



Lewis Glasser
Casey & Rollins
PLLC
LAW OFFICES



300 Summers Street
BB&T Square, Suite 700
Post Office Box 1746
Charleston, WV 25326
Telephone: 304.345.2000
Telecopier: 304.343.7999

Writer's Contact Information:
(304) 345-2000 Ext 1014
kdettinger@lgr.com

January 11, 2006

Via Federal Express

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

RECORDATION NO. 26117 FILED

JAN 12 '06

4-01 PM

SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

I have enclosed an original and one copy of a Security Agreement, dated December 20, 2005, a primary document as defined in the Board's Rules for the Recordation of Documents, to be recorded pursuant to the provisions of 49 U.S.C. Section 11301.

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, West Virginia 25177

The railroad equipment covered by the enclosed document is Thirty-Eight (38) railcars described as:

CUOH 37027 - 38592, sporadic; OHCR 6118 - 6119, inclusive; JTSX 256 - 260, inclusive; JTSX 263-270; inclusive; and DJTX 51101 - 51157, sporadic,

and as more particularly set forth in the equipment schedule attached to the document.

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

Security Agreement

Lewis Glasser
Casey & Rollins
PLLC

Mr. Vernon A. Williams
January 11, 2006
Page 2

I have also enclosed a check in the amount of \$33.00 payable to the Surface Transportation Board covering the required recordation fee. Once the enclosed document has been recorded, please return a stamped copy in the enclosed self-addressed stamped envelope.

Very truly yours,



G. Kurt Dettinger, Esq.

Enclosures

JAN 12 '06

4-01 PM

SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

This Security Agreement (hereinafter called "Agreement"), made and entered into as of December 20, 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 dated June 17, 2005, between Company and Bank (the "Loan Agreement"), Bank agreed to make a loan to Company in the total principal amount of \$250,000.00, to be secured, *inter alia*, by a first lien security interest in certain common stock in the Company owned by W. Kurt Higginbotham and Trina Higginbotham; and

WHEREAS, in accordance with the terms and conditions of the Loan Agreement, Company executed and delivered to Bank a Promissory Note dated June 17, 2005, in the original principal amount of \$250,000.00 (the "Note"); and

WHEREAS, Company has agreed to pledge to Bank the additional collateral hereinafter set forth in exchange for Bank's agreement to release its lien on and security interest in: (i) all of the shares of common stock of Company owned by W. Kurt Higginbotham, which were pledged to Bank as security for the Note pursuant to the terms of that certain Pledge Agreement dated June 17, 2005, by and between W. Kurt Higginbotham and Bank; and (ii) all of the shares of common stock of Company owned by Trina Higginbotham, which were pledged to Bank as security for the Note pursuant to the terms of that certain Pledge Agreement dated June 17, 2005, by and between Trina Higginbotham and Bank; and

WHEREAS, Bank agrees to release its lien on and security interest in the aforementioned shares of Company's common stock owned by W. Kurt Higginbotham and Trina Higginbotham upon: (i) the proper execution and recordation of this Agreement and the perfection of Bank's first priority lien on and security interest in the Collateral hereinafter set forth; and (ii) the proper execution and recordation of that certain Assignment of Rents and Leases dated December 20, 2005, by and between Company and Bank and the perfection of Bank's first priority lien on and security interest in the Leases described more particularly therein; 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 thirty-eight (38) railcars 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 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, proceeds 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) all bills of sale or other similar documents, agreements and instruments relating to the Railcars, and all 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 date of this Agreement or, to the extent permissible, 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 and all applicable rules, regulations and laws. 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) 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, 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, as defined in the Loan Agreement, this Agreement or any of the other Loan Documents (as defined in the Loan Agreement), shall occur and be continuing beyond any applicable grace period.

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 of any nature whatsoever, or for any mistake or error of judgment, no matter how grave, 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.

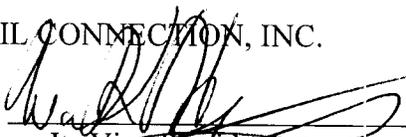
(b) This Agreement shall inure to the benefit of Bank, its successors and assigns and to any other holder who derives from Bank title to or an interest in the indebtedness which this Agreement secures, and shall be binding upon Company, its successors and assigns.

(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

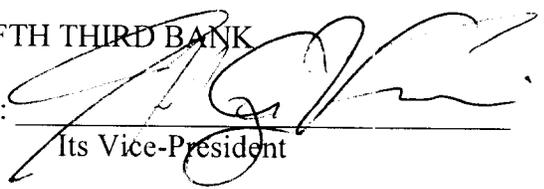
RAIL CONNECTION, INC.

By: 

Its Vice-President

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

FIFTH THIRD BANK

By: 

Its Vice-President

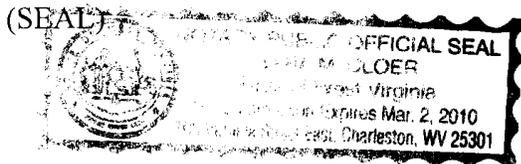
999 4th Avenue
Huntington, WV 25701

STATE OF WEST VIRGINIA
COUNTY OF KANAWHA, to-wit:

I, the undersigned Notary Public, within and for the County and State aforesaid, do hereby certify that W. Kurt Higginbotham, who signed the foregoing writing for Rail Connection, Inc., a West Virginia corporation, as its Vice-President, bearing the date of December 20, 2005, has, this day, acknowledged the same before me in my said County and State to be the act and deed of said corporation.

Given under my hand this 20 day of December, 2005.

My commission expires March 2, 2010.



Sara M Cloer
Notary Public

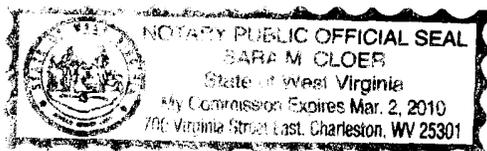
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA, to-wit:

I, the undersigned Notary Public, within and for the County and State aforesaid, do hereby certify that Jeff A. Vickers, who signed the foregoing writing for Fifth Third Bank, an Ohio banking corporation, as its Vice-President, bearing the date of December 20, 2005, has, this day, acknowledged the same before me in my said County and State to be the act and deed of said corporation.

Given under my hand this 20 day of December, 2005.

My commission expires March 2, 2010.

(SEAL)



Sara M Cloer
Notary Public

EXHIBIT A

SCHEDULE OF RAILCARS

Thirty-eight (38) railcars, identified as follows:

| Sequential No. | Car Initial | Car Number | Sequential No. | Car Initial | Car Number |
|-------------------------------------|-------------|------------|-------------------------------------|-------------|------------|
| Five (5) Gondola Railcars | | | Twenty (20) Covered Hopper Railcars | | |
| 1 | CUOH | 37027 | 19 | DJTX | 51101 |
| 2 | CUOH | 38446 | 20 | DJTX | 51106 |
| 3 | CUOH | 38592 | 21 | DJTX | 51107 |
| 4 | OHCR | 6118 | 22 | DJTX | 51110 |
| 5 | OHCR | 6119 | 23 | DJTX | 51112 |
| Thirteen (13) Mill Gondola Railcars | | | 24 | DJTX | 51118 |
| 6 | JTSX | 256 | 25 | DJTX | 51119 |
| 7 | JTSX | 257 | 26 | DJTX | 51120 |
| 8 | JTSX | 258 | 27 | DJTX | 51124 |
| 9 | JTSX | 259 | 28 | DJTX | 51125 |
| 10 | JTSX | 260 | 29 | DJTX | 51128 |
| 11 | JTSX | 263 | 30 | DJTX | 51130 |
| 12 | JTSX | 264 | 31 | DJTX | 51132 |
| 13 | JTSX | 265 | 32 | DJTX | 51133 |
| 14 | JTSX | 266 | 33 | DJTX | 51135 |
| 15 | JTSX | 267 | 34 | DJTX | 51140 |
| 16 | JTSX | 268 | 35 | DJTX | 51141 |
| 17 | JTSX | 269 | 36 | DJTX | 51142 |
| 18 | JTSX | 270 | 37 | DJTX | 51154 |
| | | | 38 | DJTX | 51157 |
| | | | | | |