



PROCEEDING NO. 29808 FILED

Brian D. Trudgen
Direct Dial 412 394 7761
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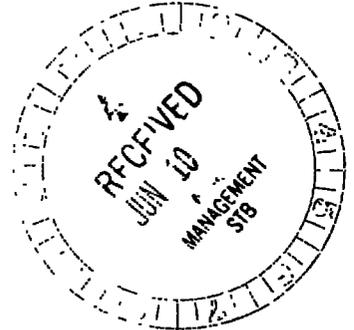
... INFORMATION BOARD

ATTORNEYS AT LAW SINCE 1895

VIA FEDERAL EXPRESS

Secretary
Surface Transportation Board
395 E. Street SW
Washington, DC 20423

June 9, 2011



Re: Document for Recordation

Dear Secretary:

I have enclosed one original and one copy of the document described below, to be recorded pursuant to 49 USC §11301 and 49 CFR Part 1177.

The document is a Railcar Mortgage and Security Agreement (the "Mortgage"), a primary document, executed June 2, 2011, to be effective June 3, 2011.

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

Mortgagor:
Penguin Logistics LLC
4500 Brooktree Road, Suite 200
Wexford, Pennsylvania 15090

Mortgagee:
PNC Bank, National Association
Three PNC Plaza
255 Fifth Avenue, Fourth Floor
Pittsburgh, Pennsylvania 15222

A description of the equipment covered by the document is attached as Schedule 1 to the Mortgage.

A fee of \$41.00 is enclosed. Please return the original to:

Brian D. Trudgen, Esquire
Thorpe Reed & Armstrong, LLP
301 Grant Street, 14th Floor
Pittsburgh, Pennsylvania 15219

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

Railcar Mortgage and Security Agreement between Penguin Logistics LLC, located at 4500 Brooktree Road, Suite 200, Wexford, Pennsylvania 15090 and PNC Bank, National Association, located at Three PNC Plaza, 255 Fifth Avenue, Fourth Floor, Pittsburgh, Pennsylvania 15219 executed June 2, 2011, to be effective June 3, 2011 and covering the equipment on Schedule 1 attached thereto and made a part thereof.

Enclosure

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1/1/11/11/11

1/1/11/11/11

Thorpe Reed & Armstrong, LLP
One Liberty Center
301 Grant Street, 14th Floor
Pittsburgh, PA 15219-1125
412-394-7711
412-394-2700 FAX



Surface Transportation Board
Page 2

June 9, 2011

Sincerely,

Melinda A. Kautzick
for Brian D. Trudgen, Esq.
Brian D. Trudgen, Esquire

Enclosures

REGISTRATION NO. 29808 FILED

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STATE TRANSPORTATION BOARD

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**RAILCAR MORTGAGE
AND SECURITY AGREEMENT**

by and between

**PENGUIN LOGISTICS LLC,
a Delaware limited liability company,
as Mortgagor,**

and

**PNC BANK, NATIONAL ASSOCIATION,
as Mortgagee**

Dated: June 2, 2011

RAILCAR MORTGAGE AND SECURITY AGREEMENT

THIS RAILCAR MORTGAGE AND SECURITY AGREEMENT (this Railcar Mortgage and Security Agreement, together with all amendments, modifications, supplements, renewals or replacements, thereof or thereto, including without limitation any Supplemental Mortgage (as hereinafter defined) is referred to herein as the "Railcar Mortgage") is dated June 2, 2011 and is made by and between PENGUIN LOGISTICS LLC, a Delaware limited liability company, having an office and place of business at 4500 Brooktree Road, Suite 200, Wexford, Pennsylvania 15090 (the "Mortgagor") and PNC BANK, NATIONAL ASSOCIATION, a national banking association, having an office and place of business at Three PNC Plaza, 255 Fifth Avenue, Fourth Floor, Pittsburgh, Pennsylvania 15222 (the "Mortgagee").

RECITALS

WHEREAS, Mortgagor is the owner of 20 railcars specifically identified in Schedule 1 hereto and incorporated herein by reference (all of which railcars, together with any railcars now or hereafter owned by Mortgagor and held for lease or otherwise, including without limitation those railcars described from time to time hereafter on a schedule to a Supplemental Mortgage and any other railroad rolling stock now or hereafter covered hereby, all whenever now or hereafter acquired, together with all replacements, replacement parts, additions, repairs, repair parts, accessions and accessories incorporated therein and/or affixed thereto, all special tools and devices incorporated therein, and all replacements and substitutions thereof, are hereinafter referred to individually as a "Unit" and collectively as the "Units"); and

WHEREAS, the Mortgagor, New Jersey Logistical Solutions, Inc., a Delaware corporation ("NJLS") (the Mortgagor and NJLS are each, a "Borrower" and collectively, the "Borrowers"), Penguin Logistics Holdings LLC, a Delaware limited liability company (the "Guarantor") (the Borrowers and the Guarantor are each, a "Loan Party" and collectively, the "Loan Parties") and the Mortgagee, have entered into that certain Credit Agreement, dated June 2, 2011, pursuant to which the Borrowers, the Guarantor and the Mortgagee agreed that the Mortgagee shall extend credit to the Borrowers in the aggregate principal amount not to exceed Eight Million Five Hundred Thousand and 00/100 Dollars (\$8,500,000.00) (as amended, restated, modified or supplemented from time to time, the "Credit Agreement"); and

WHEREAS, the obligations of the Mortgagee under the Credit Agreement are subject to the further condition, among others, that the Mortgagor grant to and create in favor of the Mortgagee a first priority security interest in the Units and the other Mortgaged Property (as hereinafter defined) pursuant to the terms and conditions as hereinafter provided.

NOW, THEREFORE, in consideration of the Obligations (as defined in the Credit Agreement), and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Mortgagor, and in order to induce the Mortgagee to enter into the Credit Agreement and make the Loans (as defined in the Credit Agreement) and issue Letters of Credit (as defined in the Credit Agreement), the Mortgagor, intending to be legally bound hereby, covenants and agrees as follows:

1. Definitions. The Credit Agreement, and all of the terms and provisions thereof, is hereby specifically incorporated herein by reference and all capitalized terms defined in the Credit Agreement shall have the same meanings herein except only as otherwise defined herein.

2. Mortgage Interest. As security for the full and timely payment of the Obligations in accordance with the terms of this Railcar Mortgage, the Credit Agreement and the other Loan Documents and the full and timely payment and performance of the obligations of the Loan Parties under this Railcar Mortgage, the Credit Agreement and the other Loan Documents, the Mortgagor hereby grants, conveys, hypothecates, pledges and assigns to the Mortgagee and its successors and assigns, as collateral security for the payment and performance of any and all of the Obligations, all of the Mortgagor's right, title and interest in and to all of the following property, whether now owned or hereafter acquired:

(a) the Units specifically identified in Schedule 1 hereto, and any and all other Units now owned or hereafter acquired by Mortgagor, including without limitation those Units identified from time to time on schedules delivered pursuant to any Supplemental Mortgage (to be further identified, supplemented and added to from time to time); and

(b) all replacements, replacement parts, additions, repairs, repair parts, accessions and accessories incorporated therein and/or affixed thereto; and all special tools and devices incorporated therein or used in connection therewith; and

(c) all rents, revenues, issues, profits and proceeds arising from the sale, lease, license, encumbrance, collection or any other temporary or permanent disposition or encumbrance of the collateral listed in items (a) and (b) above (or any part thereof) or any interest therein; and

(d) all products, substitutions, renewals and improvements to, of or for any of the collateral listed in items (a) through (c) above; and

(e) all proceeds (including any claims or insurance payable by reason of loss or damage to the Units) of or for any of the collateral listed in items (a) through (d) above.

All of the Mortgagor's property described in items (a) through (e) above, inclusive, as well as all products thereof and proceeds derived therefrom, whether now owned or existing or hereafter acquired or arising or created, and all of the Mortgagor's right, title and interest in and to and relating to all such property, or proceeds, wherever located, are hereinafter referred to collectively and individually as the "Mortgaged Property".

3. Representations and Warranties and Covenants of Mortgagor. Mortgagor does hereby warrant, represent and covenant to the Mortgagee that:

(a) Except for the filing of this Railcar Mortgage with the Interstate Commerce Commission (the "ICC") pursuant to Section 11303 of the Interstate Commerce Act, as amended (49 U.S.C. §10101, et seq.) and the filing of a Uniform Commercial Code financing statement with the Secretary of State of the State of Delaware, no filing, recording or registration of any financing statement or other

document or instrument is or will be necessary or advisable in order to create in favor of the Mortgagee a valid prior perfected security interest in such Units.

(b) There are no actions, suits or proceedings pending or, to the best knowledge of Mortgagor, threatened before any court or by or before any other federal, state or local governmental or public commission, board, authority or agency, or any arbitrator, domestic or foreign, which if adversely determined could reasonably be expected to impair Mortgagor's ability to perform its obligations under this Railcar Mortgage, or which call into question the validity of this Railcar Mortgage.

(c) All licenses, permits, rights of way and other authorizations, consents and other filings required by Law to be obtained or made in order to permit the use and operation of the Units on railways within the United States of America have been obtained or made, where the failure to obtain any such license, permit, authorization or consent or make any such filing might impair Mortgagor's ability to perform its obligations under this Railcar Mortgage.

(d) Mortgagor is the sole, legal and beneficial owner of, and has good and marketable right, title and interest in and to, all of the presently owned or existing Mortgaged Property, and will be the sole, legal and beneficial owner of, and will have good and marketable right, title and interest in and to, all of the Mortgaged Property hereafter acquired or created or arising.

(e) Except for Permitted Liens, Mortgagor has not heretofore assigned or pledged, or granted any other Lien upon or in, any of the Mortgaged Property; no Lien, including any Permitted Lien, is senior in priority to the Lien created in the Mortgaged Property by this Railcar Mortgage, at its expense, Mortgagor shall generally warrant title to the Mortgaged Property, and shall defend the Mortgaged Property, and the right, title and interest of the Mortgagee therein and thereto, against all claims and demands of any and all Persons whomsoever; Mortgagor shall not grant, create, incur or permit to exist any Lien on or in any of the Mortgaged Property, other than the liens and security interests granted hereby or pursuant hereto and the Permitted Liens; Mortgagor shall not permit any of the Mortgaged Property to be levied upon under any legal process; except as otherwise permitted in the Credit Agreement, Mortgagor shall not assign, transfer or otherwise dispose of any of the Mortgaged Property without the prior written consent of the Mortgagee; and Mortgagor shall not do, or permit to be done, anything that may impair the value of any of the Mortgaged Property or any of the liens and security interests granted hereby or pursuant hereto.

(f) Neither the value of the Mortgaged Property upon disposition thereof, nor the ability to freely transfer the Mortgaged Property, is limited by any license, franchise, management agreement, lease, sublease or other general intangible or contract right, to which Mortgagor is a party or which is otherwise applicable to Mortgagor or the Mortgaged Property, except a Permitted Railcar Lease Agreement (as hereinafter defined).

4. Repairs, Alterations, Additions, Improvements and Expenses.

(a) During the effectiveness hereof, Mortgagor will make, or cause to be made, such repairs, alterations, additions and improvements as are or may be required from time to time to insure compliance herewith and with all Laws. Mortgagor shall not make or cause or permit to be made other alterations, additions or improvements to any Unit, unless such may be made without reduction of the value of that Unit below the amount that it would have been had no alteration, addition or improvement been made, and without impairment to the condition and working order required hereby.

(b) Mortgagor will keep, or cause to be kept, each Unit in a condition appropriate and suitable to the business of Mortgagor or any permitted lessee, as the case may be. Mortgagor will furnish, or cause to be furnished, all parts, mechanisms and devices required to keep each Unit in compliance with all Laws. Mortgagee shall have no responsibility for any cost arising under this paragraph or for any expense arising out of or necessary for the operation and use of the Units, including but not limited to maintenance, repairs and replacement parts, storage, tolls, tariffs, fines, registration and insurance fees for all insurance required hereby.

5. Use and Standards of Use and Repair. Mortgagor (and any permitted lessee) will repair, keep in repair and cause the Units to be used in a careful and proper manner consistent with the design and intended use thereof, subject, however, to the reasonable requirements of Mortgagor's business, and will comply with and conform to and with all current and future Laws relating to the possession, use or maintenance of the Units. Mortgagor will comply, and cause any permitted lessee to comply, with all rules, interpretations, codes and orders governing use, hire, condition, repair and all other matters interpreted as being applicable to the Units during the effectiveness hereof by and of the American Association of Railroads ("AAR") and any other organization, association, agency or governmental authority, including the Interstate Commerce Commission and the Department of Transportation, which may during the effectiveness hereof be responsible for or have authority to promulgate such rules, interpretations, codes and orders. Mortgagor agrees to indemnify and hold Mortgagee safe and harmless from and against any and all claims, costs, expenses (including without limitation attorneys' fees), damages and liabilities claimed, arising from or pertaining to such Laws, rules, interpretations, codes and orders. Mortgagor will not remove or permit the removal of any Unit from the United States of America.

6. Supplemental Mortgages and Schedules and Identifications.

(a) Supplemental Mortgages. Mortgagor shall promptly notify Mortgagee when any railcar, not previously described on a schedule to this Railcar Mortgage or any Supplemental Mortgage, is to be held by Mortgagor for lease (each such railcar, an "Additional Unit"). Upon request by the Mortgagee, Mortgagor shall (i) deliver to Mortgagee a copy of any applicable lease agreement relating to such Additional Unit(s), (ii) forthwith prepare and submit to Mortgagee supplemental schedules describing the Additional Unit(s) in form and substance satisfactory to Mortgagee and (iii) execute and deliver a supplement to this Railcar Mortgage, substantially in the form of Exhibit A attached hereto and made a part hereof, with appropriate insertions therein (each such supplement, a "Supplemental Mortgage").

(b) Identifications. Mortgagor will affix or cause to be affixed to each Unit and maintain throughout the effectiveness hereof, labels, plates or other markings identifying the Units and stating that the ownership of the Units is subject to a security agreement filed with the Interstate Commerce Commission, including without limitation the marks and stencils recited in Schedule 1 hereto. Mortgagor agrees to execute of any documents and to pay all recording costs, fees and taxes associated therewith which Mortgagee may request to give evidence of Mortgagee's interest in the Units and Mortgagor agrees that, upon the occurrence of an Event of Default, Mortgagee may give notice of such interest to any and all of Mortgagor's creditors.

7. Insurance. In addition to the provisions of the Credit Agreement respecting insurance coverage, Mortgagor further warrants and covenants that it will keep and maintain or cause to be kept and maintained, the following insurance on and in respect of the Mortgaged Property:

(a) Coverage. Mortgagor (or a permitted lessee) will carry, at its cost and at no cost to Mortgagee, with insurers of recognized responsibility comprehensive public liability and property damage insurance in respect of the operation and use of the Units.

(b) Delivery of Certificates of Insurance. Mortgagor shall deliver to Mortgagee copies of each certificate of insurance relating to the insurance coverage required in paragraph 7(a) above upon or prior to the execution hereof. In addition, updated certificates of insurance with respect to the insurance coverage required in paragraph 7(a) above covering any Additional Units shall be delivered to Mortgagee concurrently with the delivery of any Supplemental Mortgage applicable to such Additional Unit. Each such insurance certificate shall name Mortgagee as additional insured and lender loss payee/mortgagee, as its interests may appear, and shall provide that the underlying insurance policies may be cancelled or materially changed only upon thirty (30) days' prior written notice of such cancellation or material change to Mortgagee.

(c) Assignment of Insurance. Mortgagor hereby assigns and sets over to the Mortgagee all monies which may become payable on account of all insurance covering the Mortgaged Property, including without limitation any return of unearned premiums which may be due upon cancellation of any such insurance, and Mortgagor shall direct the insurers to pay directly to the Mortgagee any amount so due. The Mortgagee, its officers, employees and agents, are hereby appointed the attorneys-in-fact of Mortgagor to endorse any draft, check, instrument or other item of payment that may be payable to Mortgagor in order to collect the proceeds of such insurance or any return of unearned premiums. Subject to paragraph 11 hereof and Section 8.1.3 of the Credit Agreement, any such proceeds or returns of unearned premiums shall be applied by Mortgagee to the payment of the Obligations in such order and manner as the Mortgagee shall elect in its sole discretion; any balance of insurance proceeds or unearned premiums remaining in the possession of the Mortgagee after payment in full of the Obligations and termination of the obligation of the Mortgagee to extend credit to the Loan Parties shall be paid to Mortgagor or its order as Mortgagor shall instruct the Mortgagee in writing.

8. Loss or Damages. If damage occurs to any of the Units which consists of an insurable loss, Mortgagor shall:

(a) Cause the Unit which has suffered the damage to be placed in the repair, condition and working order required hereby; and

(b) With the prior consent of (which consent shall not be unreasonably withheld) or on the demand of Mortgagee declare that the Unit has suffered an Event of Loss (as hereinafter defined).

In the event the Mortgagor repairs the Unit which suffered the damage Mortgagee will, upon proof satisfactory to it of the completion of all necessary repair, release to the Mortgagor any insurance proceeds received by Mortgagee as a result of the occurrence of the damage to the extent not previously remitted to the Mortgagor under Section 8.1.3 of the Credit Agreement. In the event the Mortgagor declares that the Unit has suffered an Event of Loss, Mortgagee shall apply insurance proceeds related to the Event of Loss to repay Obligations to be applied as the Mortgagee shall select in its sole discretion subject only to the provisions of Section 8.1.3 of the Credit Agreement. If the Obligations have been paid in full and the obligation of the Mortgagee to extend credit to the Loan Parties has been terminated, at the time the Mortgagee receives the insurance proceeds it shall deliver those proceeds to the Mortgagor.

For the purposes of this paragraph 8, the term "Event of Loss" shall mean with respect to any Unit, any of the following events with respect to such Unit: (i) such Unit suffers an actual or constructive total loss or shall be or become in the good faith opinion of Mortgagor worn out or shall be destroyed or irreparably damaged, or uneconomical to repair, or rendered unfit for commercial use from any cause whatsoever, (ii) title to such Unit shall be taken by any governmental agency or authority by condemnation or otherwise, (iii) use of such Unit shall be taken or requisitioned by any governmental agency or authority, for a period which shall exceed twelve (12) months, (iv) such Unit shall be or become lost or stolen for a period in excess of one hundred eighty (180) days, or (v) as a result of any rule, regulation, order or other action by any governmental agency or authority, the use of such Unit in a manner consistent with Mortgagor's (or any lessee of Mortgagor's) actual business activities shall have been prohibited for a period of eighteen (18) consecutive months.

9. Assignment; Permitted Lease.

(a) Except as provided pursuant to any Permitted Railcar Lease Agreement, Mortgagor will not sell, assign, sublet, pledge, hypothecate or otherwise encumber or suffer a lien upon or against any interest in the Units. Mortgagee may assign this Railcar Mortgage or any right and title it has hereunder upon written notice thereof to Mortgagor and such assignment shall be on terms and conditions not inconsistent herewith.

(b) For the purposes of this Railcar Mortgage, the term "Permitted Railcar Lease Agreement" shall mean and refer individually and collectively to any agreement entered into by Mortgagor respecting the lease of one or more railcars held by Mortgagor to any operating railroad or other person intending to use such railcar or railcars in a manner relating to interstate commerce, provided that such agreement shall be assignable

to Mortgagee and shall otherwise contain such terms and provisions as are acceptable to Mortgagee and such agreement shall be in a form sufficient for recording or filing with the Interstate Commerce Commission.

(c) The Mortgagor shall promptly deliver to Mortgagee a copy of each Permitted Railcar Lease Agreement, the terms and conditions of which shall not conflict with or otherwise impair Mortgagor's duties hereunder or Mortgagee's liens, rights or remedies hereunder.

(d) The Mortgagor shall not consent to any amendment or modification of the terms of, or waiver of any rights under, any Permitted Railcar Lease Agreement which would reduce the rents due from the lessee thereunder or would otherwise materially and adversely affect the rights and interests of Mortgagee hereunder.

(e) The Mortgagor, unless the Mortgagee shall direct otherwise in writing, shall exercise each and all of its rights under, and enforce each and all of the terms of each Permitted Railcar Lease Agreement with reasonable promptness and diligence and in accordance with the terms and provisions thereof. Mortgagor shall promptly forward to Mortgagee copies of all notices received from a lessee under and with respect to any Permitted Railcar Lease Agreement, and shall give to Mortgagee prompt notice upon obtaining actual knowledge of any default or event of default thereunder, or any cure thereof.

10. Default. Mortgagor shall be deemed to be in default hereunder in the event that an Event of Default should occur under the Credit Agreement.

11. Enforcement of Security and Remedies.

(a) Upon the occurrence of an Event of Default, Mortgagee may declare all of the Obligations to be immediately due and payable, without notice or demand therefor, and shall then, on behalf of Mortgagee, have all remedies hereunder, under the Credit Agreement and the other Loan Documents and all the remedies of a secured party under the Laws of the Commonwealth of Pennsylvania, or any other applicable Laws, including, without limitation, the right to take possession of the Units and for that purpose Mortgagee (a) may require Mortgagor to make the Units and the records thereof available to Mortgagee at a place to be designated by Mortgagee reasonably convenient to both parties and (b) may, so far as Mortgagor can give authority therefor, enter upon any premises on which the Units or any part or records thereof may be situated and remove the same therefrom, and Mortgagor hereby waives and releases Mortgagee of and from any and all claims in connection with such removal.

(b) The parties hereto recognize that the Units may and probably will be widely scattered geographically, difficult of preservation and disposition, important to the continued operation of shippers and subject to complex maintenance and management requirements. Accordingly, the parties agree that, after the occurrence of an Event of Default, Mortgagee is to have the widest possible latitude of action to preserve and protect the Units and its security therein and agree further that, at its option, Mortgagee

shall have the unqualified right to appointment of receivers for the preservation, possession, protection and disposition of all or part of the Units and the collection and protection for Mortgagee of any proceeds of or use or disposition thereof and/or to do any other thing and exercise any rights or remedies which Mortgagee may or might, with or without judicial process, do or exercise.

(c) After Mortgagee takes or receives possession of the Units following the occurrence of an Event of Default, Mortgagee may sell, lease or otherwise dispose of the Units in any manner permitted by Law, and if notice is required by Law, Mortgagee will give Mortgagor written notice of the time and place of any public sale of the Units or of the time after which any private sale or other intended disposition thereof is to be made, and at any such public or private sale Mortgagee, may purchase all or any part of the Units. The parties hereto agree that notice under this paragraph shall not be unreasonable as to time if given in compliance herewith ten (10) days prior to sale or other disposition.

(d) To the extent permitted by applicable Law, Mortgagor hereby waives any rights now or hereafter conferred by statute or otherwise which may require Mortgagee to sell, lease or otherwise use any Units in mitigation of Mortgagee's damages as set forth in this paragraph or which may otherwise limit or modify any of Mortgagee's rights or remedies under this paragraph.

(e) Mortgagor shall pay to Mortgagee, on demand and as part of the obligations secured hereunder, all costs and expenses, including court costs, legal expenses and reasonable attorneys' fees, incurred by Mortgagee in exercising any of its right or remedies hereunder or enforcing any of the terms, conditions or provisions hereof.

(f) After the occurrence of an Event of Default, the Mortgagee shall apply the proceeds of any sale or lease of or other disposition or realization upon the Mortgaged Property in accordance with Section 9.2.5 of the Credit Agreement:

In no event shall the Mortgagee be liable to the Mortgagor for interest on any surplus. If the proceeds of any such sale of or other disposition or realization upon the Mortgaged Property are insufficient to pay and perform the Obligations in full, then the Mortgagor shall remain liable for such deficiency.

(g) The Mortgagor shall have full responsibility for taking any and all steps to preserve and protect the Mortgaged Property in its possession or subject to its control or in the possession or subject to the control of any permitted lessee. The Mortgagor agrees that neither the Mortgagee nor any of its officers, directors, employees or agents will be liable for any acts of commission or omission, or for any error of judgment or mistake of fact or Law, with respect to the preservation or protection of any Mortgaged Property in the Mortgagee's custody except for acts of commission or omission that constitute recklessness or willful misconduct.

12. Concurrent Remedies; Other Security.

(a) No right or remedy of Mortgagee hereunder shall be exclusive of any other remedy herein or by Law provided; each right or remedy shall be cumulative and in addition to every other right or remedy and, in addition, the exercise of any remedy by Mortgagee hereunder shall not of itself constitute a recognition of a default of all provisions hereof or of an intent by Mortgagee to terminate all the provisions hereof. Moreover, a failure of Mortgagee to insist upon strict compliance with the terms hereof or to assert any right or remedy hereunder shall not be waiver of any default and shall not be determined to constitute a modification of the agreements of the parties hereto or the terms hereof or to establish any claim or defense.

(b) The Mortgagee may have or in the future may hold other security and/or guaranties to secure all or any part of the Obligations, but it is specifically understood and agreed that neither the execution and delivery of this Railcar Mortgage nor the holding of any other security and/or guaranty shall at any time or in any way operate to prevent or hinder the Mortgagee from resorting first to such other security and/or guaranty or first to the Mortgaged Property, or first from time to time to both; and the Mortgagee may from time to time as the Mortgagee sees fit, in the Mortgagee's sole discretion, resort to all or any part of the Mortgaged Property without resorting to all or any other security and/or guaranty securing such Obligations, or to all or any part of any other security and/or guaranty securing the Obligations without resorting to all or any part of the Mortgaged Property, and such action on the Mortgagee's part shall not in any way be considered as a waiver of any of the benefits or rights of the Mortgagee relating to the Mortgaged Property or such other security and/or guaranties.

13. Mortgagee's Payment. In the event that Mortgagor should fail duly and promptly to perform any of the matters required to be performed hereunder, Mortgagee may, at its option, immediately or at any time thereafter, perform the same for the account of Mortgagor without thereby waiving any default, and any amount paid or expenses or liability incurred by Mortgagee in such performance, together with interest thereon at the rate per annum equal to the sum of the rate of interest applicable under the Base Rate Option plus an additional two percent (2.0%) per annum until paid shall be payable to Mortgagee by Mortgagor on demand and shall be and become part of the Obligations secured hereunder.

14. Notice. All notices, statements, requests and demands given to or made upon any party in accordance with the provisions of this Railcar Mortgage shall be deemed to have been given or made when given or made as provided in the Credit Agreement.

15. Miscellaneous.

(a) All covenants and agreements in this Railcar Mortgage contained by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not, except that Mortgagor shall not have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of Mortgagee.

(b) Upon the full discharge and satisfaction of the Obligations and the termination of the Commitments, (a) all right, title and interest herein assigned to the Mortgagee shall terminate, and all right, title and interest of the Mortgagee in and to each and every one of the items of Mortgaged Property shall revert to the Mortgagor and (b) the Mortgagee shall, at the request and expense of Mortgagor, file all requisite release or termination statements and do all such other acts as are reasonably required of it to evidence the termination of the liens and security interests granted hereby or pursuant hereto.

(c) Mortgagor, at its own expense, shall cause this Railcar Mortgage and each Supplemental Mortgage relating to the Units to be filed with the Interstate Commerce Commission pursuant to Section 11303 of the Interstate Commerce Act, as amended (49 U.S.C. §10101. et seq.) promptly after execution and delivery thereof by all parties thereto. Mortgagor, at its own expense, shall further cause this Railcar Mortgage, each Supplemental Mortgage and/or appropriate financing statements or continuation statements to be filed and recorded in accordance with the applicable provisions of the Uniform Commercial Code or other applicable Law, in each case to the reasonable satisfaction of counsel to Mortgagee, and shall do such other things to preserve and maintain the perfection and priority of the Lien granted herein and in the Supplemental Mortgages (if any) to Mortgagee as such counsel may reasonably request.

(d) Mortgagor, in addition to the requirements set forth above, will from time to time do and perform in a timely manner any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, re-register, rerecord or redeposit whenever required) any and all further instruments required by Law (including without limitation continuation statements) or reasonably requested by Mortgagee for the purpose of proper protection, to its sole satisfaction, of its interest in the Units and the other Mortgaged Property, or for the purpose of carrying out the intention of this Railcar Mortgage.

(e) The titles to the various paragraphs of this Railcar Mortgage are solely for convenience and are not a part of this Railcar Mortgage for purposes of interpreting the provisions hereof.

(f) **This Railcar Mortgage, any Supplemental Mortgage or schedule thereto, or any other instruments, documents or agreements to be delivered hereunder or thereunder, are being executed and delivered and are intended to be performed in the Commonwealth of Pennsylvania. This Railcar Mortgage, any Supplemental Mortgage or schedule thereto, or any other instruments, documents or agreements to be delivered hereunder or thereunder, shall be governed by, and construed in accordance with, the Laws of the Commonwealth of Pennsylvania, without regard to the principles thereof regarding conflict of Laws, excepting applicable federal Law and except only to the extent precluded by the mandatory application of the Law of another jurisdiction.**

(g) Each Loan Party consents to the exclusive jurisdiction and venue of the Federal and State Courts located in Allegheny County, Pennsylvania in any action on, relating to or mentioning this Railcar Mortgage.

(h) This written agreement is exclusive as to its subject matter and no inconsistent oral agreement shall be binding.

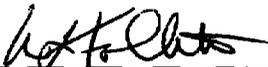
(i) This Railcar Mortgage may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same Railcar Mortgage.

(j) **WAIVER OF TRIAL BY JURY. THE MORTGAGOR AND THE MORTGAGEE MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS RAILCAR MORTGAGE OR ANY OTHER LOAN DOCUMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR THE MORTGAGEE TO ACCEPT THIS RAILCAR MORTGAGE AND MAKE THE LOANS AND ISSUE LETTERS OF CREDIT.**

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Railcar Mortgage and Security Agreement to be duly executed by their respective duly authorized officers and delivered the day and year first above written as a document under seal.

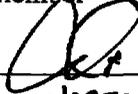
ATTEST:

By 
Name William L. Follett
Title Vice President

MORTGAGOR:

PENGUIN LOGISTICS LLC, a
Delaware limited liability company

By: Penguin Logistics Holdings LLC, its
sole member

By  (SEAL)
Name: Jared Stango
Title: Cfo

MORTGAGEE:

PNC BANK, NATIONAL ASSOCIATION

By: _____
Name: Scott D. Colcombe
Title: Senior Vice President

IN WITNESS WHEREOF, the parties hereto have caused this Railcar Mortgage and Security Agreement to be duly executed by their respective duly authorized officers and delivered the day and year first above written as a document under seal.

ATTEST:

MORTGAGOR:

PENGUIN LOGISTICS LLC, a
Delaware limited liability company

By _____
Name _____
Title _____

By _____ (SEAL)
Name: _____
Title: _____

MORTGAGEE:

PNC BANK, NATIONAL ASSOCIATION

By: 
Name: Scott D. Colcombe
Title: Senior Vice President

ACKNOWLEDGMENT

STATE/Commonwealth of Pennsylvania)
COUNTY OF Lawrence) SS:

On this 2 day of June, 2011, before me, a Notary Public, the undersigned officer, personally appeared Jared Stango, who acknowledged himself/herself to be the CFO of Penguin Logistics Holdings LLC, a Delaware limited liability company (the "Member"), the sole member of Penguin Logistics LLC, a Delaware limited liability company (the "Company"), and that he/she, as such officer, executed the foregoing instrument for the purposes therein contained by signing his/her name on behalf of the Member as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

Joyre E. Fritsche
Notary Public

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Joyre E. Fritsche, Notary Public
Slippery Rock Twp., Lawrence County
My Commission Expires Sept. 19, 2013
Member, Pennsylvania Association of Notaries

ACKNOWLEDGMENT

STATE/Commonwealth of Pennsylvania)
COUNTY OF Allegheny) SS:

On this, the 2 day of August 2011, before me, a Notary Public, the undersigned officer, personally appeared Paul M. Peterson, who acknowledged himself/herself to be the Branch Manager of PNC Bank, National Association, a national banking association (the "Bank"), and that he/she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Bank as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

Mary K. Dinardo
Notary Public

NOTARIAL SEAL
MARY K DINARDO
Notary Public
CITY OF PITTSBURGH, ALLEGHENY COUNTY
My Commission Expires Jul 21, 2013

SCHEDULE 1-

OWNED RAILCARS

<u>Sys Num</u>	<u>Description</u>	<u>Co Asset No</u>	<u>Date Acquired</u>
<u>000737</u>	<u>Boxcar -60'</u>	<u>MHFX 005100</u>	<u>06/19/09</u>
<u>000738</u>	<u>Boxcar -60'</u>	<u>MHFX 005101</u>	<u>06/19/09</u>
<u>000739</u>	<u>Boxcar -60'</u>	<u>MHFX 005102</u>	<u>06/19/09</u>
<u>000740</u>	<u>Boxcar -60'</u>	<u>MHFX 005103</u>	<u>06/19/09</u>
<u>000741</u>	<u>Boxcar -60'</u>	<u>MHFX 005104</u>	<u>06/19/09</u>
<u>000742</u>	<u>Boxcar -60'</u>	<u>MHFX 005105</u>	<u>06/19/09</u>
<u>000743</u>	<u>Boxcar -60'</u>	<u>MHFX 005106</u>	<u>06/19/09</u>
<u>000744</u>	<u>Boxcar -60'</u>	<u>MHFX 005107</u>	<u>06/19/09</u>
<u>000745</u>	<u>Boxcar -60'</u>	<u>MHFX 005108</u>	<u>06/19/09</u>
<u>000746</u>	<u>Boxcar -60'</u>	<u>MHFX 005109</u>	<u>06/19/09</u>
<u>000747</u>	<u>Boxcar -60'</u>	<u>MHFX 005111</u>	<u>06/19/09</u>
<u>000720</u>	<u>Covered Hopper (Flue Dust) Car</u>	<u>MHFX 00707</u>	<u>06/19/09</u>
<u>000721</u>	<u>Covered Hopper (Flue Dust) Car</u>	<u>MHFX 00708</u>	

RAILCARS UNDER A CAPITAL LEASE WITH KENSINGTON CAPITAL THAT EXPIRE 6/1/11 (OWNED OUTRIGHT BY MHF THEREAFTER)

<u>Sys Num</u>	<u>Description</u>	<u>Co Asset No</u>	<u>Date Acquired</u>
<u>000713</u>	<u>Covered Hopper (Flue Dust) Car</u>	<u>MHFX 00700</u>	<u>06/19/09</u>
<u>000714</u>	<u>Covered Hopper (Flue Dust) Car</u>	<u>MHFX 00701</u>	<u>06/19/09</u>
<u>000715</u>	<u>Covered Hopper (Flue Dust) Car</u>	<u>MHFX 00702</u>	<u>06/19/09</u>
<u>000716</u>	<u>Covered Hopper (Flue Dust) Car</u>	<u>MHFX 00703</u>	<u>06/19/09</u>
<u>000717</u>	<u>Covered Hopper (Flue Dust) Car</u>	<u>MHFX 00704</u>	<u>06/19/09</u>
<u>000718</u>	<u>Covered Hopper (Flue Dust) Car</u>	<u>MHFX 00705</u>	<u>06/19/09</u>
<u>000719</u>	<u>Covered Hopper (Flue Dust) Car</u>	<u>MHFX 00706</u>	<u>06/19/09</u>

Legend to be placed on each unit in one inch letters:

Ownership subject to a security agreement filed with the Interstate Commerce Commission

Legend to be placed on each unit in one-inch letters:

Ownership subject to a security agreement filed with the Interstate Commerce Commission.

EXHIBIT A
FORM OF

SUPPLEMENT NO. _____
TO RAILCAR MORTGAGE AND SECURITY AGREEMENT

SUPPLEMENT NO. _____ TO RAILCAR MORTGAGE AND SECURITY AGREEMENT dated _____, 201_ (this "Supplemental Mortgage") to the Railcar Mortgage and Security Agreement dated May __, 2011 (as amended, supplemented or otherwise modified from time to time prior to the date hereof, the "Initial Railcar Mortgage"), between PENGUIN LOGISTICS LLC, a Delaware limited liability company (the "Mortgagor"), and PNC BANK, NATIONAL ASSOCIATION (the "Mortgagee").

R E C I T A L S:

WHEREAS, all undefined terms used herein shall have the respective meanings set forth therefor in the Initial Railcar Mortgage; and

WHEREAS, subject to the terms and provisions of the Initial Railcar Mortgage, the Mortgagor agreed to execute and deliver from time to time Supplemental Mortgages substantially in the form hereof with respect to railcars held by Mortgagor for lease to third parties and not previously described on a schedule to the Initial Railcar Mortgage; and

WHEREAS, Mortgagor is the owner of _____ railcars which Mortgagor has leased, or intends to lease, pursuant to a Permitted Railcar Lease Agreement (such railcars as described in more detail on Supplemental Schedule 1 attached hereto and made a part hereof, are herein referred to as the "Additional Units"); and

WHEREAS, Mortgagor desires to execute and deliver this Supplemental Mortgage for the purpose of describing and subjecting the Additional Units to the lien of the Initial Railcar Mortgage in favor of Mortgagee.

NOW THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Schedule 1 to the Initial Railcar Mortgage is hereby supplemented by adding thereto as of the date hereof the Additional Units described on Supplemental Schedule 1 hereto. Schedule 1 to the Initial Railcar Mortgage is hereby further supplemented to include the identification information set forth on Supplemental Schedule 1 hereto.

2. Effective on the date hereof, the Mortgagor's right, title and interest in and to (i) the Additional Units described on Supplemental Schedule 1 attached hereto, (ii) all replacements, replacement parts, additions, repairs, repair parts, accessions and accessories incorporated therein and/or affixed thereto, and all special tools and devices incorporated there into or used in connection therewith, (iii) all rents, revenues, issues, profits and proceeds arising from the sale, lease, license, encumbrance, collection or any other temporary or permanent

disposition or encumbrance of the collateral listed in items (i) and (ii) of this paragraph 2 (or any part thereof) or any interest therein, (iv) all products, substitutions, renewals and improvements to, of or for any of the collateral listed in items (i) through (iii) of this paragraph 2, and (v) all proceeds (including any claims or insurance payable by reason of loss or damage to the Units) of or for any of the collateral listed in items (i) through (iv) of this paragraph 2 are deemed included in the Mortgaged Property and are subjected to the lien, encumbrance and mortgage created by the Railcar Mortgage.

3. This Supplemental Mortgage shall be construed in connection with and as part of the Initial Railcar Mortgage; and the Initial Railcar Mortgage is hereby modified to include this Supplemental Mortgage, and all terms, conditions, representations, warranties, covenants and agreements set forth therein, except as herein modified, are hereby confirmed and ratified (including without limitations the representations and warranties of Mortgagor set forth in paragraph 3 of the Initial Railcar Mortgage) and shall remain in full force and effect, except that such terms, conditions, representations, warranties, covenants and agreements shall be deemed to extend to and include this Supplemental Mortgage. From this date any references to the "Railcar Mortgage", "Unit (s)" and "Mortgaged Property" shall be deemed to be references to such terms as amended or supplemented in connection with this Supplemental Mortgage.

4. THIS SUPPLEMENTAL MORTGAGE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REGARD TO THE PRINCIPLES THEREOF REGARDING CONFLICT OF LAWS, EXCEPTING APPLICABLE FEDERAL LAW AND EXCEPT ONLY TO THE EXTENT PRECLUDED BY THE MANDATORY APPLICATION OF THE LAW OF ANOTHER JURISDICTION.

5. This Supplemental Mortgage may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same Supplemental Mortgage.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto has caused this Supplement No. _____ to Railcar Mortgage and Security Agreement to be duly executed by their respective duly authorized officers and delivered the day and year first above written as a document under seal.

WITNESS:

MORTGAGOR:

PENGUIN LOGISTICS LLC, a
Delaware limited liability company

By: Penguin Logistics Holdings LLC, its
sole member

By _____
Name: _____
Title: _____

By _____ (SEAL)
Name: _____
Title: _____

Agreed and Accepted this _____ day of
_____, 201_:

MORTGAGEE:

PNC BANK, NATIONAL ASSOCIATION

By _____
Name: _____
Title: _____

Supplemental Schedule 1 to Supplement No.

[Description of Additional Units]

<u>Model</u>	<u>AAR Designation</u>	<u>Road Number</u>	<u>Serial Number</u>	<u>Identifying Mark</u>
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Legend to be placed on each unit in one inch letters:

Ownership subject to a security agreement filed with the Interstate Commerce Commission.

