fees and expenses for legal services of every kind, including without limitation reasonable allocated costs of staff counsel) of the Agent 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 Agent hereunder; and the Agent may at any time apply to the payment of all such costs and expenses all monies of the Borrowers 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 Borrowers 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 §23 of the Credit Agreement.

§14. GOVERNING LAW. Except as otherwise required by the laws of any jurisdiction in which any Collateral is located, this Agreement shall be deemed to be a contract under seal and shall for all purposes be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts.

§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 Borrowers may not assign or transfer their rights hereunder without the prior written consent of the Banks.

§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 payment in full of the Loans and all other amounts then due and payable under the Loan Documents in accordance with their terms and the termination of all Commitments to lend under the Credit Agreement, this Agreement shall terminate and the Borrowers shall be entitled to the return, at the Borrowers' expense, of such Collateral in the possession or control of the Agent as has not theretofore been disposed of pursuant to the provisions hereof.

§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 given in accordance with §20 of the Credit Agreement.

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.

[Corporate Seal]

THE CENTRAL RAILROAD COMPANY  
OF INDIANA

By: *Carroll E. Roberts*  
Title:

[Corporate Seal]

CENTRAL RAILROAD COMPANY  
OF INDIANAPOLIS

By: *Henry E. Kelley*  
Title:

THE FIRST NATIONAL BANK OF BOSTON,  
as Agent

By: \_\_\_\_\_  
Title:

§17. TERMINATION. Upon payment in full of the Loans and all other amounts then due and payable under the Loan Documents in accordance with their terms and the termination of all Commitments to lend under the Credit Agreement, this Agreement shall terminate and the Borrowers shall be entitled to the return, at the Borrowers' expense, of such Collateral in the possession or control of the Agent as has not theretofore been disposed of pursuant to the provisions hereof.

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[Corporate Seal]

THE CENTRAL RAILROAD COMPANY  
OF INDIANA

By: \_\_\_\_\_  
Title:

[Corporate Seal]

CENTRAL RAILROAD COMPANY  
OF INDIANAPOLIS

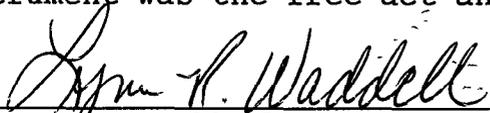
By: \_\_\_\_\_  
Title:

THE FIRST NATIONAL BANK OF BOSTON,  
as Agent

By: Barbara Wilson  
Title: Assistant Vice President

STATE OF INDIANA        )  
                                  )SS:  
COUNTY OF HOWARD        )

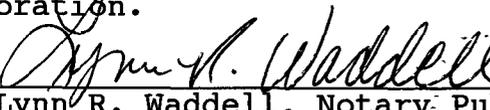
On this 24th day of December, 1991, before me personally appeared Clarendon G. Richert, to me personally known, who, being by me duly sworn, says that he is President of The Central Railroad Company of Indiana, that the corporation has no seal and that the said instrument was signed on behalf of said 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.

  
\_\_\_\_\_  
Lynn R. Waddell, Notary Public  
Resident of Howard County, IN.

My Commission Expires:  
June 13, 1993

STATE OF INDIANA        )  
                                  )SS:  
COUNTY OF HOWARD        )

On this 24th day of December, 1991, before me personally appeared Henry E. Weller, Jr., to me personally known, who, being by me duly sworn, says that he is President of Central Railroad Company of Indianapolis, 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.

  
\_\_\_\_\_  
Lynn R. Waddell, Notary Public  
Resident of Howard County, IN.

My Commission Expires:  
June 13, 1993

State of )  
 ) ss.  
County of )

On this \_\_\_\_ day of \_\_\_\_\_, 1991, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, says that he is \_\_\_\_\_ of The Central Railroad Company of Indiana and Central Railroad Company of Indianapolis, that the seals affixed to the foregoing instrument beside his signature are the corporate seals of said corporations and that the said instrument was signed on behalf of said corporations by authority of their respective Boards of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporations.

\_\_\_\_\_  
Notary Public

My commission expires:

Commonwealth of Massachusetts )  
 ) ss.  
County of Suffolk )

On this 20<sup>th</sup> day of December, 1991, before me personally appeared Barbara W. Wilson, to me personally known, who, being by me duly sworn, says that she is Assistant Vice President of The First National Bank of Boston, and that she is duly authorized to sign the foregoing instrument on behalf of said banking association, and she acknowledges that the execution of the foregoing instrument was the free act and deed of said banking association.

Pamela A. Stogitz  
\_\_\_\_\_  
Notary Public  
My commission expires: 7/31/92

SCHEDULE 4(a) -- REAL PROPERTY

THE CENTRAL RAILROAD COMPANY  
OF INDIANA (CIND)

Real property located in Shelby, Franklin, Ripley, Decatur and Dearborn Counties, Indiana, and Hamilton County, Ohio, known as the "Shelbyville Cluster" described as follows:

- (1) The Shelbyville Secondary Track (line code 60-8212) between Mile Post 0.0 at Cincinnati, Ohio, and Mile Post 81.0 at Shelbyville, Indiana;
- (2) The Lawrenceburg Industrial Track (line code 60-8346) between Mile Post 22.4 and Mile Post 26.3 in Lawrenceburg, Indiana;
- (3) The Westport Industrial Track (line code 60-8344) between Mile Post 223.7 and Mile Post 225.0 in Greensburg, Indiana;
- (4) The Greensburg Industrial Track (line code 60-8363) between Mile Post 222.4 and Mile Post 223.6 in Greensburg, Indiana; and
- (5) Certain trackage rights between Shelbyville, Indiana, and Frankfort, Indiana, from Consolidated Rail Corporation pursuant to the certain "Purchase and Sale Agreement" dated June 14, 1991, and the certain "Memorandum of Agreement to Amend and Modify Purchase and Sale Agreement Dated June 14, 1991" dated December 2, 1991, between Consolidated Rail Corporation and The Central Railroad Company of Indiana upon terms and conditions set forth therein.

CENTRAL RAILROAD COMPANY  
OF INDIANAPOLIS (CERA)

All right, title and interest of CERA as "Lessee" under the certain "Lease and Option to Purchase Agreement" dated July 5, 1989, effective August 16, 1989, between Norfolk and Western Railway Company as "Lessor" and Central Railroad Company of Indianapolis as "Lessee" described as follows:

The line of railroad of Lessor between Milepost I-41.0 at Tipton, Tipton County, Indiana, and Milepost I-108.60 at Argos, Marshall County, Indiana, and also the line of railroad of Lessor between Milepost TS-152.22 at Marion,

Grant County, Indiana, and Milepost TS-206.44 at or near Frankfort, Clinton County, Indiana, including all of Lessor's real property, railroad right-of-way, roadbed, main track, sidings, industrial tracks, depots, yards, storage and parking areas, culverts, bridges, buildings, structures, communication and signal facilities, fixtures, and all other appurtenances located between said mileposts, excepting and reserving unto Lessor the real property and structures and other improvements thereon described in Exhibit "A" to said Lease.

SCHEDULE 4(b) -- ROLLING STOCK

<u>Vehicle Number</u>	<u>RR Assd</u>	<u>Radio Type</u>	<u>Make</u>	<u>Year</u>	<u>Type</u>	<u>Serial Number</u>	<u>Department Assignment</u>
101HR/UT	CIND	New-16	Grum	1978	Utility	CPL3283324097	Track Frmn
102DW/UT	CIND	New-16	Grum	1978	Utility	CPL3283324092	Car Dept
103BT	Syst	None	Chev	1974	Boom	CCE674V147666	
106PU	CERA	Old-6	Chev	1976	Pick-up	CCS246F350390	Mech Dept
107BLZ	CIND	New-16	Chev	1988	Blazer	1GNCS18RXJ8188519	Opns Dept
108PC	Syst	None	Olds	1989	Sedan	1G3HY54C1KW306542	HEW
109SUB	CERA	New-16	Chev	1985	Suburban	1G8GC26M5FF170012	Opns Dept
110HR/PU	Syst	New-16	Chev	1986	Pick-up	1GBGC34M5GJ149050	Track Spvr
111HR/CC	CERA	Old-6	GMC	1980	Crew Cab	TCM33AB514023	Track Frmn

Locomotive Road Number

Frame Number

819	E 1267-10
9125/1201	4150-2
3373/1202	4194-3
1368	E 6055-1
1410	5076-17
1416	5029-11
175 1	6323-2
175 2	5150-1

SCHEDULE 4(c) -- PATENTS, TRADEMARKS, COPYRIGHTS

None of The Central Railroad Company of Indiana, Central Railroad Company of Indianapolis, and Central Properties, Incorporated has patents, trademarks or copyrights.

SCHEDULE 4(d) -- COLLATERAL LOCATIONS

THE CENTRAL RAILROAD COMPANY  
OF INDIANA (CIND)

Collateral is located upon real estate in Shelby, Franklin, Ripley, Decatur and Dearborn Counties described in Schedule 4(a). CIND's principal place of business in the State of Indiana is 500 North Buckeye Street, Kokomo, Indiana 46901, in Howard County, Indiana. CIND's principal place of business in the State of Ohio is at 1901 River Road, Cincinnati, Ohio 45204, in Hamilton County, Ohio.

CENTRAL RAILROAD COMPANY  
OF INDIANAPOLIS (CERA)

Collateral is located upon real estate in Grant, Howard, Clinton, Marshall, Fulton, Miami and Tipton Counties, Indiana, described in Schedule 4(a). CERA's principal place of business is 500 North Buckeye Street, Kokomo, Indiana 46901, in Howard County, Indiana.