

RECORDATION NO. 23086-B FILED

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**SURFACE TRANSPORTATION BOARD**

OF COUNSEL  
URBAN A. LESTER

ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

April 3, 2001

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of an Subordination Agreement, dated as of March 29, 2001, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Security Agreement which was previously filed with the Board under Recordation Number 23086.

The name and address of the party to the enclosed document are:

Secured Party: Sky Bank  
101 East Washington Street  
New Castle, PA 16101

A description of the railroad equipment covered by the enclosed document is:

7 railcars bearing KRL reporting marks and road numbers 70908 and 370392 - 370397.

Mr. Vernon A. Williams  
April 3, 2001  
Page Two

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

Subordination Agreement by Sky Bank, Secured Party

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alvord", with a long, sweeping horizontal stroke extending to the right.

Robert W. Alvord

RWA/anm  
Enclosures

## SUBORDINATION AGREEMENT

**THIS SUBORDINATION AGREEMENT** is made as of the 29th day of March, 2001 by **SKY BANK**, an Ohio banking institution, having its principal place of business at 101 East Washington Street, New Castle, Pennsylvania (the "Sky Bank"), for the benefit of **FIRSTAR BANK, N.A.**, a national banking association with its principal place of business at 425 Walnut Street, Cincinnati, Ohio ("Firststar").

### INTRODUCTION:

Firststar, as lessor, and Kasgro Rail Corporation, a Pennsylvania Corporation, and Kasgro Leasing, LLC, a Pennsylvania limited liability company, as co-lessees (the "Lessees") are about to enter into an equipment lease transaction (the "Transaction") to be evidenced by a lease agreement (the "Lease Agreement") and certain other documents in connection with the Railcars described on Exhibit A attached hereto (the "Railcars"). In order to induce Firststar to enter into the Transaction with the Lessees, Lessees are granting to Firststar a security interest ("Firststar Security Interest") with respect to the railcars leased by Lessor to Lessee, a security interest in Lessee's right, title and interest in and to each now existing and hereafter arising sublease and use agreement, all guarantees, security deposits or other security or collateral provided by a sublessee, user or other person as security for the sublessee's, user's or other person's obligations under a sublease, use agreement, and all other agreements provided by a sublessee, user, or other Person in connection with a sublease, use agreement or similar arrangement, including, without limitation, all chattel paper evidencing or relating thereto (such guarantees, security deposits, chattel paper, other security or collateral and other agreements being the "Related Documents") and all proceeds of any of the foregoing (collectively, the "Collateral"). Sky Bank has a security interest in certain property of Lessees, including the Collateral, and Sky Bank has agreed to subordinate its security interest in the Collateral on the terms provided herein.

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sky Bank, for itself and for its successors and assigns, hereby agrees that:

1. Sky Bank's security interest in the Collateral described on Exhibit A (the "Sky Bank Security Interest") shall be subordinate and junior to the Firststar Security Interest. This subordination shall apply irrespective of the time or order of attachment or perfection of the Sky Bank Security Interest and the Firststar Security Interest and shall remain in effect until full satisfaction and performance of the obligations secured by the Firststar Security Interest.
2. Firststar may assign its rights hereunder to any person or entity ("Assignee") and the Sky Bank Security Interest shall be subordinate and junior to the interest of any Assignee of the Firststar Security Interest.
3. Firststar may repossess and foreclose upon the Collateral and otherwise exercise any rights it possesses in the Collateral whenever it deems such action to be necessary or desirable in order to protect the Firststar Security Interest.
4. Sky Bank shall provide to Firststar, and Firststar shall provide to Sky Bank, at the addresses above, a copy of any written notice of default or acceleration issued to Lessees or either of them with respect to any obligation of Lessees (or either of them) to Sky Bank or to Firststar and secured by the Collateral.
5. Sky Bank shall not exercise any of its rights or remedies available to it with respect to the Collateral for a period of one (1) year after giving written notice to Firststar pursuant to paragraph 4

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hereof of any acceleration of any obligation of Lessees (or either of them) to Sky Bank and secured by the Collateral.

6. Firststar shall release the Firststar Security Interest at such time as it is indefeasibly paid all amounts owed to it under the Lease Agreement. At such time this Agreement shall be of no further force or effect.
7. This Subordination Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

IN WITNESS WHEREOF, Sky Bank and Firststar have caused this Subordination Agreement to be executed as of the day and year first above written.

Sworn and subscribed before me to Sky Bank

30th day of March, 2001 By: John D. Kline  
Barbara Jean Sherbak

Notarial Seal  
Barbara Jean Sherbak, Notary Public  
New Castle, Lawrence County  
My Commission Expires Aug. 16, 2001  
Member, Pennsylvania Association of Notaries

Name: JOHN D. KLINE  
Title: SENIOR VICE PRESIDENT

Firststar Bank, N.A.  
By: Mathew F. Jaworski

Name: Mathew F. Jaworski  
Title: V.P.



Chang Cho

CHANG CHO  
Notary Public, State of Ohio  
My Commission Expires Feb. 1, 2008

EXHIBIT A TO SUBORDINATION AGREEMENT DATED MARCH 29, 2001, BETWEEN SKY BANK AND FIRSIAR BANK, N.A.

Firsiar Bank  
Equipment Schedule 1-27-01

1	2	3	4	5	6	7
Symbol Number	Description of Equipment	Price	End Use	Ready Date		
1	MRL 70308 70' 230 - Ton 8 - Axle FM	299,800	NE	Complete		
2	MRL 370392 48' 370 - Ton 12 - Axle FM	609,915	GES	Complete		
3	MRL 370393 48' 370 - Ton 12 - Axle FM	609,915	GES	Complete		
4	MRL 370394 48' 370 - Ton 12 - Axle FM	609,915	GES	Complete		
5	MRL 370395 48' 370 - Ton 12 - Axle FM	609,915	GES	Complete		
6	MRL 370396 48' 370 - Ton 12 - Axle FM	609,915	GES	Complete		
7	MRL 370397 48' 370 - Ton 12 - Axle FM	609,915	GES	Complete		
		<u>3,959,380</u>				

**CERTIFICATION**

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: April 3, '01

  
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Robert W. Alvord