

 **SPILMAN THOMAS & BATTLE**, PLLC
ATTORNEYS AT LAW

RECEIVED
JUL 28 2005
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July 27, 2005

RECORDATION NO. 25734 FILED

JUL 28 '05

3-51 PM

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) please find one original and one copy of a Security Agreement, dated as of July 26, 2005, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Secured Party: Fifth Third Bank
999 4th Avenue
Huntington, West Virginia 25701

Debtor: Rail Connection, Inc.
2418 Grant Avenue, Suite A
St. Albans, WV 25177

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

202 three pocket, 4,000 cubic capacity, 100-ton load limit, steel open top hopper railcars within the series YB 6000 to YB 6002; YB 6004 to YB 6007; YB 6010 to YB 6050; YB 6052 to YB 6077; YB 6079 to YB 6086; YB 6088 to YB 6098; YB 6100 to YB 6116; YB 6118 to YB 6123; YB 6126 to YB 6130; YB 6132 to YB 6137; YB 6139 to YB 6144; YB 6147 to YB 6151; YB 6154 to YB 6161; YB 6163 to YB 6172; YB 6174 to YB 6181; YB 6183 to YB 6197; YB 6199 to YB 6202; YB 6205 and YB 6206; YB 6208 to YB 6211; YB 6214; YB 6216 and YB 6217; YB 6219 to YB 6223; YB 6225; YB 6227 to YB6230 as more particularly set forth in the equipment schedule attached to the document.

Spilman Center 300 Kanawha Boulevard, East Post Office Box 273 Charleston, West Virginia 25321-0273
www.spilmanlaw.com 304.340.3800 304.340.3801 fax

Charleston Morgantown Parkersburg Pittsburgh Weirton

Mr. Vernon A. Williams
July 27, 2005
Page 2

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

Security Agreement.

Also enclosed is a check in the amount of \$33.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return a stamped copy of the enclosed document to the undersigned in the enclosed self-addressed stamped envelope.

Very truly yours,



Angela F. Hill

AFH/tlh/366778
Enclosures

JUL 28 '05

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SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

This Security Agreement (hereinafter called "Agreement"), made and entered into as of this 26th day of July, 2005, between **RAIL CONNECTION, INC.**, a West Virginia corporation ("Company"), and **FIFTH THIRD BANK**, an Ohio banking corporation ("Bank").

WHEREAS, pursuant to the terms of that certain Loan Agreement of even date herewith between Company and Bank (the "Loan Agreement"), Bank has agreed to make a loan to Company in the total principal amount of \$4,800,000.00, to be secured, *inter alia*, by a first lien security interest in certain of the Company's assets; and

WHEREAS, in consideration of Ten Dollars (\$10.00) cash in hand paid and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant of Security Interest.

(a) To secure the payment as and when due of all Obligations (as such term is defined in the Loan Agreement, Company hereby grants to Bank all of Company's right, title and interest in the two hundred two (202) 1981 built, 100-ton, all steel 52' mill gondola rail cars more particularly defined and described in the Schedule of Railcars attached hereto and incorporated herein as **Exhibit A** (the "Railcars"), as such Schedule of Railcars may be amended from time to time, and grants Bank a first priority security interest in (i) the Railcars, (ii) Company's interest in accessions, accessories, equipment, appurtenances, and replacement and added parts appertaining or attached to any of the Railcars, whether now owned or hereafter acquired, and all substitutions, renewals or replacement of and additions, improvements, accessions and accumulations to any of the Railcars, together with all the rents, issues, income, profits, and avails therefrom and proceeds thereof, (iii) all proceeds and all present and future evidences of rights to payment (including, without limitation, insurance and indemnity payments) due or to become due to Company on account of the lease, sale, loss or other disposition of the Railcars, (iv) that certain Agreement dated June 29, 2005 by and between Company (as Lessor) and The Ohio Central Railroad System (as Lessee), and any Exhibits or Schedules thereto (together, the "Lease") and all bills of sale or other similar documents, agreements and instruments relating to the Railcars, and all other leases, chattel paper, agreements, accounts, bank or deposit accounts and instruments relating to the Railcars, whether now existing or hereafter arising (the "Documentary Security"), together with all of the Company's estate, right, title, interest, claims and demands in, to and under such documents, agreements and instruments, including all extensions of any of the terms thereof, together with all rights, powers, privileges, options and other benefits of Company including, without limitation, the right to receive notices, give consents, exercise any election or option, declare defaults and demand payments thereunder, and (v) all rent, damages, and other moneys from time to time payable to or receivable by Company under the Documentary Security (the Railcars, Documentary Security, proceeds, rights, claims and causes of action described in items (i) through (v) above being sometimes collectively called the "Collateral"), to have and to hold all and every part of the Collateral unto Bank, its successors and assigns, for its and their own use and benefit forever.

(b) Company agrees to prepare and deliver to Bank on the Closing Date (as defined in the Loan Agreement), or to the extent permissible by law, authorizes Bank to prepare and file this Security Agreement or a Memorandum of Security Agreement with the Surface Transportation Board pursuant to 49 U.S.C. §11301. Company also authorizes Bank to file financing statements and continuation statements, with or without the signature of the Company, in all jurisdictions necessary to create, perfect, and continue the security interests created by this Security Agreement. Company will sign and execute alone or with Bank any financing statements, amendments or other documents, procure any documents and pay all costs necessary to maintain, defend and protect the security interests arising under this Security Agreement against the rights or interests of any third party. Company will pay all fees and costs associated with the filing of such documents and statements.

(c) Company will cause each Railcar to be kept and numbered with the identifying numbers set forth in the Schedule of Railcars attached hereto as Exhibit A and all other markings and stenciling required by the Interchange Rules and the Codes of Car Hire and Car Service Rules of the Association of American Railroads, as the same may be amended from time to time. Company shall promptly replace any such words or numbers which may be removed, defaced or destroyed. Company will not change, or permit to be changed, the numbers on any Railcar, except in accordance with a statement of new numbers to be submitted therefore which previously shall have been filed, recorded or deposited by Company with Bank and in all public offices where this Security Agreement or Memorandum of Security Agreement has been filed, recorded or deposited.

2. Representations, Warranties and Covenants of Company. Company hereby represents, warrants and covenants as follows:

(a) The address appearing with Company's signature below is the address of Company's principal business office.

(b) Company will give Bank 30 days' prior written notice of any change in Company's principal office or records regarding the Collateral.

(c) Except for the Lease, Company will not, without the prior written consent of Bank, move, sell, lease, permit any encumbrance on or otherwise dispose of the Collateral. Company represents and warrants that Company is the sole owner of the Collateral, free and clear of all liens, claims, and encumbrances and Company will defend the Collateral and the Bank's interest therein against all adverse claims and demands.

(d) Company agrees to pay to Bank on demand all expenses, including reasonable attorney fees and expenses, incurred by Bank in protecting or enforcing its rights in the Collateral or otherwise under this Agreement.

(e) Company shall deliver to Bank all items of Collateral of which possession by Bank is necessary to perfect its security interest therein.

(f) Company hereby agrees to faithfully preserve and protect Bank's security interest in the Collateral at all times, and further agrees to execute and deliver, from time to time, any and all further, or other, security agreements, Surface Transportation Board filings, financing statements, documents and instruments and perform or refrain from performing such acts, as Bank may reasonably request to effect the purposes of this Agreement and to secure to Bank the benefits of all the rights, authorities and remedies conferred upon Bank by the terms of this Agreement. Company shall permit, or cause to be permitted, at Company's expense, representatives of Bank to inspect and make copies of the books and records of Company relating to the Collateral at any reasonable time or times upon prior notice.

3. Defaults. The occurrence of any of the following events shall constitute a default hereunder: An Event of Default shall occur and be continuing beyond any applicable grace period as defined in the Loan Agreement or under this Agreement or any of the other Loan Documents (as defined in the Loan Agreement).

4. Remedies.

(a) Upon the occurrence of a default under this Agreement, Bank may exercise any one or more of the rights and remedies granted pursuant to this Agreement or given to a secured party under applicable law, including without limitation the right to take possession and sell, lease or otherwise dispose of the Collateral. If reasonable notice of any disposition of Collateral or other enforcement is required, such requirement will be met if such notice is mailed, postage pre-paid, to the address of Company shown below Company's signature on this Agreement at least 10 days prior to the time of disposition or other enforcement. Company agrees that upon demand by Bank after default, Company will promptly assemble the Collateral and make the Collateral available to Bank at a place convenient to Bank.

(b) Company agrees that all of the Collateral and all of the other security which may be granted to Bank in connection with the obligations secured hereby constitute equal security for all of the obligations secured hereby, and agrees that Bank shall be entitled to sell, retain or otherwise deal with any or all of the Collateral, in any order or simultaneously as Bank shall determine in its sole and absolute discretion, free of any requirement for the marshaling of assets or other restriction upon Bank in dealing with the Collateral or such other security.

(c) Upon the occurrence of any default under this Agreement, Company hereby irrevocably constitutes and appoints Bank (and any employee or agent of Bank) as Company's true and lawful attorney-in-fact with full power of substitution, in Bank's name or Company's name or otherwise, for Bank's sole use and benefit, at Company's cost and expense, to exercise the following powers with respect to the Collateral:

(1) To demand, sue for collection, receive, and give acquittance for any and all monies due or owing with respect to the Collateral;

(2) To receive, take, endorse Company's name on, assign and deliver any checks, notes, drafts, documents or other instruments taken or received by Bank in connection with the Collateral;

(3) To settle, compromise, prosecute, or defend any action or proceeding with respect to the Collateral;

(4) To sell, transfer, assign or otherwise deal in or with the Collateral or the proceeds thereof, as fully as if Bank were the absolute owner thereof;

(5) To sign Company's name to and file this Security Agreement or such other documents and instruments as Bank deems necessary or desirable with the Surface Transportation Board or such other agencies as Bank may deem appropriate;

(6) To take any and all action that Bank deems necessary or proper to preserve its interest in the Collateral, including without limitation, the payment of debts of Company that might impair the Collateral or Bank's security interest therein, the purchase of insurance on the Collateral, the repair or safeguard of the Collateral, or the payment of taxes thereon; and

(7) To notify any lessee of any Collateral of Bank's security interest in the Collateral and to instruct them to make payment directly to Bank.

(d) Company agrees that the powers of attorney granted herein are coupled with an interest and shall be irrevocable until full, final and irrevocable payment and performance of the indebtedness secured hereby; and that neither Bank nor any officer, director, employee or agent of Bank shall be liable for any act or omission, or for any mistake or error of judgment, in connection with any such powers;

(e) Notwithstanding the foregoing, Bank shall be under no duty to exercise any such powers, or to collect any amount due on the Collateral, to realize on the Collateral, to keep the Collateral, to make any presentment, demand or notice of protest in connection with the Collateral, or to perform any other act relating to the enforcement, collection or protection of the Collateral;

(f) This Agreement shall not prejudice the right of Bank at its option to enforce the collection of any indebtedness secured hereby or any other instrument executed in connection with this transaction, by suit or in any other lawful manner. No right or remedy is intended to be exclusive of any other right or remedy, but every such right or remedy shall be cumulative to every other right or remedy herein or conferred in any other agreement or document for the benefit of Bank, or now or hereafter existing at law or in equity.

5. Miscellaneous.

(a) This agreement shall be governed by and construed in accordance with the laws of the State of West Virginia.

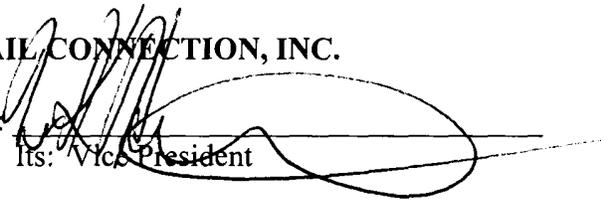
(b) This Agreement shall inure to the benefit of Bank, its successors and assigns and to any other holder who derives from Bank title to or an interest in the indebtedness which this Agreement secures, and shall be binding upon Company, its successors and assigns.

(c) If any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been included.

(d) All notices pursuant to this Security Agreement shall be in writing and shall be directed to the addresses set forth below or such other address as may be specified in writing, by certified or registered mail, return-receipt requested by the party to which or whom notices are to be given. Notices shall be deemed to be given three days after mailing by depositing it in any United States post office station or mailbox in a post-paid envelope.

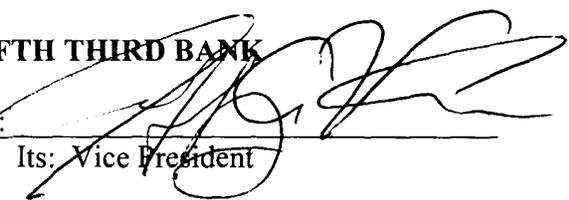
IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date written above

RAIL CONNECTION, INC.

By: 
Its: Vice President

2418 Grant Avenue, Suite A
St. Albans, WV 25177

FIFTH THIRD BANK

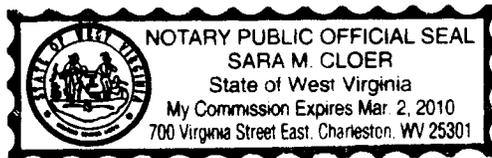
By: 
Its: Vice President

999 4th Avenue
Huntington, WV 25701

STATE OF WEST VIRGINIA)
) ss.
COUNTY OF KANAWHA)

On this 26th day of July, 2005, before me personally appeared W. Kurt Higginbotham, to me personally known, who being by me duly sworn, says that he is the Vice President of Rail Connection, Inc., a West Virginia corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)



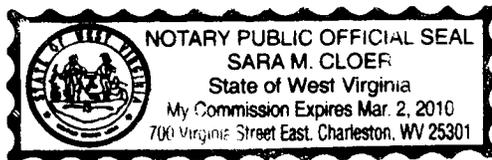
Sara M Cloer
Notary Public

My commission expires: March 2, 2010

STATE OF WEST VIRGINIA)
) ss.
COUNTY OF KANAWHA)

On this 26th day of July, 2005, before me personally appeared Jeff A. Vickers, to me personally known, who being by me duly sworn, says that he is the Vice President of Fifth Third Bank, an Ohio banking corporation, that the foregoing instrument was signed on behalf of said banking corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)



Sara M Cloer
Notary Public

My commission expires: March 2, 2010

Exhibit A,
Schedule of Rail Cars

Two Hundred Two 1981-built, 100-ton, all steel 52' mill gondola rail cars, as follows:

<u>Count</u>	<u>Car</u>	<u>Mark</u>												
1	YB	6000	43	YB	6045	85	YB	6090	127	YB	6137	169	YB	6187
2	YB	6001	44	YB	6046	86	YB	6091	128	YB	6139	170	YB	6188
3	YB	6002	45	YB	6047	87	YB	6092	129	YB	6140	171	YB	6189
4	YB	6004	46	YB	6048	88	YB	6093	130	YB	6141	172	YB	6190
5	YB	6005	47	YB	6049	89	YB	6094	131	YB	6142	173	YB	6191
6	YB	6006	48	YB	6050	90	YB	6095	132	YB	6143	174	YB	6192
7	YB	6007	49	YB	6052	91	YB	6096	133	YB	6144	175	YB	6193
8	YB	6010	50	YB	6053	92	YB	6097	134	YB	6147	176	YB	6194
9	YB	6011	51	YB	6054	93	YB	6098	135	YB	6148	177	YB	6195
10	YB	6012	52	YB	6055	94	YB	6100	136	YB	6149	178	YB	6196
11	YB	6013	53	YB	6056	95	YB	6101	137	YB	6150	179	YB	6197
12	YB	6014	54	YB	6057	96	YB	6102	138	YB	6151	180	YB	6199
13	YB	6015	55	YB	6058	97	YB	6103	139	YB	6154	181	YB	6200
14	YB	6016	56	YB	6059	98	YB	6104	140	YB	6155	182	YB	6201
15	YB	6017	57	YB	6060	99	YB	6105	141	YB	6156	183	YB	6202
16	YB	6018	58	YB	6061	100	YB	6106	142	YB	6157	184	YB	6205
17	YB	6019	59	YB	6062	101	YB	6107	143	YB	6158	185	YB	6206
18	YB	6020	60	YB	6063	102	YB	6108	144	YB	6159	186	YB	6208
19	YB	6021	61	YB	6064	103	YB	6109	145	YB	6160	187	YB	6209
20	YB	6022	62	YB	6065	104	YB	6110	146	YB	6161	188	YB	6210
21	YB	6023	63	YB	6066	105	YB	6111	147	YB	6163	189	YB	6211
22	YB	6024	64	YB	6067	106	YB	6112	148	YB	6164	190	YB	6214
23	YB	6025	65	YB	6068	107	YB	6113	149	YB	6165	191	YB	6216
24	YB	6026	66	YB	6069	108	YB	6114	150	YB	6166	192	YB	6217
25	YB	6027	67	YB	6070	109	YB	6115	151	YB	6167	193	YB	6219
26	YB	6028	68	YB	6071	110	YB	6116	152	YB	6168	194	YB	6220
27	YB	6029	69	YB	6072	111	YB	6118	153	YB	6169	195	YB	6221
28	YB	6030	70	YB	6073	112	YB	6119	154	YB	6170	196	YB	6222
29	YB	6031	71	YB	6074	113	YB	6120	155	YB	6171	197	YB	6223
30	YB	6032	72	YB	6075	114	YB	6121	156	YB	6172	198	YB	6225
31	YB	6033	73	YB	6076	115	YB	6122	157	YB	6174	199	YB	6227
32	YB	6034	74	YB	6077	116	YB	6123	158	YB	6175	200	YB	6228
33	YB	6035	75	YB	6079	117	YB	6126	159	YB	6176	201	YB	6229
34	YB	6036	76	YB	6080	118	YB	6127	160	YB	6177	202	YB	6230
35	YB	6037	77	YB	6081	119	YB	6128	161	YB	6178			
36	YB	6038	78	YB	6082	120	YB	6129	162	YB	6179			
37	YB	6039	79	YB	6083	121	YB	6130	163	YB	6180			
38	YB	6040	80	YB	6084	122	YB	6132	164	YB	6181			
39	YB	6041	81	YB	6085	123	YB	6133	165	YB	6183			
40	YB	6042	82	YB	6086	124	YB	6134	166	YB	6184			
41	YB	6043	83	YB	6088	125	YB	6135	167	YB	6185			
42	YB	6044	84	YB	6089	126	YB	6136	168	YB	6186			