

6-216A049

RECORDATION NO. 15017 Filed 1425

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ICC ~~Washington~~, D.C.

INTERSTATE COMMERCE COMMISSION

MELLON BANK, N.A.
One Mellon Bank Center
Pittsburgh, Pennsylvania 15258

TOO OFFICE OF
THE SECRETARY
AUG 4 2 38 PM '86
MOTOR OPERATING UNIT

August 1, 1986

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

RE: SECURITY AGREEMENT DATED AS OF AUGUST 1, 1986
AMONG MAINE CENTRAL RAILROAD COMPANY,
BOSTON AND MAINE CORPORATION AND
MELLON BANK, N.A. (the "Security Agreement")

Dear Sir:

Enclosed herewith for recording, pursuant to Section 11303 of Title 49 of the United States Code, are three original copies of the Security Agreement. The filing fee is delivered herewith.

Maine Central Railroad Company, a Maine corporation, has its principal place of business at Iron Horse Park, North Billerica, MA 01862. Boston and Maine Corporation, a Delaware corporation, has its principal place of business at Iron Horse Park, North Billerica, MA 01862. Mellon Bank, N.A. is a national banking association with offices at One Mellon Bank Center, Pittsburgh, Pennsylvania 15258.

The following equipment is subject to the Security Agreement:

Maine Central Railroad Company (MEC)

12 EMD GP-38 locomotives bearing MEC series numbers (both inclusive in the case of each series)

251 - 259
261 - 263

1 EMD GP-7 locomotive bearing MEC series number 470

1 EMD GP-9 locomotive bearing MEC series number 471

Counterpart -

MELLON BANK, N.A.

Secretary

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August 1, 1986

Boston and Maine Corporation (B&M)

20 EMD GP-40 locomotives bearing B&M series numbers (both inclusive in the case of each series)

320 - 321
323 - 324
326 - 335
338 - 342

100 gondolas bearing B&M series numbers (both inclusive in the case of each series):

9000 - 9009

140 Covered Hopper Cars bearing the following Delaware and Hudson Railway Company (D&H) numbers (both inclusive in the case of each series):

3400 - 3401
3403 - 3428
3430 - 3440
3443 - 3451

12101 - 12121
12123 - 12146
12148 - 12152
12154 - 12156
12158
12160 - 12171
12173 - 12192
12194
12196 - 12200

180 Gondola Cars bearing the following Delaware and Hudson Railway Company (D&H) numbers (both inclusive in the case of each series):

14102 - 14112
14114 - 14122
14125 - 14137
14140 - 14143
14145 - 14147
14149 - 14151
14153 - 14165
14167 - 14189
14191 - 14215
14217 - 14221

MELLON BANK, N.A.

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August 1, 1986

14223 - 14244
14246 - 14249
14300 - 14301
14304 - 14310
14312 - 14336
14338 - 14339
14341 - 14349

282 Open Hopper Cars bearing the following Delaware and Hudson Railway Company (D&H) numbers (both inclusive in the case of each series):

241 - 243
245 - 248
251 - 257
259 - 269
271 - 281
284
286
288 - 289
293 - 295
297 - 308
310
312 - 320
322
325 - 335
337 - 344
346 - 351
353 - 357
359
361 - 362
364 - 365

1001 - 1005
1007 - 1008
1010 - 1011
1013 - 1023
1025 - 1049
1051 - 1052
1054
1056 - 1064
1066 - 1075
1077 - 1078
1080 - 1085
1087 - 1089
1091 - 1101
1103 - 1124
1126 - 1143
1145 - 1147
1149 - 1175

MELLON BANK, N.A.

Secretary

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August 1, 1986

1177 - 1192

1194 - 1195

1197 - 1200

Please return a file stamped copy of the Security Agreement and any copies of the Security Agreement not needed by the Commission to Daniel P. Gallagher, Jr., Reed Smith Shaw & McClay, P.O. Box 2009, Pittsburgh, Pennsylvania 15230.

Very truly yours,

MELLON BANK, N.A.

By Alvin D. Brown

Title Vice President

HAND DELIVERED

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

David McGraw
Mellon Bank, N.A.
Pittsburgh, PA. 15258

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 8-4-1986 at 2:38PM, and assigned re-
recording number(s). 15017

Sincerely yours,

Norata R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

AUG 4 1986 -2 38 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

THIS AGREEMENT, dated as of August 1, 1986, by and among Maine Central Railroad Company, a Maine a corporation ("Maine Central"), and Boston and Maine Corporation, a Delaware corporation ("Boston and Maine") [herein collectively called the "Company"], and MELLON BANK, N.A., a national banking association (the "Bank");

W I T N E S S E T H :

WHEREAS, the Company has requested the Bank to extend credit to it in the aggregate principal amount of \$4,600,000;

WHEREAS, the Bank is willing to extend such credit upon the condition, among others, that the Company execute and deliver this Agreement as security therefor;

NOW THEREFORE, for and in consideration of the Debt referred to below and other good and valuable consideration paid to the Company by the Bank, the receipt of which is hereby acknowledged by the Company, and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

1. Certain Definitions. In addition to the other words and terms defined herein, the following words and terms shall have the following meanings, respectively, as used herein unless otherwise required by the context:

"Agreement" shall mean this Security Agreement as from time to time hereafter amended or supplemented.

"Line of Credit Agreement" shall mean the Line of Credit Agreement of even date by and between the Company and the Bank, as amended, modified or supplemented from time to time.

"Code" shall mean the Pennsylvania Uniform Commercial Code as in effect on the date of this Agreement and as the same may be amended from time to time hereafter.

"Debt" shall mean, collectively, (i) all indebtedness of the Company to the Bank incurred at any time pursuant to the provisions of the Line of Credit Agreement, both principal and interest, (ii) all extensions, renewals, refinancings and refundings of any of such indebtedness in whole or in part, (iii) all other sums at any time payable by the Company under the provisions of any of the Line of Credit Agreement or any other agreement (including without limitation this Agreement) from time to time evidencing or securing the Debt or any part thereof, (iv) all future advances made by the Bank for the protection or preservation of any portion of the Collateral (as herein defined), (v) all costs and expenses incurred by the Bank in the collection of any of the aforementioned indebtedness, advances and other sums and (vi) all other existing and future indebtedness and obligations, however arising, of the Company to the Bank.

"Equipment" shall mean the railroad cars which are identified on Exhibit A attached hereto, together with the official identification numbers of such cars.

"Event of Default" shall mean the failure by the Company to pay any amount when due to the Bank under the Line of Credit Agreement.

2. Security Interest. As security for the full and timely payment of the Debt as aforesaid, the Company hereby agrees that the Bank shall have, and there is hereby granted to and created in favor of the Bank, a security interest under the Code in and to the Equipment and the proceeds (as defined by the Code), both cash and non-cash, thereof. The Equipment and the proceeds (as defined by the Code), both cash and non-cash, thereof are collectively referred to as the Collateral. The Company will faithfully preserve and protect the Bank's security interest created hereunder and will, at the expense of the Company, cause said security interest to be perfected and continued perfected so long as any portion of the Debt is outstanding and unpaid; and for such purposes the Company will from time to time at the Bank's request execute and deliver or cause to be filed or recorded, as appropriate, such documents, instruments and notices, including without limitation the recording of this Agreement and any amendments, modifications or supplements hereto and all financing statements, continuation statements and further assignments with respect to the Collateral, as the Bank may deem necessary or advisable from time to time in order to perfect and continue perfected said security interest and to preserve the priority thereof. The Company will pay all filing fees with respect to said security interest.

3. Certain Representations and Agreements. Maine

Central and Boston and Maine represent and warrant that:

(i) Except as heretofore disclosed to the Bank, no person, firm or corporation (other than Maine Central or Boston and Maine, as the case may be,) has any right, title or interest in or lien on any portion of the Collateral or the proceeds thereof, other than the security interest of the Bank created hereunder.

(ii) The chief place of business of Maine Central and Boston and Maine, and the office in which their records with respect to the Collateral are kept, is located at Iron Horse Park, North Billerica, MA 01862.

Maine Central and Boston and Maine covenant and agree that:

(a) They will not, without the prior written consent of the Bank, assign, transfer or encumber the Collateral in any manner (except for the security interests created hereunder).

(b) They will not relocate their offices where their records concerning the Collateral are kept or their chief places of business are located, without the prior written consent of the Bank.

(c) The Bank may at any time during normal business hours review the books and records of Maine Central and Boston and Maine pertaining to the Collateral and may copy the same and make excerpts therefrom.

(d) Except as heretofore disclosed to the Bank, Maine Central and Boston and Maine, as the case may be, has and will have good and marketable title to the Equipment, free and clear of all liens, encumbrances, pledges and security interests (except for the security interests created hereunder) and will defend such title against the claims and demands of all persons whomsoever.

4. Rights Against Prior Parties. The Company assumes full responsibility for taking any and all necessary steps to

preserve rights with respect to the Collateral against prior parties. The Bank shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if the Bank takes such action for that purpose as the Company shall request in writing, provided that such requested action will not, in the judgment of the Bank, impair the Bank's security interest in the Collateral or the proceeds thereof or its rights in, or the value of, the Collateral or such proceeds, and provided further that such written request is received by the Bank in sufficient time to permit the Bank to take the requested action.

5. Possession, Use and Release of Equipment. Unless an Event of Default shall have occurred and be continuing, the Company shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided always, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Agreement.

6. Events of Default. If an Event of Default shall occur and be continuing or shall exist, the Bank shall have such rights and remedies with respect to the Collateral and every part

thereof as are provided by the Code and such other rights and remedies with respect thereto which it may have at law or in equity or under this Agreement, including without limitation the right to sell all or any portion of the Collateral at public or private sale, without prior notice to the Company except as otherwise required by law (and if notice is required by law, after ten days' prior written notice), at such place or places and at such time or times and upon such terms, whether for cash or on credit, and in such manner as the Bank in its sole discretion may determine, and apply the proceeds of such sale, first, to the payment of the reasonable costs and expenses incurred by the Bank in connection with such sale, including reasonable attorneys' fees and legal expenses, second to the repayment of the Debt and other sums secured hereby, whether on account of principal or interest or otherwise as the Bank in its sole discretion may elect, and then to pay the balance, if any, as required by law.

7. Miscellaneous Provisions. (A) This Agreement is not intended and shall not be construed to obligate the Bank to take any action whatsoever with respect to any portion of the Collateral (except as otherwise expressly provided herein), or to incur expenses or perform or discharge and obligation, duty or liability of the Company.

(B) Upon payment in full of the indebtedness incurred under the Line of Credit Agreement, this Agreement shall terminate and be of no further force and effect. Until such time, however, this Agreement shall bind the Company, its successors and assigns, and shall inure to the benefit of the Bank and its successors and assigns.

(C) No delay or failure on the part of the Bank in exercising any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies of the Bank hereunder are cumulative and not exclusive of any rights or remedies which it would otherwise have.

(D) If any provision of this Agreement shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

(E) The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and are not

intended to indicate all of the matter following them or to control or affect the construction of any of the provisions hereof.

(F) This Agreement shall be deemed to be a contract under the laws of the Commonwealth of Pennsylvania and for all purposes shall be governed by and construed in accordance with the laws of said Commonwealth.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written to be effective on the date of the loan to the Company as contemplated by the Line of Credit Agreement.

ATTEST:

By Theodore W. McConnell
Title Assistant Clerk

[Corporate Seal]

MAINE CENTRAL RAILROAD COMPANY

By Richard S. Long
Title Treasurer

ATTEST:

By Thomas A. McConell
Title Assistant Secretary

[Corporate Seal]

BOSTON AND MAINE CORPORATION

By Richard E. Long
Title Treasurer

MELLON BANK, N.A.

By David H. [Name]
Title Vice President

Address: One Mellon Bank Center
Pittsburgh,
Pennsylvania 15258

ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF ALLEGHENY)

On this the 1st day of August, 1986, before me, a Notary Public in and for the jurisdiction set forth above, personally appeared, David McNew, to me known (or satisfactorily proven), who, acknowledged himself to be Vice-President of Mellon Bank, N.A., a national banking association, and that he as such, being authorized to do so, executed the foregoing instrument in the capacity therein stated and for the purposes therein contained by signing the name of said banking association by himself as Vice-President.

Kathleen T. Pitchford
Notary Public

My Commission expires: 3/16/87

KATHLEEN T. PITCHFORD, NOTARY PUBLIC
PITTSBURGH, ALLEGHENY COUNTY
MY COMMISSION EXPIRES MARCH 16, 1987
Member, Pennsylvania Association of Notaries

Exhibit A

Description of Equipment

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12 EMD GP-38 locomotives bearing MEC series numbers (both inclusive in the case of each series)

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