

BROBECK, PHLEGER & HARRISON

ATTORNEYS AT LAW

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SUITE 1300
SAN DIEGO, CALIFORNIA 92101
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July 29, 1991

WRITER'S DIRECT DIAL NUMBER

15600-A
RECORDATION NO. FILED 1425

JUL 30 1991 -3 05 PM

INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Secretary:

I have enclosed an original and one copy of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is an Amendment Number Two to Security Agreement, a secondary document, dated as of April 30, 1991. The primary document to which this is connected is recorded under Recordation No. 1 5600, dated April 22, 1988.

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

Secured Party:

Wells Fargo Bank, N.A.
420 Montgomery Street, 4th Floor
San Francisco, California 94163

Borrower:

Southdown, Inc.
1200 Smith Street, Suite 2400
Houston, Texas 77002

A description of the equipment covered in the document is attached as Exhibit "A" of the document, with an additional copy attached to this letter as Schedule 1.

Included in the property covered by the document described above are railroad cars and locomotives intended for use related to interstate commerce, or interests therein, owned

Interstate Commerce Commission
July 29, 1991
Page 2

by Southdown, Inc. as of the date of such document, or thereafter acquired by it or its successors as owners of the railroad cars and locomotives covered by such document.

A fee of \$15.00 is enclosed. Please return the original and extra copies not needed by the Commission for recordation to Richard C. Pugh, Jr., Brobeck, Phleger & Harrison, 444 South Flower Street, 43rd Floor, Los Angeles, California 90017.

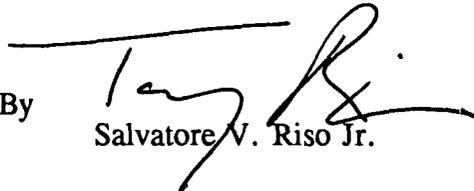
A short summary of the document to appear in the index follows:

Amendment Number Two to Security Agreement between Southdown, Inc. 1200 Smith Street, Suite 2400, Houston, Texas 77002 and Wells Fargo Bank, N.A., 420 Montgomery Street, 4th Floor, San Francisco, California 94163, dated as of April 30, 1991, covering , among other things, seventy-nine (79) railroad cars and locomotives.

Very truly yours,

BROBECK, PHLEGER & HARRISON

By


Salvatore V. Riso Jr.

SVR:amm
Enclosures

Rail Cars Owned by Southdown, Inc.
(formerly Southwestern Portland Cement Company):

<u>TYPE OF CAR</u>	<u>SERIAL NO.</u>
Locomotive Diesel 65-Ton DL-6790216 400HP	28521
Locomotive SPD-35 Diesel Elec. 2500HP	29350
Locomotive GP-40 Diesel Elect. 300HP	7064-5
R.R. Slug GP 20, 2000 HP 120-Ton	7597-16
Hopper Bottom Dump 70-Ton	6058
Hopper Bottom Dump 70-Ton	6200
Hopper Bottom Dump 70-Ton	6336
Hopper Bottom Dump 70-Ton	6661
Hopper Bottom Dump 70-Ton	6992
Hopper Bottom Dump 70-Ton	7058
Hopper Bottom Dump 70-Ton	7215
Hopper Bottom Dump 70-Ton	7276
Hopper Bottom Dump 70-Ton	7351
Hopper Bottom Dump 70-Ton	7471
Hopper Bottom Dump 70-Ton	7604
Hopper Bottom Dump 70-Ton	7623
Hopper Bottom Dump 70-Ton	6489
Hopper Bottom Dump 70-Ton	6660
Hopper Bottom Dump 70-Ton	7701
Hopper Bottom Dump 70-Ton	16898
Water Car 10,000 Gal. Tank Car	CHAX 175

TYPE OF CARSERIAL NO.

Water Car	10,000 Gal. Tank Car	CHAX 198
Water Car	10,000 Gal. Tank Car	CHAX 199
Locomotive	Electric	29952
Locomotive	99-Ton	75120
Locomotive	1000-Ton	59079
Hopper	50-Ton Bottom Dump	DFC135769
Hopper	50-Ton Bottom Dump	SPCC318201
Hopper	50-Ton Bottom Dump	SPCC348281
Hopper	50-Ton Bottom Dump	OFC135974
Hopper	50-Ton Bottom Dump	OFC135967
Hopper	50-Ton Bottom Dump	OFC135851
Hopper	50-Ton Bottom Dump	OFC135939
Hopper	50-Ton Bottom Dump	OFC135943
Hopper	50-Ton Bottom Dump	OFC135922
Hopper	50-Ton Bottom Dump	OFC135792
Hopper	50-Ton Bottom Dump	OFC135969
Hopper	50-Ton Bottom Dump	OFC135822
Hopper	50-Ton Bottom Dump	OFC135978
Hopper	50-Ton Bottom Dump	OFC135839
Hopper	50-Ton Bottom Dump	OFC135901
Hopper	50-Ton Bottom Dump	OFC50241
Hopper	50-Ton Bottom Dump	OFC50244
Hopper	50-Ton Bottom Dump	OFC50249
Hopper	50-Ton Bottom Dump	OFC50254

TYPE OF CARSERIAL NO.

Hopper	50-Ton Bottom Dump	OFC50289
Hopper	50-Ton Bottom Dump	OFC135789
Hopper	50-Ton Bottom Dump	OFC135932
Hopper	50-Ton Bottom Dump	OFC135760
Hopper	50-Ton Bottom Dump	SWPC2353
Hopper	50-Ton Bottom Dump	SWPC2358
Hopper	50-Ton Bottom Dump	SWPC2362
Hopper	50-Ton Bottom Dump	SWPC2379
Hopper	50-Ton Bottom Dump	SWPC2382
Hopper	50-Ton Bottom Dump	SWPC2383
Hopper	50-Ton Bottom Dump	SWPC2351
Hopper	50-Ton Bottom Dump	SWPC2352
Hopper	50-Ton Bottom Dump	SWPC2356
Hopper	50-Ton Bottom Dump	SWPC2359
Hopper	50-Ton Bottom Dump	SWPC2361
Hopper	50-Ton Bottom Dump	SWPC2370
Hopper	50-Ton Bottom Dump	SWPC2380
Hopper	50-Ton Bottom Dump	SWPC2387
Hopper	50-Ton Bottom Dump	SWPC2388
Hopper	50-Ton Bottom Dump	SWPC2389
Hopper	Bottom Dump 70-Ton	80 *
Hopper	Bottom Dump 70-Ton	88 *
Hopper	Bottom Dump 70-Ton	89 *
Hopper	Bottom Dump 70-Ton	90 *
Hopper	Bottom Dump 70-Ton	93 *

TYPE OF CARSERIAL NO.

Hopper	Bottom Dump 70-Ton	95 *
Hopper	Bottom Dump 70-Ton	96 *
Hopper	Bottom Dump 70-Ton	98 *
Hopper	Bottom Dump 70-Ton	99 *
Hopper	Coal 100-Ton	103 *
Hopper	Coal 100-Ton	104 *
Hopper	Coal 100-Ton	105 *
Hopper	Coal 100-Ton	106 *
Hopper	Coal 100-Ton	107 *

* Internal control numbers provided in lieu of serial numbers where serial numbers were unavailable

Interstate Commerce Commission
Washington, D.C. 20423

7/30/91

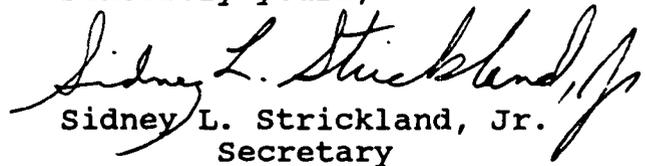
OFFICE OF THE SECRETARY

Salvatore V. Riso Jr.
Brobeck, Phleger & Harrison
444 South Flower Street
Los Angeles, CA. 90017

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 7/30/91 at 3:05PM , and assigned recordation number(s). *15600-A*

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

JUL 30 1991 -3 05 PM

INTERSTATE COMMERCE COMMISSION

AMENDMENT NUMBER TWO TO SECURITY AGREEMENT

THIS AMENDMENT NUMBER TWO TO SECURITY AGREEMENT, dated as of April 30, 1991 (this "Amendment"), entered into between **SOUTHDOWN, INC.**, a Louisiana corporation, and successor by merger to Southwestern Portland Cement Company, a Delaware corporation ("Debtor"), and **WELLS FARGO BANK, N.A.**, a national banking association, in its capacity as agent ("Secured Party") for the banks and financial institutions which are signatories ("Banks") to that certain Amended and Restated Credit Agreement, dated as of April 30, 1991 (the "Credit Agreement"), entered into between Debtor, on the one hand, and, on the other hand, Banks and Secured Party, in light of the following facts:

WHEREAS, Southwestern Portland Cement Company, a Delaware corporation ("SPC"), and Secured Party previously executed that certain Security Agreement, dated as of April 5, 1988, which was amended by that certain Amendment Number One to Security Agreements dated as of May 22, 1989 (as amended, the "Security Agreement");

WHEREAS, the Security Agreement encumbers certain personal property, including certain railroad cars and locomotives that are more particularly described on Exhibit A attached to this Amendment (the "Collateral");

WHEREAS, on April 22, 1988, Secured Party recorded the Security Agreement and a schedule listing certain railroad cars and locomotives with the Interstate Commerce Commission (recordation number 1 5600);

WHEREAS, the Security Agreement secures, among other things, the performance by SPC of its obligations under that certain General Continuing Guaranty, dated as of April 5, 1988 (the "Guaranty"), pursuant to which SPC guaranteed certain obligations of Debtor to Secured Party and Banks under that certain Credit Agreement, dated as of April 5, 1988 (the "Prior Credit Agreement"), entered into between Debtor, SDW, Inc. (a subsidiary of Debtor which was subsequently merged out of existence), on the one hand, and, on the other hand, Secured Party and Banks;

WHEREAS, at the time the Security Agreement, the Guaranty, and the Prior Credit Agreement were executed, SPC was a wholly-owned subsidiary of Debtor;

WHEREAS, pursuant to the corporate reorganization of Debtor, SPC was merged with and into Debtor, with Debtor being the surviving corporation and SPC being the disappearing

corporation (the "Merger");

WHEREAS, as a result of the Merger, SPC's ownership interest in the Collateral encumbered by the Security Agreement is now held by Debtor, and SPC's obligations under the Guaranty have merged into the primary obligations of Debtor under the Prior Credit Agreement;

WHEREAS, in order to reflect the Merger and other aspects of Debtor's corporate reorganization and to correspondingly restructure the obligations of Debtor under the Prior Credit Agreement, Debtor, on the one hand, and, on the other hand, Secured Party and Banks, are contemporaneously herewith entering into the Credit Agreement; and

WHEREAS, Debtor and Secured Party desire to amend the Security Agreement to reflect the effect of the Merger on the ownership of the Collateral encumbered by the Security Agreement, and to modify the description of the obligations secured thereby.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtor and Secured Party hereby agree to amend the Security Agreement as follows:

1. **Definitions; Construction.** Any and all initially capitalized terms used herein shall have the meaning ascribed thereto in the Credit Agreement, unless specifically defined herein. Unless the context of this Amendment clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the part includes the whole, the terms "include" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereby," "hereunder," and other similar terms refer to this Amendment.

2. **Amendment of the Recitals to the Security Agreement.** The recitals to the Security Agreement are hereby amended by deleting the first three recitals therefrom in their entirety and adding and inserting in their place the following two new recitals:

WHEREAS, Debtor, on the one hand, and, on the other hand, Secured Party and Banks, have entered into that certain Amended and Restated Credit Agreement, dated as of April 30, 1991 (the "Credit Agreement"); and

WHEREAS, Debtor has agreed to grant to Secured

Party, on behalf of Banks, a security interest in all of Debtor's Collateral as security for Debtor's obligations under the Credit Agreement.

3. Amendment of Section 1.8 of the Security Agreement. Section 1.8 of the Security Agreement is hereby amended by deleting the section in its entirety and adding and inserting in its place the following new Section 1.8:

1.8 "Debtor" means and refers to SOUTHDOWN, INC., a Delaware corporation, with its chief executive office located as 1200 Smith Street, Suite 2400, Houston, Texas 77002.

4. Amendment of Section 1.14 of the Security Agreement. Section 1.14 of the Security Agreement is hereby amended by deleting the section in its entirety and adding and inserting in its place the following new Section 1.14:

1.14 [Intentionally Omitted].

5. Amendment of Section 1.16 of the Security Agreement. Section 1.16 of the Security Agreement is hereby amended by deleting the section in its entirety and adding and inserting in its place the following new Section 1.16:

1.16 "Majority Banks" shall have the meaning ascribed to the defined term "Required Banks" in the Credit Agreement.

6. Amendment of Section 1.18 of the Security Agreement. Section 1.18 of the Security Agreement is hereby amended by deleting each occurrence of the word "Guaranty" therefrom in its entirety and adding and inserting in each such place the phrase "Credit Agreement."

7. Amendment of Section 1.19 of the Security Agreement. Section 1.19 of the Security Agreement is hereby amended by deleting the section in its entirety and adding and inserting in its place the following new Section 1.19:

1.19 [Intentionally Omitted].

8. Amendment of Section 1.20 of the Security Agreement. Section 1.20 of the Security Agreement is hereby amended by deleting the section in its entirety and adding and inserting in its place the following new Section 1.20:

1.20 [Intentionally Omitted].

9. Amendment of Section 3 of the Security Agreement.

Section 3 of the Security Agreement is hereby amended by deleting each occurrence of the word "Guaranty" therefrom in its entirety and adding and inserting in each such place the phrase "Credit Agreement".

10. Amendment of Section 5 of the Security Agreement.

Section 5 of the Security Agreement is hereby amended by deleting each occurrence of the word "Guaranty" therefrom in its entirety and adding and inserting in each such place the phrase "Credit Agreement".

11. Amendment of Section 7 of the Security Agreement.

Section 7 of the Security Agreement is hereby amended by deleting each occurrence of the word "Guaranty" therefrom in its entirety and adding and inserting in each such place the phrase "Credit Agreement".

12. Amendment of Section 10 of the Security Agreement.

Section 10 of the Security Agreement is hereby amended by deleting the addresses for notices therefrom in their entirety and adding and inserting in their place the following new addresses for notices:

If to Debtor: Southdown, Inc.
1200 Smith Street, Suite 2400
Houston, Texas 77002
Attention: Mr. James L. Persky

with a copy to: Bracewell & Patterson
2900 South Tower
Pennzoil Place
Houston, Texas 77002
Attention: William J. Hayes, Esq.

If to Secured Party: Wells Fargo Bank, N.A., as Agent
420 Montgomery Street, 4th Floor
San Francisco, California 94163
Attention: Ms. Sorana Soong

With a copy to: Wells Fargo Corporate Services, Inc.
500 North Akard, Suite 3535
Dallas, Texas 75201
Attention: Mr. Kirk Scoggins

With a copy to: Brobeck, Phleger & Harrison
444 South Flower Street, 43rd Floor
Los Angeles, California 90017
Attention: John Francis Hilson, Esq.

13. Amendment of Section 12.1 of the Security Agreement. Section 12.1 of the Security Agreement is hereby amended by deleting the phrase "SD or any Subsidiary of SD" therefrom in its entirety and adding and inserting in its place the phrase "any Subsidiary of Debtor" and by deleting "5.15" therefrom in its entirety and adding and inserting in its place "5.11".

14. Amendment of Section 12.7 of the Security Agreement. Section 12.7 of the Security Agreement is hereby amended by deleting the phrase "the Guaranty," therefrom in its entirety.

15. Amendment of Section 12.9 of the Security Agreement. Section 12.9 of the Security Agreement is hereby amended by deleting the word "Guaranty" therefrom in its entirety and adding and inserting in its place the phrase "Credit Agreement".

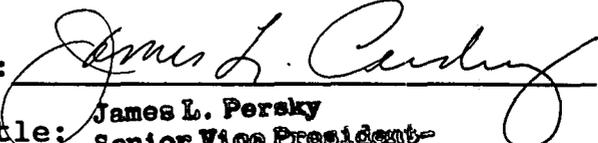
16. Exhibit A. Exhibit A attached hereto is hereby incorporated into the Security Agreement by this reference and is intended to amend and restate the schedule of railroad cars and locomotives that was recorded with the Interstate Commerce Commission as described in the recitals to this Amendment.

17. Execution in Counterparts. This Amendment may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed an original. All of such counterparts, when taken together, shall constitute but one and the same instrument. Delivery of an executed counterpart of the signature pages to this Amendment by telefacsimile shall be effective as delivery of a manually executed counterpart of this Amendment. Any party delivering an executed counterpart of the signature pages to this Amendment by telefacsimile shall thereafter also promptly deliver a manually executed counterpart of this Amendment but the failure to deliver such manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

18. Effectiveness; No Further Amendment. Except as expressly modified and amended by this Amendment, the provisions of the Security Agreement shall remain in full force and effect in accordance with their original terms. This Amendment shall be effective from the date hereof and shall be effective as of the date first written above when a counterpart hereof shall have been executed by Debtor and Secured Party and shall have been delivered to Secured Party.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first set forth above.

SOUTHDOWN, INC.,
a Louisiana corporation

By: 
Title: James L. Persky

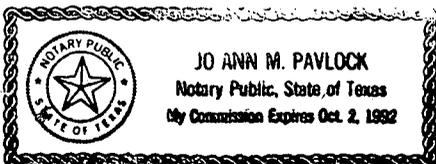
Senior Vice President
Finance
WELLS FARGO BANK, N.A.,
a national banking association,
as Agent

By: 
Title: Kirk Schmitt
Vice President

STATE OF TEXAS)
) ss
COUNTY OF HARRIS)

On May 22, 1991, before me, the undersigned, a Notary Public in and for said State, personally appeared James L. Persky, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed this instrument as the Senior Vice President - Finance (respectively if more than one person) or on behalf of the corporation therein named, and acknowledged to me that the corporation executed this instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

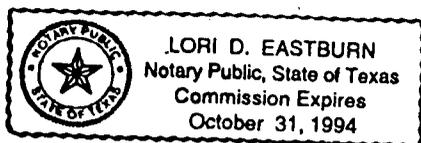


Jo Ann M. Pavlock
Notary Public in and for Said State

STATE OF Texas)
) ss
COUNTY OF Dallas)

On May 30, 1991, before me, the undersigned, a Notary Public in and for said State, personally appeared Kirk Scoggins, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed this instrument as the vice President, (respectively if more than one person) or on behalf of the national banking association therein named, and acknowledged to me that the national banking association executed this instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.



Lori D. Eastburn
Notary Public in and for Said State

Rail Cars Owned by Southdown, Inc.
(formerly Southwestern Portland Cement Company):

<u>TYPE OF CAR</u>		<u>SERIAL NO.</u>
Locomotive	Diesel 65-Ton DL-6790216 400HP	28521
Locomotive	SPD-35 Diesel Elec. 2500HP	29350
Locomotive	GP-40 Diesel Elect. 300HP	7064-5
R.R. Slug	GP 20, 2000 HP 120-Ton	7597-16
Hopper	Bottom Dump 70-Ton	6058
Hopper	Bottom Dump 70-Ton	6200
Hopper	Bottom Dump 70-Ton	6336
Hopper	Bottom Dump 70-Ton	6661
Hopper	Bottom Dump 70-Ton	6992
Hopper	Bottom Dump 70-Ton	7058
Hopper	Bottom Dump 70-Ton	7215
Hopper	Bottom Dump 70-Ton	7276
Hopper	Bottom Dump 70-Ton	7351
Hopper	Bottom Dump 70-Ton	7471
Hopper	Bottom Dump 70-Ton	7604
Hopper	Bottom Dump 70-Ton	7623
Hopper	Bottom Dump 70-Ton	6489
Hopper	Bottom Dump 70-Ton	6660
Hopper	Bottom Dump 70-Ton	7701
Hopper	Bottom Dump 70-Ton	16898
Water Car	10,000 Gal. Tank Car	CHAX 175

TYPE OF CARSERIAL NO.

Water Car	10,000 Gal. Tank Car	CHAX 198
Water Car	10,000 Gal. Tank Car	CHAX 199
Locomotive	Electric	29952
Locomotive	99-Ton	75120
Locomotive	1000-Ton	59079
Hopper	50-Ton Bottom Dump	DFC135769
Hopper	50-Ton Bottom Dump	SPCC318201
Hopper	50-Ton Bottom Dump	SPCC348281
Hopper	50-Ton Bottom Dump	OFC135974
Hopper	50-Ton Bottom Dump	OFC135967
Hopper	50-Ton Bottom Dump	OFC135851
Hopper	50-Ton Bottom Dump	OFC135939
Hopper	50-Ton Bottom Dump	OFC135943
Hopper	50-Ton Bottom Dump	OFC135922
Hopper	50-Ton Bottom Dump	OFC135792
Hopper	50-Ton Bottom Dump	OFC135969
Hopper	50-Ton Bottom Dump	OFC135822
Hopper	50-Ton Bottom Dump	OFC135978
Hopper	50-Ton Bottom Dump	OFC135839
Hopper	50-Ton Bottom Dump	OFC135901
Hopper	50-Ton Bottom Dump	OFC50241
Hopper	50-Ton Bottom Dump	OFC50244
Hopper	50-Ton Bottom Dump	OFC50249
Hopper	50-Ton Bottom Dump	OFC50254

TYPE OF CARSERIAL NO.

Hopper	50-Ton Bottom Dump	OFC50289
Hopper	50-Ton Bottom Dump	OFC135789
Hopper	50-Ton Bottom Dump	OFC135932
Hopper	50-Ton Bottom Dump	OFC135760
Hopper	50-Ton Bottom Dump	SWPC2353
Hopper	50-Ton Bottom Dump	SWPC2358
Hopper	50-Ton Bottom Dump	SWPC2362
Hopper	50-Ton Bottom Dump	SWPC2379
Hopper	50-Ton Bottom Dump	SWPC2382
Hopper	50-Ton Bottom Dump	SWPC2383
Hopper	50-Ton Bottom Dump	SWPC2351
Hopper	50-Ton Bottom Dump	SWPC2352
Hopper	50-Ton Bottom Dump	SWPC2356
Hopper	50-Ton Bottom Dump	SWPC2359
Hopper	50-Ton Bottom Dump	SWPC2361
Hopper	50-Ton Bottom Dump	SWPC2370
Hopper	50-Ton Bottom Dump	SWPC2380
Hopper	50-Ton Bottom Dump	SWPC2387
Hopper	50-Ton Bottom Dump	SWPC2388
Hopper	50-Ton Bottom Dump	SWPC2389
Hopper	Bottom Dump 70-Ton	80 *
Hopper	Bottom Dump 70-Ton	88 *
Hopper	Bottom Dump 70-Ton	89 *
Hopper	Bottom Dump 70-Ton	90 *
Hopper	Bottom Dump 70-Ton	93 *

<u>TYPE OF CAR</u>		<u>SERIAL NO.</u>
Hopper	Bottom Dump 70-Ton	95 *
Hopper	Bottom Dump 70-Ton	96 *
Hopper	Bottom Dump 70-Ton	98 *
Hopper	Bottom Dump 70-Ton	99 *
Hopper	Coal 100-Ton	103 *
Hopper	Coal 100-Ton	104 *
Hopper	Coal 100-Ton	105 *
Hopper	Coal 100-Ton	106 *
Hopper	Coal 100-Ton	107 *

* Internal control numbers provided in lieu of serial numbers where serial numbers were unavailable