

RECORDATION NO 30309 FILED
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SURFACE TRANSPORTATION BOARD

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OF COUNSEL
URBAN A. LESTER

July 24, 2012

Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 "E" Street, S.W.
Washington, D.C. 20423

Dear Section Chief:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Security Agreement, dated as July 23, 2012, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Secured Party: PNC Bank, National Association
Three PNC Plaza
255 Fifth Avenue, Fourth Floor
Pittsburgh, PA 15222

[Grantor: LHAGS, Inc.
429 Logan Ave Se
Warren, OH 44483]

Chief, Section of Administration
July 23, 2012
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A description of the railroad equipment covered by the enclosed document is:

32 locomotives within the series KCS 658 – KCS 698, KCS 3061 – KCS 3240, KCS 7000 – KCS 7023 and TFM 1330 – TFM 1439 as more particularly set forth in the attachment to the document.

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

Memorandum of Security Agreement.

Also enclosed is a check in the amount of \$41.00 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,


✓ Edward M. Luria

EML/sem
Enclosures

MEMORANDUM OF SECURITY AGREEMENT

This Memorandum of Security Agreement is entered into as of July 23, 2012 by and between LHAGS, Inc., an Ohio corporation, (hereinafter "Grantor"), and PNC BANK, NATIONAL ASSOCIATION, a national banking association, (hereinafter "Lender") respecting that certain Security Agreement dated as of July 23, 2012.

The Grantor and Lender hereby affirm and acknowledge that pursuant to a certain Term Note dated July 23, 2012, Lender has agreed to make certain financial accommodations to Borrower and Borrower has agreed pursuant to the Security Agreement to grant to Lender a security interest in all of the thirty-two (32) locomotives, hereinafter identified in Schedule A hereto.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, each of the undersigned has caused this Memorandum of Security Agreement to be executed by a duly authorized officer as of the day and year first written above.

PNC BANK, NATIONAL ASSOCIATION
Lender

By: *Edward J Brennan*

Name: EDWARD J BRENNAN

Title: VICE PRESIDENT

State of OHIO

County of TRUMBULL

}
} SS.
}

On this 23 day of JULY, 2012, before me appeared EDWARD BRENNAN, to me personally known who being duly sworn stated that he/she is the VP PNC Bank, National Association, that said instrument was signed on behalf of said company by authority of its board of directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

[Seal]



SHERRY L. SHARON
Notary Public, State of Ohio
My Commission Expires
June 05, 2015

Sherry L Sharon
Notary Public

My commission expires:

LHAGS, Inc.-
Grantor

By: *[Signature]*

Name: *Spiros L. Bakeris*

Title: *VP President*

State of *OHIO*

County of *TRUMBULL*

}
}
} SS.

On this *23* day of *JULY*, 2012, before me appeared *SPIROS BAKERIS*, to me personally known who being duly sworn stated that he/she is the *VP* LHAGS, Inc., that said instrument was signed on behalf of said company by authority of its board of directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

[Seal]



SHERRY L. SHARON
Notary Public, State of Ohio
My Commission Expires
June 05, 2015

[Signature]
Notary Public

My commission expires:

SCHEDULE A: Description of the Locomotives:

Initial	Number	Manufacturer	Type	Year Built	Horsepower	Tier
KCS	658	EMD	SD40-2	1974	3000	TIER-0
KCS	662	EMD	SD40-2	1974	3000	TIER-0
KCS	668	EMD	SD40-2	1976	3000	UR
KCS	669	EMD	SD40-2	1976	3000	UR
KCS	680	EMD	SD40-2	1978	3000	TIER-0
KCS	687	EMD	SD40-2	1980	3000	TIER-0
KCS	688	EMD	SD40-2	1980	3000	TIER-0
KCS	698	EMD	SD40-2	1968	3000	UR
KCS	3061	EMD	SD40	1968	3000	UR
KCS	3235	EMD	SD40-2	1978	3000	TIER-0
KCS	3240	EMD	SD40-2	1978	3000	TIER-0
TFM	1330	EMD	SD40	1971	3000	UR
TFM	1335	EMD	SD40	1971	3000	UR
TFM	1403	EMD	SD40-2	1968	3000	TIER-0
TFM	1404	EMD	SD40-2	1986	3000	TIER-0
TFM	1411	EMD	SD40-2	1988	3000	TIER-0
TFM	1415	EMD	SD40-2	1988	3000	TIER-0
TFM	1421	EMD	SD40-2	1988	3000	TIER-0
TFM	1423	EMD	SD40-2	1988	3000	TIER-0
TFM	1424	EMD	SD40-2	1988	3000	TIER-0
TFM	1426	EMD	SD40-2	1988	3000	TIER-0
TFM	1428	EMD	SD40-2	1988	3000	TIER-0
TFM	1430	EMD	SD40-2	1988	3000	N/A
TFM	1431	EMD	SD40-2	1987	3000	TIER-0
TFM	1435	EMD	SD40-2	1971	3000	TIER-0
TFM	1437	EMD	SD40-2	1975	3000	TIER-0
TFM	1439	EMD	SD40-2	1988	3000	UR
KCS	7000	EMD	SD50	1986	3500	UR
KCS	7011	EMD	SD50	1986	3500	UR
KCS	7016	EMD	SD50	1986	3500	UR
KCS	7017	EMD	SD50	1986	3500	UR
KCS	7023	EMD	SD50	1986	3500	UR

CERTIFICATION

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, 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: 7/24/12

Edward M Luria
Edward M. Luria