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August 7, 2000

Mr. Vernon A. Williams
Office of the Secretary
Surface Transportation Board
The Mercury Building, Room 700
1925 K Street, NW
Washington, DC 20423

RECORDATION NO. 23086 FILED
SEP 7 '00 10-43 AM
TS
SURFACE TRANSPORTATION BOARD

Re: Sky Bank
Kasgro Rail Corp./Kasgro Leasing, LLC
Security Agreement

Dear Mr. Williams:

I have enclosed an original and one copy of the document described below to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

This document is a security agreement, a primary document, dated June 22, 2000.

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

Debtor: Kasgro Rail Corp
Kasgro Leasing, LLC
320 East Cherry Street
New Castle, PA 16102

Lender: Sky Bank
101 East Washington Street
New Castle, PA 16103

A description of the equipment covered by the document follows:

Item	Car No.	Description
1	LNAL 600290	FD 36', 228000# CAP 6-AXLES
2	LNAL 600908	FD 36', 225000# CAP 6-AXLES
3	LNAL 600910	FD 36', 225000# CAP 6-AXLES

COHEN & GRIGSBY, P.C.

Mr. Vernon A. Williams
August 7, 2000
Page 2

4	LNAL 600291	FD 36', 228000# CAP 6-AXLES
5	LNAL 600909	FD 36', 225000# CAP 6-AXLES
6	LNAL 600292	FD 36', 228000# CAP 6-AXLES
7	LNAL 600349	FD 21', 250000# CAP 6-AXLES
8	LNAL 600907	FD 21', 250000# CAP 6-AXLES
9	LNAL 600914	FD 22', 195000# CAP 4-AXLES
10	LNAL 600451	FM 47'-10', 320000# CAP 8-AXLES
11	LNAL 600452	FM 47'-10", 320000# CAP 8-AXLES
12	LNAL 600470	FM 48', 335000# CAP 8-AXLES
13	LNAL 600472	FM 48', 335000# CAP 8-AXLES
14	LNAL 600471	FM 48'-0", 335000# CAP 8-AXLES
15	LNAL 600473	FM 48'-0", 335000# CAP 8-AXLES
16	LNAL 600912	FD 18'-6", 199000# CAP 8-AXLES
17	LNAL 600911	FD 18'-6", 199000# CAP 4-AXLES
18	LNAL 600913	FD 18'-6", 199000# CAP, 4-AXLES
19	LNAL 600430	FM 54', 270000# CAP, 8-AXLES
20	LNAL 600530	FM 44'-4", 260-TON, 8-AXLES
21	LNAL 600531	FM 44'-4", 200-TON, 8-AXLES

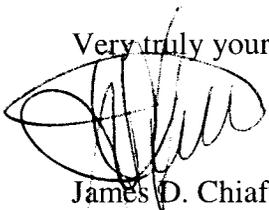
A fee of twenty-six dollars (\$26) is enclosed. Please return the original and any extra copies not needed by the Board for recordation to:

James D. Chiafullo, Esquire
Cohen & Grigsby, P.C.
11 Stanwix Street, 15th floor
Pittsburgh, PA 15222-1319

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

Security Agreement between Kasgro Rail Corp., Kasgro Leasing, LLC, (320 East Cherry Street, New Castle, Pennsylvania 16102) and Sky Bank (101 East Washington Street, New Castle, Pennsylvania 16103) dated June 22, 2000, and covering twenty-one railcars, six of which are FD 36', two FD 21', one FD 22', two FM 47'-10", two FM 48', two 48'-0", three FD 18'-6", one 54', and two FM 44'-4".

Very truly yours,



James D. Chiafullo

JDC/av
Enclosure516191_1

SECURITY AGREEMENT

SEP 7 '00 10-43 AM

SURFACE TRANSPORTATION BOARD

THIS SECURITY AGREEMENT, dated as of June 22, 2000 made by KASGRO RAIL CORP., a Pennsylvania corporation and KASGRO LEASING LLC, a Pennsylvania limited liability company (together the "Company"), to SKY BANK, an Ohio banking institution ("Sky").

WITNESSETH:

WHEREAS, Sky has made a loan (the "Loan") to the Company in the amount of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00) to enable the Company to purchase certain rolling stock;

WHEREAS, the Loan is evidenced by a certain Amended and Restated Loan Agreement (the "Loan Agreement") and promissory note of even date herewith (collectively the "Note") in an original principal amount equal to the amount of the Loan; and

WHEREAS, the Company has entered into this Agreement in order to secure its obligations hereunder and under the Note.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and in consideration of the premises, the Company hereby agrees with Sky as follows:

1. Definitions. In addition to other terms defined elsewhere in this Agreement, the following words and terms shall have the following meanings, respectively, unless the context hereof clearly requires otherwise:

(a) "Agreement" shall mean this Security Agreement as from time to time amended or supplemented.

(b) "Code" shall mean the Uniform Commercial Code as enacted and in effect in the Commonwealth of Pennsylvania at the date of this Agreement and as the same may be amended from time to time hereafter.

(c) "Collateral" shall mean the rolling stock described in Schedule A hereto, and also any additional or substitute rolling stock made subject to the security interest described in Section 2 hereof pursuant to Section 4 hereof, together with all additions, replacement parts, improvements and accessions, if any, thereto, all leases and other rental agreements to which such rolling stock may be subject from time to time and all cash and non-cash proceeds (as those terms are defined by the Code) thereof.

(d) "Obligations" shall mean (i) all indebtedness of the Company under the Note, and all interest thereon, and any extensions, renewals, refundings or substitutions thereof in whole or in part, (ii) all costs and expenses incurred by Sky in the collection of any such indebtedness, (iii) all future advances made by Sky for the protection, preservation or collection of any portion of the Collateral, including without limitation advances for storage and transportation charges, taxes, insurance, repairs and the like, (iv) all other existing or future obligations of the Company to Sky; and (v) the performance of the Company's covenants and agreements under this Agreement.

(e) "Event of Default" shall having the meaning specified in Section 10(a) of this Agreement.

2. Security Interest. The Company hereby agrees that Sky shall have, and hereby grants to and creates in favor of Sky, a continuing security interest under the Code and under 49 U.S.C. Section 11303 in and to the Collateral as security for the payment and performance of the Obligations.

3. Title to Collateral. Kasgro Leasing warrants that it has and covenants that it will continue to have good and marketable title to the Collateral from time to time owned by it or in its possession, free and clear of all liens, encumbrances, pledges and security interest (except the security interest created hereby) and will defend such title against the claims and demands of all persons-whomsoever. The Company further covenants that it will not sell, lease, mortgage, pledge or encumber the Collateral or any part thereof (except for the leasing or hiring out of railcars to third parties), permit its identity to be lost, permit it to be levied upon or attached under any legal process, create any security interest therein, voluntarily or involuntarily sell or otherwise dispose of the same or of any rights therein; provided, however, that nothing herein shall prohibit the Company from creating a junior lien in favor of such third parties to which Sky may consent from time to time with respect to the Collateral. The Company assumes full responsibility for taking any and all necessary steps to preserve any rights against prior parties with respect to the Collateral.

4. Risk of Loss; Insurance. Risk of loss of, damage to or destruction of the Collateral shall be borne by the Company. The Company shall insure the Collateral against such risks and casualties, through insurance with such companies as shall be satisfactory to Sky. The amounts of such insurance coverage shall be in conformity with the standards generally used by the railroad industry in the United States, but in no event shall the amount of such insurance coverage be less than the unpaid principal balance from time to time under the Note. Any such policies of insurance shall contain loss payable clauses in favor of Sky and such policies or certificates evidencing the same shall be deposited with Sky. If the Company fails to effect and keep in force such insurance or to pay premiums thereon, Sky may do so for the Company's account and the cost thereof shall be added to the Obligations. The Company hereby assigns and

sets over unto Sky all monies which may become payable on account of any such insurance, including without limitation any return or unearned premiums which may be due upon cancellation of any such insurance, and covenants that it will direct the insurers to pay Sky any amounts so due. All proceeds of such insurance shall be used by Sky to satisfy the Obligations, including prepayment of the Note; provided, however, in the event the damage to any unit of Collateral can be repaired at a cost of \$10,000.00 or less, and if the Company elects to make such repairs, then Sky agrees to remit to the Company upon the completion of such repairs any insurance proceeds held by Sky up to an amount sufficient to cover the cost of such repairs, Sky is hereby appointed attorney-in-fact of the Company to endorse any draft or check which may be payable to the Company in order to collect the proceeds of any such insurance or premiums. Any balance of insurance proceeds remaining after satisfaction in full of the Obligations shall be paid to the Company.

5. Maintenance of Collateral. The Company shall maintain the Collateral from to time owned by it or in its possession, and every part thereof, in good condition and repair, reasonable wear and tear alone excepted, and in compliance with all requirements of the United States Surface Transportation Board, the U.S. Department of Transportation and all standards required or recommended by the Association of American Railroads applicable to equipment eligible for interchange service. The Company shall pay and discharge all taxes, levies and other impositions levied thereon and the cost of all repairs to or maintenance of the same. If the Company shall fail to do so, Sky may, upon prior written notice to the Company, pay the cost of any such repairs or maintenance or taxes, levies or impositions for the account of the Company in which event the amount thereof shall be added to the Obligations.

6. Location of Collateral. The Company covenants and agrees that, until satisfaction in full of the Obligations, it will not remove or permit the removal of the Collateral from the United States of America (except that not more than 10% of the Collateral may be from time to time in Canada or Mexico in the ordinary course of business) without the prior written consent of Sky, Sky, its officers, agents and employees, shall have the right at all reasonable times to inspect and check the Collateral and to examine and make extracts from any books and records of the Company pertaining to the Collateral.

7. Place of Business; Records. The Company represents and warrants that its principal place of business is at 320 East Cherry Street, New Castle, Pennsylvania 16102 and that it will promptly notify Sky in writing of any change in the location of said principal place of business. The Company covenants that it will keep accurate and complete books and records with respect to the Collateral at the Company's principal place of business set out above, and will furnish copies, of such books and records to Sky with reasonable promptness from time to time on request.

8. Marking of the Collateral. The Company will cause each unit of the Collateral to be kept numbered with its identifying number as set forth in Schedule A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership subject to a Security Agreement Filed under the Interstate Commerce Act, Section 20c", with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Sky's interest in the Collateral and its rights under this Agreement. The Company will not place any such unit in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace promptly any such markings which may be removed, defaced or destroyed. The Company will not change the number of any unit of the Collateral except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with Sky by the Company and filed, recorded and deposited by the Company in all public offices where this Agreement shall have been filed, recorded and deposited,

Except as provided in the immediately preceding paragraph, the Company will not allow the name of any person, association or corporation to be placed on any unit of the Collateral as a designation that might be interpreted as a claim of ownership; provided, however, that the Company may cause the Collateral to be lettered with the names or initials or other insignia of the Company.

9. Filing Fees; Perfection of Security Interest. The Company shall pay all filing fees with respect to the perfection of the security interest created hereby, and do all acts and things which are necessary or advisable in order to perfect and continue to perfect the security interest of Sky in the Collateral. Promptly upon request of Sky from time to time, the Company will do all such other acts and things and will execute and deliver to Sky all such other instruments and documents and all such other and further assurances as Sky may deem necessary or advisable in order to perfect and continue to perfect its security interest in the Collateral or any part thereof. Sky is hereby appointed the attorney-in-fact of the Company to do any of the acts and things referred to above which the Company does not do.

10. Events of Default and Remedies.

(A) Events of Default. An Event of Default shall exist under this Agreement if any of the following events shall occur and be continuing:

- (a) There occurs an Event of Default under the Loan Agreement; or
- (b) There occurs an Event of Default under any of the Loan Documents (as defined in the Loan Agreement); or

(c) The Company shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed, and such default shall continue for thirty (30) days after any Company becomes aware of such default.

(d) This Agreement after delivery thereof shall, for any reason other than any action taken by Sky and except to the extent permitted by the terms thereof, cease to create a valid security interest in any of the Collateral purported to be covered hereby or such security interest shall cease to be a perfected and first priority security interest.

(B) Remedies on Default. If any one or more Events of Default shall occur and be continuing or shall exist at any time, Sky shall have all rights and remedies under the Note and with respect to the Collateral or any part thereof as are provided by the Code and/or 49 U.S.C. Section 11301, et seq., and such other rights and remedies with respect thereto as are accorded by law or in equity or under this Agreement, including without limitation the right to accelerate the unpaid balance of the Note, the right to take possession of the Collateral with or without judicial process, and the right to sell all or any part of the Collateral at public or private sale, without prior notice to the Company except as otherwise required by law (and if notice is required by law, after ten (10) days' prior written notice), at such place or places and at such time or times and in such manner as Sky in its sole discretion may determine.

Upon the occurrence of any such Event of Default the Company shall, promptly upon demand of Sky, assemble the Collateral and make the same available to Sky at a place to be designated by Sky. In connection with the delivery of possession of any or all of the Collateral to Sky as above required and if requested by Sky to do so, the Company shall at its own expense and risk:

(a) Forthwith place the Collateral upon such storage tracks of the Company as Sky reasonably may designate;

(b) Permit Sky to store the Collateral on such tracks at the risk of the Company until the earlier of the date the Collateral has been sold or otherwise disposed of by Sky or the 120th day from the date the Company shall have placed the Collateral on such storage tracks; and

(c) Transport the same to any place on the lines of any railroad operated by the Company or any of its affiliates or to any connecting carrier for shipment, all as directed by Sky.

Sky shall apply the proceeds of any sale or other disposition of the Collateral, following repossession or collection thereof after the occurrence of such an Event of Default, (i) to the payment of the reasonable costs and expenses incurred by Sky in connection

therewith, including reasonable attorneys fees and legal expenses, (ii) to the payment of accrued interest on the Note, (iii) to the repayment of the unpaid principal amount of the Note, (iv) to the repayment of all other amounts due and unpaid in respect of the Obligations, and (v) to pay the balance, if any, to the Company. If the proceeds of the sales or dispositions shall be insufficient to pay the above-described amounts, the Company shall be liable to Sky for the deficiency.

11. Miscellaneous.

(a) Applicable Law; Severability. It is stipulated and agreed by the Company and Sky that this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania and by the ICC Termination Act of 1995 and the relevant federal regulations issued pursuant thereto insofar as they relate to the perfection and enforcement of the security interest granted by the Company under this Agreement. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

(b) Waiver. No failure or delay on the part of Sky in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other right, power or privilege; no such failure or delay by Sky shall constitute a waiver of its rights hereunder. The rights and remedies of Sky, hereunder, are cumulative and not exclusive of any right or remedy which it may otherwise have.

(c) Binding Effect. This Agreement shall be binding upon and inure to the benefit of Sky and the Company and their respective successors and assigns, except that the Company may not assign or transfer its rights or obligations hereunder.

(d) Amendments. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Company therefrom, shall in any event be effective unless the same shall be in writing and signed by Sky and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(e) Notices. All notices and other communications provided for hereunder shall be in writing (including telegraphic communication) and mailed or telegraphed or, delivered, if to the Company at its address at 320 East Cherry Street, New Castle, Pennsylvania 16102, Attention: President, and if to Sky Bank at its address at 101 East Washington Street Street, New Castle, Pennsylvania 16103, Attention: John D. Kline, Senior Vice President; or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and

communications shall, when mailed or telegraphed, be effective when deposited in the mails or delivered to the telegraph company, respectively, addressed as aforesaid, except that notices to Sky shall not be effective until received by Sky.

(f) Entire Agreement . Except for the other Loan Documents (as defined in the Loan Agreement), this Agreement and schedules attached hereto constitute the entire agreement between the Company and Sky pertaining to the subject matter contained herein and supersede all prior and contemporaneous agreements, representations and understandings of such parties.

IN WITNESS WHEREOF, the parties hereto, by their officers duly authorized, have executed this Agreement as of the day and year first written above.

KASGRO RAIL CORP.

By: [Signature]
Title: CEO & PRES

KASGRO LEASING, LLC

By: [Signature]
Title: CEO & PRES

SKY BANK

By: [Signature]
Title: SENIOR VICE PRESIDENT



Specialty Railcars • 320 East Cherry Street • New Castle, PA 16102
 PH: (724) 658-9061 • FX: (724) 658-7639 • E-Mail Address: kasgro@hto.net

M E M O

To: Jim Chiafallo

Fr: Gabe Kassab

Following is a listing (description) of the railcars covered by Sky Bank's 3-24-2000 Proposal.

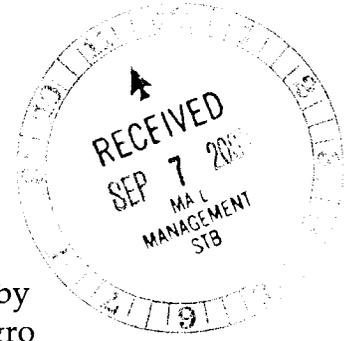
ITEM	CAR NO.	DESCRIPTION
1	LNAL 600290	FD 38', 228000# CAP, 6-AXLES
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20	LNAL 600530	FM 44'-4", 260-TON, 8-AXLES
21	LNAL 600531	FM 44'-4", 200-Ton, 8-axles

Please feel free to call me should you require additional information.

April 20, 2000

Copy to F. Zajac
 A. Cialella

Schedule A



ACKNOWLEDGEMENT

For Security Agreement dated as of June 22, 2000, made by Kasgro Rail Corp., a Pennsylvania corporation, and Kasgro Leasing, LLC, a Pennsylvania limited liability company, to Sky Bank, an Ohio banking institution

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF LAWRENCE)

On this 22nd day of June, 2000, before me personally appeared Gabriel Kassab, to me personally known, who being by me duly sworn, says that he is the Chief Executive Officer and President of Kasgro Rail Corp. and Kasgro Leasing, LLC, that said instrument was signed and sealed on behalf of said entities by authority of its Board of Directors or Members (as the case may be) and he acknowledged that the execution of the foregoing instrument was the free act and deed of said entities.

(SEAL)

Patricia A. McClean

Signature of Notary Public

My Commission Expires: _____

Notarial Seal
Patricia A. McClean, Notary Public
Pittsburgh, Allegheny County
My Commission Expires May 27, 2002

Member, Pennsylvania Association of Notaries