

SECURITY AGREEMENT dated as of March 23, 2001, among GREAT LAKES TRANSPORTATION LLC, a Delaware limited liability company ("Holdings"), each subsidiary of Holdings listed on Schedule I hereto (each such subsidiary individually, a "Grantor" and, together with Holdings, the "Grantors") and THE CHASE MANHATTAN BANK, a New York banking corporation ("Chase"), as collateral agent (in such capacity, the "Collateral Agent") for the Secured Parties (as defined herein).

Reference is made to (a) the Credit Agreement dated as of March 23, 2001 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Holdings; BESSEMER AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation, DULUTH, MISSABE AND IRON RANGE RAILWAY COMPANY, a Delaware corporation, THE PITTSBURGH & CONNEAUT DOCK COMPANY, a Delaware corporation, and USS GREAT LAKES FLEET, INC., a Delaware corporation (other than Holdings, each a "Borrower" and, collectively, the "Borrowers"); the lenders from time to time party thereto (the "Lenders"); and Chase, as Agent (in such capacity, the "Agent"), and (b) the Guarantee Agreement dated as of March 23, 2001 (as amended, supplemented or otherwise modified from time to time, the "Guarantee Agreement"), among the Guarantors (as defined therein) and Chase, as Collateral Agent.

The Lenders have agreed to make Loans to the Borrowers, and the Issuing Bank has agreed to issue Letters of Credit for the account of the Borrowers, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each of the Guarantors has agreed to guarantee, among other things, all the obligations of the Borrowers under the Credit Agreement. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit are conditioned upon, among other things, the execution and delivery by the Grantors of an agreement in the form hereof to secure (a) the due and punctual payment by the Borrowers of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by any Borrower under the Credit Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral and (iii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of each Borrower to the Secured Parties under the Credit Agreement

and the other Loan Documents, (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Borrowers under or pursuant to the Credit Agreement, this Agreement and the other Loan Documents, (c) the due and punctual payment and performance of all the covenants, agreements, obligations and liabilities of Holdings and its subsidiaries (other than the Borrowers) under or pursuant to this Agreement and the other Loan Documents, (d) the due and punctual payment and performance of all obligations of each Borrower under each Hedging Agreement entered into with any counterparty that was a Lender (or an Affiliate of a Lender) at the time such Hedging Agreement was entered into and (e) the due and punctual payment and performance of all obligations in respect of overdrafts and related liabilities owed to the Administrative Agent or any of its Affiliates and arising from treasury, depository and cash management services in connection with any automated clearing house transfers of funds (all the monetary and other obligations described in the preceding clauses (a) through (e) being collectively called the "Obligations").

Accordingly, each of the Grantors and the Collateral Agent, on behalf of itself and each Secured Party (and each of their respective successors or assigns), hereby agree as follows:

1. *Definition of Terms Used Herein.* Unless the context otherwise requires, all capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement and all references to the Uniform Commercial Code shall mean the Uniform Commercial Code in effect in the State of New York as of the date hereof. The rules of interpretation specified in Section 1.02 of the Credit Agreement shall be applicable to this Agreement. As used herein, the following terms shall have the following meanings:

"Account Debtor" shall mean any person who is or who may become obligated to any Grantor under, with respect to or on account of an Account.

"Accounts" shall mean any and all right, title and interest of any Grantor to payment for goods and services sold, leased or subject to railroad interchange, including any such right evidenced by chattel paper, whether due or to become due, whether or not it has been earned by performance, and whether now or hereafter acquired or arising in the future, including accounts receivable from Affiliates of the Grantors.

"Accounts Receivable" shall mean all Accounts and all right, title and interest in any returned goods, together with all rights, titles, securities and guarantees with respect thereto, including any rights to stoppage in transit, replevin, reclamation and resales, and all related security interests, liens and pledges, whether voluntary or involuntary, in each case whether now existing or owned or hereafter arising or acquired.

"Collateral" shall mean all (a) Accounts Receivable, (b) Documents, (c) Inventory, (d) Proceeds, (e) General Intangibles, (f) cash and cash accounts (including Prepayment Accounts), (h) Equipment and (i) Investment Property.

"Commodity Account" shall mean an account maintained by a Commodity Intermediary in which a Commodity Contract is carried out for a Commodity Customer.

"Commodity Contract" shall mean a commodity futures contract, an option on a commodity futures contract, a commodity option or any other contract that, in each case, is (a) traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to the federal commodities laws or (b) traded on a foreign commodity board of trade, exchange or market, and is carried on the books of a Commodity Intermediary for a Commodity Customer.

"Commodity Customer" shall mean a person for whom a Commodity Intermediary carries a Commodity Contract on its books.

"Commodity Intermediary" shall mean (a) a person who is registered as a futures commission merchant under the federal commodities laws or (b) a person who in the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities laws.

"Copyright License" shall mean any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright now or hereafter owned by any Grantor or that such Grantor otherwise has the right to license, or granting any right to such Grantor under any Copyright now or hereafter owned by any third party, and all rights of such Grantor under any such agreement.

"Copyrights" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, and (b) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office, including those listed on Schedule II.

"Credit Agreement" shall have the meaning assigned to such term in the preliminary statement of this Agreement.

"Documents" shall mean all instruments, files, records, ledger sheets and documents to the extent such Document covers or relates to any of the Collateral.

"Entitlement Holder" shall mean a person identified in the records of a Securities Intermediary as the person having a Security Entitlement against the Securities Intermediary. If a person acquires a Security Entitlement by virtue of Section 8-501(b)(2) or (3) of the Uniform Commercial Code, such person is the Entitlement Holder.

"Equipment" shall mean all equipment, furniture and furnishings, and all tangible personal property similar to any of the foregoing, including tools, parts and supplies of every kind and description, and all improvements, accessions or appurtenances thereto, that are now or hereafter owned by any Grantor. The term Equipment shall include Fixtures and Rolling Stock.

"Financial Asset" shall mean (a) a Security, (b) an obligation of a person or a share, participation or other interest in a person or in property or an enterprise of a person, that is, or is of a type, dealt with in or traded on financial markets, or that is recognized in any area in which it is issued or dealt in as a medium for investment or (c) any property that is held by a Securities Intermediary for another person in a Securities Account if the Securities Intermediary has expressly agreed with the other person that the property is to be treated as a Financial Asset under Article 8 of the Uniform Commercial Code. As the context requires, the term Financial Asset shall mean either the interest itself or the means by which a person's claim to it is evidenced, including a certificated or uncertificated Security, a certificate representing a Security or a Security Entitlement.

"Fixtures" shall mean all items that would otherwise constitute items of Collateral, whether now owned or hereafter acquired, of any Grantor that is a transmitting utility (as defined in Section 9-302(a)(80) of the Uniform Commercial Code) that become so related to particular real estate that an interest in them arises under any real estate law applicable thereto.

"General Intangibles" shall mean all choses in action and causes of action and all other assignable intangible personal property of any Grantor of every kind and nature (other than Accounts Receivable) now owned or hereafter acquired by any Grantor, including all rights and interests in partnerships, limited partnerships, limited liability companies and other unincorporated entities, corporate or other business records, indemnification claims, contract rights (including rights under leases, whether entered into as lessor or lessee, Hedging Agreements, the Transportation Services Agreements and other agreements and all rights to payment of principal, interest and other amounts under the Parent Holdings Intercompany Loan), Intellectual Property, goodwill, registrations, franchises, tax refund claims and any letter of credit, guarantee, claim, security interest or other security held by or granted to any Grantor to secure payment by an Account Debtor of any of the Accounts Receivable.

"Hedging Agreement" shall mean any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"Intellectual Property" shall mean all intellectual and similar property of any Grantor of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"Inventory" shall mean all goods of any Grantor, whether now owned or hereafter acquired, held for sale or lease, or furnished or to be furnished by any Grantor under contracts of service, or consumed in any Grantor's business, including raw materials, intermediates, work in process, packaging materials, finished goods, semi-finished inventory, scrap inventory, manufacturing supplies and spare parts, and all such goods that have been returned to or repossessed by or on behalf of any Grantor.

"Investment Property" shall mean all Securities (whether certificated or uncertificated), Security Entitlements, Securities Accounts, Commodity Contracts and Commodity Accounts of any Grantor, whether now owned or hereafter acquired by any Grantor.

"License" shall mean any Patent License, Trademark License, Copyright License or other license or sublicense to which any Grantor is a party, including those listed on Schedule III (other than (i) those license agreements in existence on the date hereof and listed on Schedule III and those license agreements entered into after the date hereof that by their terms prohibit assignment or a grant of a security interest by such Grantor as licensee thereunder and (ii) license agreements in respect of software used by the Borrowers and the Subsidiaries in the ordinary course of their businesses).

"Obligations" shall have the meaning assigned to such term in the preliminary statement of this Agreement.

"Patent License" shall mean any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent, now or hereafter owned by any Grantor or that any Grantor otherwise has the right to license, is in existence, or granting to any Grantor any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of any Grantor under any such agreement.

"Patents" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in any other country, including those listed on Schedule IV, and (b) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"Perfection Certificate" shall mean a certificate substantially in the form of Annex II hereto, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by a Financial Officer and the chief legal officer of Holdings.

"Prepayment Accounts" shall mean all accounts of the Company established with the Collateral Agent pursuant to the terms of Section 2.12(c) of the Credit Agreement.

"Proceeds" shall mean any consideration received from the sale, exchange, license, lease or other disposition of any asset or property that constitutes Collateral, any value received as a consequence of the possession of any Collateral and any payment received from any insurer or other person or entity as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or property that constitutes Collateral, and shall include (a) all cash and negotiable instruments received by or held on behalf of the Collateral Agent pursuant to Section 14 or 15, (b) any claim of any Grantor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (i) past, present or future infringement of any Patent now or hereafter owned by any Grantor, or licensed under a Patent License, (ii) past, present or future infringement or dilution of any Trademark now or hereafter owned by any Grantor or licensed under a Trademark License or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned by any Grantor, (iii) past, present or future breach of any License and (iv) past, present or future infringement of any Copyright now or hereafter owned by any Grantor or licensed under a Copyright License and (c) any and all other amounts from time to time paid or payable to any Grantor under or in connection with any of the Collateral.

"Rolling Stock" shall mean any rolling stock, gondola, boxcar, tanker, locomotive, or railcar of any type, wherever located, now or hereafter existing, and all improvements, accessions or appurtenances thereto, that are now or hereafter owned (and now leased or hereafter placed under lease, unless prohibited by the terms of the applicable lease) by any Grantor.

"Secured Parties" shall mean (a) the Lenders, (b) the Issuing Bank, (c) the Agent (and any Affiliate of the Agent to which any Obligation referred to in clause (d) of the

third sentence of the second paragraph of the preliminary statement of this Agreement is owed), (d) the Collateral Agent, (e) each counterparty to a Hedging Agreement entered into with any Borrower if such counterparty was a Lender (or an Affiliate of a Lender) at the time the Hedging Agreement was entered into, (f) the beneficiaries of each indemnification obligation undertaken by any Grantor under any Loan Document and (g) the successors and assigns of each of the foregoing.

"Securities" shall mean any obligations of an issuer or any shares, participations or other interests in an issuer or in property or an enterprise of an issuer that (a) are represented by a certificate representing a security in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer, (b) are one of a class or series or by its terms is divisible into a class or series of shares, participations, interests or obligations and (c)(i) are, or are of a type, dealt with or traded on securities exchanges or securities markets or (ii) are a medium for investment and by their terms expressly provide that they are a security governed by Article 8 of the Uniform Commercial Code.

"Securities Account" shall mean an account to which a Financial Asset is or may be credited in accordance with an agreement under which the person maintaining the account undertakes to treat the person for whom the account is maintained as entitled to exercise rights that comprise the Financial Asset.

"Securities Intermediary" shall mean (a) a clearing corporation or (b) a person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

"Security Entitlements" shall mean the rights and property interests of an Entitlement Holder with respect to a Financial Asset.

"Security Interest" shall have the meaning assigned to such term in Section 2.

"Trademark License" shall mean any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned by any Grantor or that any Grantor otherwise has the right to license, or granting to any Grantor any right to use any Trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement.

"Trademarks" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including

registrations and registration applications in the United States Patent and Trademark Office, any State of the United States or any similar offices in any other country or any political subdivision thereof, and all extensions or renewals thereof, including those listed on Schedule V, (b) all goodwill associated therewith or symbolized thereby and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

2. Security Interest. As security for the prompt and complete payment and performance when due, whether at the stated maturity, by acceleration, upon one or more dates set for prepayment or otherwise, of the Obligations, each of the Grantors hereby creates and grants to the Collateral Agent, its successors and its assigns, for the ratable benefit of the Secured Parties, their successors and their assigns, a security interest in the Collateral of such Grantor (together with the security interest in all Collateral granted by all other Grantors hereunder, the "Security Interest"). Without limiting the foregoing, the Collateral Agent is hereby authorized to file one or more financing statements (including fixture filings), continuation statements, filings with the United States Surface Transportation Board, filings with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country) or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by each Grantor, without the signature of any Grantor, and naming any Grantor or the Grantors as debtors and the Collateral Agent as secured party. The Collateral Agent shall provide to the applicable Grantor notice of the filing of all statements or other documents pursuant to this Section 2.

The Grantors agree at all times to keep accurate and complete accounting records with respect to the Collateral, including a record of all payments and Proceeds received.

3. Further Assurances. Each of the Grantors agrees, at its expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Collateral Agent may from time to time reasonably request for the better assuring and preserving of the security interests and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with the execution and delivery of this Agreement, the granting of the security interests created hereby and the filing of any financing statements or other documents in connection herewith. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note or other instrument, such note or instrument (other than the Parent Holdings Intercompany Note and notes that, individually and in the aggregate, are of de minimis value) shall (to the extent not previously pledged and delivered pursuant to the Pledge Agreement) be immediately pledged and delivered to the Collateral Agent, duly endorsed in a manner satisfactory to the Collateral Agent. Each year, at the time of delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 6.04 of the Credit Agreement, Holdings shall deliver to the Collateral Agent a certificate executed by a

Financial Officer and the chief legal officer of Holdings (a) setting forth the information required pursuant to Sections 1 and 2 of the Perfection Certificate or confirming that there has been no change in such information since the date of such certificate or the date of the most recent certificate delivered pursuant to this Section 3 and (b) certifying that all Uniform Commercial Code financing statements (including fixture filings, as applicable), filings with the Surface Transportation Board or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to clause (a) above to the extent necessary to protect and perfect the Security Interest for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period). Each certificate delivered pursuant to this Section 3 shall identify in the format of Schedule II, III, IV or V, as applicable, all Intellectual Property of any Grantor in existence on the date thereof and not then listed on such Schedules or previously so identified to the Collateral Agent. The Grantors agree not to permit any information provided pursuant to Section 1 of the Perfection Certificate to become untrue unless all filings have been made under the Uniform Commercial Code, with the Surface Transportation Board or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral for the ratable benefit of the Secured Parties to the extent required by this Agreement and the other Loan Documents. The Grantors also agree promptly to notify the Collateral Agent if any material portion of the Collateral is damaged or destroyed. The Grantors shall furnish to the Collateral Agent prompt written notice of any change in any of the information provided pursuant to Section 1 or 2 of the Perfection Certificate.

4. *Inspection and Verification.* The Collateral Agent and such persons as the Collateral Agent may reasonably designate shall have the right, at any reasonable time or times with reasonable prior notice during the usual business hours of any Grantor, to inspect the Collateral of such Grantor, all records related thereto (and to make extracts and copies from such records), and the premises upon which any of the Collateral is located, to discuss such Grantor's affairs with the officers of such Grantor and their independent accountants and to verify under reasonable procedures the validity, amount, quality, quantity, value, and condition of, or any other matter relating to, the Collateral, including, in the case of (i) Accounts, contacting any Account Debtor with the consent of Holdings or the relevant Grantor (which consent shall not be unreasonably withheld and which consent Holdings hereby gives with respect to USS and Republic Technologies International, LLC, and their Affiliates, as Account Debtors, and their successors and assigns) or (ii) Collateral in the possession of a third person, contacting such person possessing such Collateral for the purpose of making such a verification. The Collateral Agent shall have the absolute right to share any information it gains from such inspection or verification with the Secured Parties.

5. Taxes; Encumbrances. At its option, the Collateral Agent, upon one Business Day's notice to the applicable Grantor, may discharge past due taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral of such Grantor and not permitted under the Credit Agreement, and may pay for the maintenance and preservation of the Collateral to the extent any of the Grantors fails to do so as required by the Credit Agreement, and each of the Grantors agrees to reimburse the Collateral Agent on demand for any payment made or any expense incurred by it pursuant to the foregoing authorization; *provided, however*, that nothing in this Section 5 shall be interpreted as excusing the Grantors from the performance of any covenants or other promises with respect to taxes, liens, security interests or other encumbrances and maintenance as set forth herein or in the Credit Agreement.

6. Assignment of Security Interest. If at any time any of the Grantors shall take and perfect a security interest in any property of an Account Debtor or any other person to secure payment and performance of an Account, such Grantor shall promptly assign such security interest to the Collateral Agent. Such assignment need not be filed of public record unless necessary to continue the perfected status of the security interest against creditors of and transferees from the Account Debtor or other person granting the security interest.

7. Representations and Warranties. Each Grantor represents, warrants and covenants, as to itself and the Collateral pledged by it hereunder, to and with the Collateral Agent that:

(a) **Title and Authority.** Such Grantor has rights in and good title to the Collateral with respect to which it has purported to grant the Security Interest hereunder and has full power and authority to grant to the Collateral Agent the Security Interest in such Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other person other than any consent or approval that has been obtained.

(b) **Filings.** The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein is correct and complete. Fully executed Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations containing a description of the Collateral have been delivered to the Collateral Agent for filing (i) in each governmental, municipal or other office specified in Schedule 8 to the Perfection Certificate and (ii) with the Surface Transportation Board, which are all the filings, recordings and registrations (other than filings required to be made in the United States Patent and Trademark Office and the United States Copyright Office in order to perfect the Security Interest in Collateral consisting of United States Patents, Trademarks and Copyrights) that are necessary to publish notice of and protect the validity of and to establish a valid, legal and perfected security interest in favor of the Collateral Agent (for the ratable benefit of the

Secured Parties) in respect of all Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements.

(c) As applicable, each Grantor shall ensure that fully executed security agreements in the form hereof and containing a description of all Collateral consisting of Intellectual Property, if any, shall have been received and recorded within three months after the execution of this Agreement with respect to United States Patents and United States registered Trademarks (and Trademarks for which United States registration applications are pending) and within one month after the execution of this Agreement with respect to United States registered Copyrights by the United States Patent and Trademark Office and the United States Copyright Office pursuant to 35 U.S.C. § 261, 15 U.S.C. § 1060 or 17 U.S.C. § 205 and the regulations thereunder, as applicable, and otherwise as may be required pursuant to the laws of any other necessary jurisdiction, to protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the ratable benefit of the Secured Parties) in respect of all Collateral consisting of Patents, Trademarks and Copyrights in which a security interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, or in any other necessary jurisdiction, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary (other than such actions as are necessary to perfect the Security Interest with respect to any Collateral consisting of Patents, Trademarks and Copyrights (or registration or application for registration thereof) acquired or developed after the date hereof).

(d) *Validity of Security Interest.* The Security Interest constitutes a valid, legal and, upon (i) the filing of the Uniform Commercial Code financing statements referred to in paragraph (b) above, (ii) the filing of this Agreement with the Surface Transportation Board and (iii) the recording of this Agreement with the United States Patent and Trademark Office and United States Copyright Office, as applicable, perfected security interest in all the Collateral for payment and performance of the Obligations and the Collateral is subject to no Liens, other than Liens permitted by Section 7.02 of the Credit Agreement.

(e) *Information Regarding Names and Locations.* Such Grantor has disclosed in writing to the Collateral Agent any trade names used to identify it in its business or in the ownership of its properties.

(f) *Absence of Other Liens.* None of the Grantors has filed a financing statement under the Uniform Commercial Code covering any Collateral other than as contemplated

by the Credit Agreement or hereby and other than financing statements of which copies have been delivered to the Agent.

(g) *Covenants Regarding Patent, Trademark and Copyright Collateral.* (i) Each Grantor agrees that it will not, nor will it permit any of its licensees to, take or omit to take any action whereby any Patent that is material to the conduct of such Grantor's business may become invalidated or prematurely (after any steps to renew or extend such Grantor's rights therein that (A) are available to such Grantor pursuant to 15 U.S.C. Section 155, 155A and 156 or otherwise or (B) become available to such Grantor as a result of a change in law have been taken) dedicated to the public, and agrees that it shall continue to mark any products covered by a Patent with the relevant patent number as necessary and sufficient to establish and preserve its rights to the fullest extent (as they exist on the latter of the date hereof or the date on which such Patent is acquired) under applicable patent laws.

(ii) Each Grantor (either itself or through its licensees or its sublicensees) will, for each Trademark material to the conduct of such Grantor's business, (A) maintain such Trademark in full force free from any meritorious claim of abandonment or invalidity for non-use, (B) maintain the quality of products and services offered under such Trademark, (C) display such Trademark with notice of Federal or foreign registration to the extent necessary and sufficient to establish and preserve its maximum rights under applicable law and (D) not knowingly use or knowingly permit the use of such Trademark in violation of any third party rights.

(iii) Each Grantor (either itself or through licensees) will, for each work covered by a material Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary and sufficient to establish and preserve its maximum rights under applicable copyright laws.

(iv) Each Grantor shall notify the Collateral Agent immediately if it knows or has reason to know that any Patent, Trademark or Copyright material to the conduct of its business may become abandoned, lost or dedicated to the public, or of any adverse determination or development (including the institution of any proceeding, or any such determination or development, in or by the United States Patent and Trademark Office, United States Copyright Office or any court or similar office of any country) regarding such Grantor's ownership of any Patent, Trademark or Copyright, its right to register, or to keep and maintain the same.

(v) In no event shall any Grantor, either itself or through any agent, employee, licensee or designee, file an application for any Patent, Trademark or Copyright (or for the registration of any Trademark or Copyright) with the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States or in any other country or any political subdivision

thereof, unless it promptly informs the Collateral Agent, and, upon request of the Collateral Agent, executes and delivers any and all agreements, instruments, documents and papers as the Collateral Agent may request to evidence and perfect the Collateral Agent's security interest in such Patent, Trademark or Copyright, and each Grantor hereby appoints the Collateral Agent as its attorney-in-fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable.

(vi) Each Grantor will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States or in any other country or any political subdivision thereof, to maintain and pursue each material application relating to the Patents, Trademarks and/or Copyrights (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trademarks and Copyrights that is material to the conduct of any Grantor's business, including, when applicable, timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with good business judgment, to initiate opposition, interference and cancellation proceedings against third parties.

(vii) In the event that any Grantor has reason to believe that any Collateral consisting of a Patent, Trademark or Copyright material to the conduct of any Grantor's business has been or is about to be infringed, misappropriated or diluted by a third party, such Grantor promptly shall notify the Collateral Agent and shall, if consistent with good business judgment, promptly sue to recover any and all damages and take such other actions as are appropriate under the circumstances to protect such Collateral.

(viii) Upon and during the continuance of an Event of Default, each Grantor shall use its best efforts to obtain all requisite consents or approvals from the licensor of each Copyright License, Patent License or Trademark License to effect the assignment of all of such Grantor's right, title and interest thereunder to the Collateral Agent or its designee.

8. *Records and Schedules of Accounts.* Each Grantor shall keep or cause to be kept records of its Accounts that are accurate in all material respects.

9. *Protection of Security.* Each Grantor shall, at its own cost and expense, take any and all actions necessary to defend title to the Collateral against all persons and to defend the Security Interest of the Collateral Agent in the Collateral and the priority thereof, against any adverse Lien not permitted under the Credit Agreement.

10. *Continuing Obligations of the Grantors.* Each of the Grantors shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement, interest or obligation relating to the

Collateral, all in accordance with the terms and conditions thereof, and shall indemnify and hold harmless the Collateral Agent, and the other Secured Parties and each of them severally, from any and all such liabilities.

11. *Insurance.* (a) The Grantors, at their own expense, shall maintain insurance covering physical loss or damage to the Collateral in accordance with the provisions of Section 6.02 of the Credit Agreement. All such policies of insurance shall be endorsed or otherwise amended to include a lender's loss payable endorsement, in form and substance satisfactory to the Collateral Agent, which shall provide that from and after the date, if any, on which the insurance carrier receives written notice from the Collateral Agent that an Event of Default has occurred, all proceeds in respect of Collateral otherwise payable to Holdings or any of its subsidiaries under such policies shall be payable directly to the Collateral Agent. Such endorsement or an independent instrument furnished to the Collateral Agent shall provide that the insurance companies will give the Collateral Agent at least 30 days' prior written notice before any such policy or policies of insurance shall be materially altered or canceled and that no act or default of the Company or any person shall affect the right of the Collateral Agent to recover under such policy or policies of insurance in case of loss or damage.

(b) Following and during the continuance of an Event of Default, each Grantor irrevocably makes, constitutes, and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent (and attorney-in-fact) for the purpose of making, settling and adjusting claims in respect of Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance in respect of Collateral and for making all determinations and decisions with respect thereto. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required hereby or to pay any premium in whole or part relating thereto, the Collateral Agent may, upon notice to such Grantor of its intention to do so and without waiving or releasing any obligation or liability of any Grantor hereunder or any Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other action with respect thereto as the Collateral Agent deems advisable. All such sums so disbursed by the Collateral Agent, including reasonable attorney's fees, court costs, expenses and other charges relating thereto, shall be payable, upon demand, by the Grantors to the Collateral Agent and shall be additional Obligations secured hereby.

12. *Use and Disposition of Collateral.* None of the Grantors (i) shall make or permit to be made an assignment, pledge or hypothecation of the Collateral other than Liens permitted pursuant to Section 7.02 of the Credit Agreement, and shall grant no other security interest in the Collateral (other than pursuant hereto) or (ii) shall make or permit to be made any transfer of the Collateral (other than transfers to the Collateral Agent pursuant to the provisions hereof), and shall remain at all times in possession

thereof (except that equipment may be in the possession of a person that is not a Grantor in the ordinary course of the Borrowers' and such person's businesses); notwithstanding the foregoing, the Grantors may use and dispose of the Collateral in any lawful manner not inconsistent with the provisions of this Agreement, the Credit Agreement or any other Loan Document, unless the Collateral Agent shall, after an Event of Default shall have occurred and during the continuance thereof, notify the Grantors not to sell, convey, lease, assign, transfer or otherwise dispose of any Collateral or not to permit any Collateral to be in the possession of any party that is not a Grantor.

13. *Limitation on Modifications on Accounts.* None of the Grantors will, without the Collateral Agent's prior written consent, which consent shall not be unreasonably withheld, grant any extension of the time of payment of any of the Accounts Receivable, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any person liable for the payment thereof, or allow any credit or discount whatsoever thereon other than extensions, credits, discounts, compromises or settlements granted or made in the ordinary course of business or in accordance with prudent and standard practices used in industries that are the same as or similar to those in which such Grantor is engaged, unless the Collateral Agent shall, after an Event of Default shall have occurred and during the continuance thereof, notify the Grantors not to grant or make any such extension, credit, discount, compromise, or settlement under any circumstances.

14. *Collections.* Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall have the right, as the true and lawful agent of each of the Grantors, with power of substitution for each Grantor and in each Grantor's name, the Collateral Agent's name or otherwise, for the use and benefit of the Collateral Agent for the ratable benefit of the Secured Parties, (a) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (c) to sign the name of any Grantor on any invoice or bill of lading relating to any of the Collateral; (d) to send verifications of Accounts Receivable to any customer; (e) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (f) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to or pertaining to all or any of the Collateral; (g) to notify, or to require the Grantors to notify, the Account Debtors obligated on any or all of the Accounts Receivable to make payment thereof directly to the Collateral Agent; and (h) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Collateral Agent were the absolute owner of the Collateral for all purposes; *provided, however,* that nothing herein contained shall be construed as requiring or obligating the Collateral Agent to make any commitment or to make any inquiry as to the

nature or sufficiency of any payment received by the Collateral Agent, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken by the Collateral Agent or omitted to be taken with respect to the Collateral or any part thereof shall give rise to any defense, counterclaim or offset in favor of the Grantors or to any claim or action against the Collateral Agent. Upon taking of possession of any Collateral hereunder, the Collateral Agent shall deal with such Collateral in substantially the same manner as it deals with similar property for its own account. It is understood and agreed that the appointment of the Collateral Agent as the agent of each of the Grantors for the purposes set forth above in this Section 14 is coupled with an interest and is irrevocable. The provisions of this Section 14 shall in no event relieve any of the Grantors of any of its obligations hereunder or under any other Loan Document with respect to the Collateral or any part thereof or impose any obligation on the Collateral Agent or any other Secured Party to proceed in any particular manner with respect to the Collateral or any part thereof, or in any way limit the exercise by the Collateral Agent or any other Secured Party of any other or further right that it may have on the date of this Agreement or hereafter, whether hereunder, under any other Loan Document or by law or otherwise.

15. *Remedies Upon Default; Grant of License to Use Intellectual Property.* Upon the occurrence and during the continuance of an Event of Default, each Grantor agrees to deliver each item of Collateral to the Collateral Agent on demand, and it is agreed that the Collateral Agent shall have the right to take any of or all the following actions at the same or different times: (a) with respect to any Collateral consisting of Intellectual Property, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any of or all such Collateral by the applicable Grantors to the Collateral Agent, or to license or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any such Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine, except to the extent such assignment, transfer, conveyance or grant of a license or sublicense would result in the permanent destruction of the validity or value of the Intellectual Property that is the subject of such license and (b) with or without legal process and with or without previous notice or demand for performance, to take possession of the Collateral and without liability for trespass to enter any premises where the Collateral may be located for the purpose of taking possession of or removing the Collateral and, generally, to exercise any and all rights afforded to a secured party under the Uniform Commercial Code or other applicable law. Without limiting the generality of the foregoing each Grantor agrees that the Collateral Agent shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized at any such sale (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to persons who will represent and agree that

they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay and appraisal that such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Collateral Agent shall give the Grantors 10 days' prior written notice (which each Grantor agrees is reasonable notice within the meaning of Section 9-504(3) of the Uniform Commercial Code as in effect in the State of New York or its equivalent in other jurisdictions) of the Collateral Agent's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by an announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by law, private) sale made pursuant to this Section 15, any Secured Party may bid for or purchase, free (to the extent permitted by law) from any right of redemption, stay, valuation or appraisal on the part of any Grantor (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to such Secured Party from any Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no

Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver.

For the purpose of enabling the Collateral Agent to exercise rights and remedies under this Section 15 at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Collateral Agent an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Grantors) to use, license or sub-license any of the Collateral consisting of Intellectual Property (and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection therewith) now owned or hereafter acquired by such Grantor, except to the extent that the granting of such license would (i) result in the permanent destruction of the validity or value of such Intellectual Property or (ii) violate the terms of any licensing agreements relating to such Intellectual Property existing on the later of the date hereof and the date on which such Intellectual Property is acquired by a Grantor, provided that such Grantor and the Borrowers have each used commercially reasonable efforts to remove or prevent the inclusion of such restrictions from the relevant license or sublicense, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Collateral Agent shall be exercised, at the option of the Collateral Agent, upon the occurrence and during the continuation of an Event of Default; provided that any license, sub-license or other transaction entered into by the Collateral Agent in accordance herewith shall be binding upon the Grantors notwithstanding any subsequent cure of an Event of Default.

16. *Application of Proceeds.* The Collateral Agent shall apply any Collateral consisting of cash and the proceeds of any collection or sale of any other Collateral as follows:

FIRST, to the payment of all costs and expenses incurred by the Collateral Agent and the Agent (in its capacity as such hereunder or under any other Loan Document) in connection with such collection or sale or otherwise in connection with this Agreement, any other Loan Document or any of the Obligations, including all court costs and the reasonable fees and expenses of its agents and legal counsel, the repayment of all advances made by the Collateral Agent

hereunder or under any other Loan Document on behalf of any Grantor and any other costs or expenses incurred in connection with the exercise of any right or remedy hereunder or thereunder;

SECOND, to the payment in full of the Obligations, pro rata as among the Secured Parties in accordance with the amount of such Obligations owed to them on the date of any such distribution; and

THIRD, to the Grantors, their successors or assigns, or as a court of competent jurisdiction may otherwise direct.

The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of the Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

17. Locations of Collateral; Place of Business. (a) As of the date hereof, each of the Grantors hereby represents and warrants that all the Collateral of such Grantor is located at the locations listed below the name of such Grantor in the Perfection Certificate. Each of the Grantors agrees not to establish, or permit to be established, any other location for Collateral, unless all filings under the Uniform Commercial Code or otherwise that are required by the Credit Agreement to be made with respect to the Collateral have been made and the Collateral Agent has a valid, legal and perfected security interest in the Collateral subject to no liens, other than liens permitted by Section 7.02 of the Credit Agreement.

(b) Each of the Grantors agrees, at such time or times as the Collateral Agent may request, promptly to prepare and deliver to the Collateral Agent a duly certified schedule or schedules in form satisfactory to the Collateral Agent, showing the identity, amount and location of any and all material Collateral.

(c) Each of the Grantors represents that, as of the date hereof, its chief executive office is located as indicated in the Perfection Certificate. Each of the Grantors agrees not to change, or permit to be changed, the location of its chief executive office unless all filings under the Uniform Commercial Code or otherwise that are required by the Credit Agreement to be made have been made and the Collateral Agent has a valid, legal and perfected security interest in the Collateral subject to no liens, other than liens permitted by Section 7.02 of the Credit Agreement.

18. *Security Interest Absolute.* All rights of the Collateral Agent hereunder, the Security Interest, and all obligations of the Grantors hereunder, shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement or any other Loan Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument relating to any of the foregoing, (c) any exchange, release or non-perfection of any other Collateral, or any release or amendment or waiver of or consent to or departure from any guaranty, for all or any of the Obligations, or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Obligations or in respect of this Agreement (other than the indefeasible payment in full of all the Obligations).

19. *No Waiver.* No failure on the part of the Collateral Agent to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy by the Collateral Agent preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law. Except as provided in the Credit Agreement, none of the Secured Parties shall be deemed to have waived any rights hereunder or under any other agreement or instrument unless such waiver shall be in writing and signed by such parties.

20. *Collateral Agent Appointed Attorney-in-Fact.* Except as otherwise provided herein, each of the Grantors hereby appoints the Collateral Agent the attorney-in-fact of such Grantor for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral Agent may deem reasonably necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest.

21. *Collateral Agent's Fees and Expenses.* Each of the Grantors jointly and severally agrees to pay upon demand to the Collateral Agent the amount of any and all reasonable expenses, including the fees and expenses of its counsel and of any experts or agents, and its fully allocated internal costs that the Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Collateral Agent hereunder, or (iv) the failure by any Grantor to perform or observe any of the provisions hereof. Any such amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Security Documents.

22. *Binding Agreement; Assignments.* This Agreement, and the terms, covenants and conditions hereof, shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Grantors shall not be permitted to assign this Agreement or any interest herein or in the Collateral, or any part thereof, or otherwise pledge, encumber or grant any option with respect to the Collateral, or any part thereof, or any cash or property held by the Collateral Agent as Collateral under this Agreement, except as contemplated by this Agreement or the Credit Agreement.

23. *Governing Law.* **THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.**

24. *Notices.* All communications and notices hereunder shall be in writing and given as provided in Section 10.01 of the Credit Agreement. All communications and notices hereunder to any Grantor shall be given to it at its address set forth in Schedule I hereto with a copy to the Borrowers.

25. *Survival of Agreement: Severability.* (a) All covenants and agreements made by the Grantors herein and in the certificates or other instruments prepared or delivered in connection with this Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the making by the Lenders of the Loans, the execution and delivery to the Lenders of any Notes and the issuance of any Letter of Credit and shall continue in full force and effect until this Agreement shall terminate. The representations and warranties contained in Section 7 hereof shall be considered to have been relied upon by the Secured Parties and shall survive the making of the Loans and the issuance of any Letter of Credit and shall remain in full force and effect after the termination of this Agreement.

(b) In case any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect with respect to any Grantor, no party hereto shall be required to comply with such provision with respect to such Grantor for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein, and of such provision with respect to any other Grantor, shall not in any way be affected or impaired. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

26. *Section Headings.* Section headings used herein are for convenience only and are not to affect the construction of, or to be taken into consideration in interpreting this Agreement.

27. *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument; provided that this Agreement shall be construed as a separate agreement with respect to each Grantor and may be amended, modified, supplemented, waived or released with respect to any Grantor without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder. This Agreement shall be effective with respect to any Grantor when a counterpart that bears the signature of such Grantor shall have been delivered to the Collateral Agent. Delivery of an executed signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

28. *Termination, Release.* (a) This Agreement and the Security Interest shall (i) terminate when all the Obligations have been indefeasibly paid in full in cash, the Lenders have no further commitment to lend under the Credit Agreement, the Revolving Credit Exposure has been reduced to zero and the Issuing Bank has no further obligations to issue Letters of Credit under the Credit Agreement, at which time the Collateral Agent shall execute and deliver to the Grantors, or to such person or persons as the Grantors shall reasonably designate, all Uniform Commercial Code termination statements and similar documents prepared by the Grantors at their expense which the Grantors shall reasonably request to evidence such termination and (ii) shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by any Secured Party or any Grantor upon the bankruptcy or reorganization of any Borrower, any other Grantor or otherwise.

(b) A Grantor shall automatically be released from its obligations hereunder and the security interest in the Collateral of such Grantor shall be automatically released in the event that all the capital stock of such Grantor shall be sold, transferred or otherwise disposed of to a person that is not an Affiliate of any Borrower in accordance with the terms of the Credit Agreement; provided that the Required Lenders or, to the extent required by the terms of the Credit Agreement, a greater percentage of the Lenders shall have consented to such sale, transfer or other disposition (to the extent required by the Credit Agreement) and the terms of such consent did not provide otherwise. In connection with the foregoing, the Collateral Agent shall execute and deliver to the Grantors, or to such person or persons as the Grantors shall reasonably designate, all Uniform Commercial Code termination statements and similar documents prepared by the Grantors at their expense that the Grantors shall reasonably request to evidence the release of the Lien and Security Interest created hereunder with respect to any such Collateral.

(c) Without limiting the foregoing, all Collateral sold, transferred or otherwise disposed of, in accordance with the terms of the Credit Agreement (including pursuant to a waiver or amendment of the terms thereof) shall be sold, transferred or otherwise

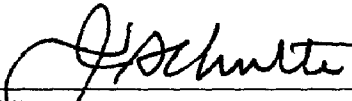
disposed of free and clear of the Lien and Security Interest created hereunder. In connection with the foregoing, the Collateral Agent shall execute and deliver to the Grantors, or to such person or persons as the Grantors shall reasonably designate, all Uniform Commercial Code termination statements and similar documents prepared by the Grantors at their expense that the Grantors shall reasonably request to evidence the release of the Lien and Security Interest created hereunder with respect to any such Collateral.

(d) Any execution and delivery of statements or documents pursuant to this Section 28 shall be without recourse to or warranty by the Collateral Agent.


29. *Additional Grantors.* Upon execution and delivery by the Collateral Agent and a subsidiary of Holdings of an instrument in the form of Annex I attached hereto, such subsidiary of Holdings shall become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein. The execution and delivery of any such instrument shall not require the consent of any Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Security Agreement as of the day and year first above written.


GREAT LAKES TRANSPORTATION
LLC,

by 
Name:
Title:

B&LE HOLDINGS CORP.,

by 
Name:
Title:

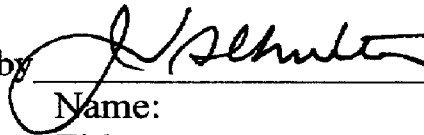
DMIR HOLDINGS CORP.,

by 
Name:
Title:

GLT HOLDINGS CORP.,

by 
Name:
Title:

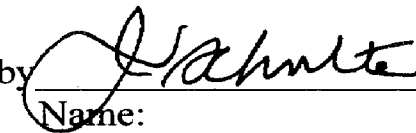
P&CD HOLDINGS CORP.,

by 
Name: _____
Title:

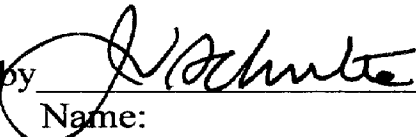
BESSEMER AND LAKE ERIE
RAILROAD COMPANY,

by 
Name: _____
Title:


DULUTH, MISSABE AND IRON RANGE
RAILWAY COMPANY,

by 
Name: _____
Title:


THE PITTSBURGH & CONNEAUT
DOCK COMPANY,

by 
Name: _____
Title:

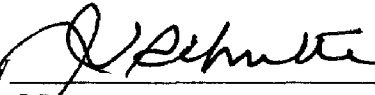
USS GREAT LAKES FLEET, INC.,

by 
Name: _____
Title:

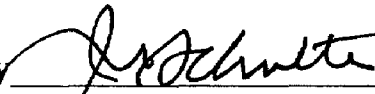
MON VALLEY RAILWAY COMPANY,

by 
Name:
Title:


CUYAHOGA DOCK, INC.,

by 
Name:
Title:

GLF CREDIT CORP.,

by 
Name:
Title:

GLF GREAT LAKES CORP.,

by 
Name:
Title:

THE CHASE MANHATTAN BANK, as
Collateral Agent,

by _____
Name:
Title:

MON VALLEY RAILWAY COMPANY,

by: _____
Name:
Title:

CUYAHOGA DOCK, INC.,

by _____
Name:
Title:

GLF CREDIT CORP.,

by _____
Name:
Title:

GLF GREAT LAKES CORP.,

by _____
Name:
Title:

THE CHASE MANHATTAN BANK, as
Collateral Agent,

by Julie S. Long
Name: **JULIE S. LONG**
Title: **VICE PRESIDENT**

GRANTORS

B&LE Holdings Corp.	135 Jamison Lane Monroeville, PA 15146
GLF Holdings Corp.	135 Jamison Lane Monroeville, PA 15146
P&CD Holdings Corp.	135 Jamison Lane Monroeville, PA 15146
DMIR Holdings Corp.	135 Jamison Lane Monroeville, PA 15146
Bessemer and Lake Erie Railroad Company	Race Street Greenville, PA 16125 Missabe Building
Duluth, Missabe and Iron Range Railway Company	227 West First Street Duluth, MN 55802
USS Great Lakes Fleet, Inc.	Missabe Building 227 West First Street Duluth, MN 55802
The Pittsburgh & Conneaut Dock Company	Ford Avenue and Pearl Street Conneaut, OH 44030
Mon Valley Railway Company	Ford Avenue and Pearl Street Conneaut, OH 44030
Cuyahoga Dock, Inc.	Ford Avenue and Pearl Street Conneaut, OH 44030
GLF Great Lakes Corp.	Missabe Building 227 West First Street

GLF Credit Corp.

Duluth, MN 55802

Missabe Building
227 West First Street
Duluth, MN 55802

SCHEDULE II

Copyrights

NONE

Schedule III

Licenses

1. License Agreement, dated as of December 28, 1988, between USX Corporation and USS Great Lakes Fleet, Inc. ("Fleet"), entitling Fleet to (i) use "USS" as a prefix in the trade name of Fleet and (ii) USS in a circle as a service mark. Agreement expires two years from the closing date.

SCHEDULE IV

Patents

Owner: The Pittsburgh & Conneaut Dock Company
Patent No.: 4, 494, 462
Title: Thaw Shed Heater
Issued: January 22, 1985
Inventor: John J. Kane

SCHEDULE V

Trademarks

Service Mark
Stack Logo

Owned By
USS Great Lakes Fleet, Inc.

Where Registered
U.S. Patent and Trademark Office
No. 1, 214, 358
Effective October 26, 1982.

SUPPLEMENT NO. [] (this "Supplement") dated as of [], to the Security Agreement dated as of March 23, 2001, among GREAT LAKES TRANSPORTATION LLC, a Delaware limited liability company ("Holdings"), each subsidiary of Holdings listed on Schedule I thereto (each such subsidiary individually, a "Grantor" and, together with Holdings, the "Grantors") and THE CHASE MANHATTAN BANK, a New York banking corporation ("Chase"), as collateral agent (in such capacity, the "Collateral Agent") for the Secured Parties (as defined therein).

A. Reference is made (a) to the Credit Agreement dated as of March 23, 2001 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Holdings, the Borrowers, the lenders from time to time party thereto (the "Lenders") and Chase, as Agent for the Lenders and (b) the Guarantee Agreement dated as of March 23, 2001 (as amended, supplemented or otherwise modified from time to time, the "Guarantee Agreement"), among the Guarantors (as defined therein) and the Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement and the Credit Agreement.

C. The Grantors have entered into the Security Agreement in order to induce the Lenders to make Loans and the Issuing Banks to issue Letters of Credit. Pursuant to Section 6.12 of the Credit Agreement, each subsidiary of Holdings not in existence on the Closing Date or acquired after the Closing Date is required to enter into this Agreement as a Grantor. Section 29 of the Security Agreement provides that such subsidiaries of Holdings may become Grantors under the Security Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned subsidiary of Holdings (the "New Grantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Grantor under the Security Agreement in order to induce the Lenders to make additional Loans and the Issuing Banks to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Grantor agree as follows:

SECTION 1. In accordance with Section 29 of the Security Agreement, the New Grantor by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor and the New Grantor hereby (a) agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct on and as of the date hereof except to the extent a representation and warranty expressly relates solely to a

specific date, in which case such representation and warranty shall be true and correct on such date. In furtherance of the foregoing, the New Grantor, as security for the payment and performance in full of the Obligations (as defined in the Security Agreement), does hereby create and grant to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, their successors and assigns, a security interest in and lien on all of the New Grantor's right, title and interest in and to the Collateral of the New Grantor. Each reference to a "Grantor" in the Security Agreement shall be deemed to include the New Grantor. The Security Agreement is hereby incorporated herein by reference.

SECTION 2. The New Grantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, solvency, moratorium and similar laws affecting creditors' rights generally and to general equitable principles.

SECTION 3. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Grantor and the Collateral Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. The New Grantor hereby represents and warrants that (a) set forth on Schedule I attached hereto is a true and correct schedule of the location of any and all Collateral of the New Grantor and (b) set forth under its signature hereto, is the true and correct location of the chief executive office of the New Grantor.

SECTION 5. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Security Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall

endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. All communications and notices hereunder shall be in writing and given as provided in Section 24 of the Security Agreement. All communications and notices hereunder to the New Grantor shall be given to it at the address set forth under its signature below, with a copy to the Borrowers.

SECTION 9. The New Grantor agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Collateral Agent.

IN WITNESS WHEREOF, the New Grantor and the Collateral Agent have duly executed this Supplement to the Security Agreement as of the day and year first above written.

[NAME OF NEW GRANTOR],

by _____

Name:

Title:

Address:

THE CHASE MANHATTAN BANK, as Collateral Agent,

by _____

Name:

Title:

LOCATION OF COLLATERAL

Description

Location