

8479 A

RECEIVED **HERCULES INCORPORATED**

WILMINGTON, DELAWARE 19899 • TELEPHONE 302 575-5000

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INTERSTATE COMMERCE COMMISSION
September 14, 1976

RECORDATION NO. 8479 Date SEP 15 1976
Filed & Recorded Fees 10.00

SEP 15 1976 110

Interstate Commerce Commission
Washington, D.C.

SEP 15 1976 -2 10 PM
INTERSTATE COMMERCE COMMISSION
ICC Washington, D. C.

Gentlemen:

Enclosed for recordation under the provisions of Section 20(c) of the Interstate Commerce Act, as amended, are the original and 10 counterparts of each of the following:

RECORDATION NO. 8479 (1)
Filed & Recorded

SEP 15 1976 -2 10 PM

(1) A Lease of Railroad Equipment, dated as of September 1, 1976 (hereinafter "Lease").

RECORDATION NO. 8479 (2)
Filed & Recorded

(2) A Security Agreement, dated as of September 1, 1976 (hereinafter "Security Agreement").

RECORDATION NO. 8479 (3)
Filed & Recorded

(3) An Assignment of Lease and Agreement, dated as of September 1, 1976 (hereinafter "Assignment").

SEP 15 1976 -2 10 PM

(4) Lessee's Consent and Agreement (hereinafter "Consent").

The general description of the railroad rolling stock covered by the enclosed documents is set forth in Schedule A to the Lease, a copy of such schedule is attached hereto and made a part hereof.

The names and addresses of the parties are:

Owner under the Lease,
the Security Agreement,
the Assignment and the
Consent:

New England Merchants Leasing
Corporation B-3
P.O. Box 2332
Boston, Massachusetts 02107

Note Purchaser under the
Lease, the Assignment and
the Consent and the Secured
Party under the Security
Agreement:

The Philadelphia Savings Fund
Society
1212 Market Street
Philadelphia, Pennsylvania
19107
Attn: Securities Investment
Department

*County of ...
Sign for ...*

Lessee under the Lease,
the Security Agreement,
the Assignment and the
Consent:

Hercules Incorporated
910 Market Street
Wilmington, Delaware 19899

The undersigned is the Lessee referred to above and has knowledge of the matters set forth in the enclosed documents. Therefore, should you have any questions concerning these documents, please contact Israel J. Floyd, Esq., at area code 302, telephone number 575-7034.

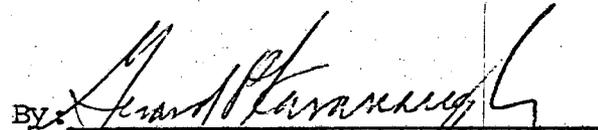
Please return the original and 8 copies of the Lease, Security Agreement, the Assignment and the Consent to the bearer of this letter for delivery to Israel J. Floyd, Esq., Hercules Incorporated, 910 Market Street, Wilmington, Delaware 19899.

Enclosed is a check in the amount of fifty dollars (\$50.00) to cover the required recording fee.

Very truly yours,

HERCULES INCORPORATED

By:



Gerard P. Kavanaugh
Associate General Counsel

8479-A

RECORDATION NO. Filed & Recorded

SEP 15 1976 2 12 PM

INTERSTATE COMMERCE COMMISSION 1

SECURITY AGREEMENT, dated as of September 1, 1976 (as amended or supplemented from time to time, "this Agreement"), between NEW ENGLAND MERCHANTS LEASING CORPORATION B-3, a Massachusetts corporation (the "Owner"), and THE PHILADELPHIA SAVING FUND SOCIETY, a Pennsylvania mutual savings bank (the "Secured Party").

WHEREAS, Owner has issued to the Secured Party its 9% Non-Recourse Security Note due 1996 pursuant to a Finance Agreement dated as of September 1, 1976 by and among the Owner, the Secured Party, and HERCULES INCORPORATED (the "Lessee") providing for the financing of the purchase by the Owner of certain railroad equipment described in the Finance Agreement, to be leased to the Lessee pursuant to a lease (the "Lease") between the Owner and the Lessee.

WHEREAS, the Note is to be secured by an assignment of the Lease (the "Assignment of Lease") and by the terms of this Agreement by a first Security Interest in the Equipment (as hereinafter defined).

NOW THEREFORE, in consideration of the purchase of the Note by the Secured Party and intending to be legally bound hereby, the Owner is hereby entering into this Agreement.

Granting Clauses

Owner hereby Grants to the Secured Party all of Owner's estate, right, title, interest, claim and demand in, to and under (a) the Equipment, (b) the Lease, which is being Granted also by the Assignment of Lease, subject to the limitations of the Grant therein contained, which Grant is incorporated herein, (c) After-Acquired Property, and (d) all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or other liquidated claims, including, without limitation, all insurance proceeds and condemnation awards to which Owner is or may be entitled.

SUBJECT, HOWEVER, to the rights of the Lessee under the Lease and to the Permitted Encumbrances;

TO HAVE AND TO HOLD all and singular the property Granted hereby, whether now owned or held or hereafter acquired, unto the Secured Party forever;

IN TRUST, NEVERTHELESS, with power of sale, for the equal and ratable benefit and security of the Notes, without preference, priority or distinction of any thereof over any other by reason or difference in time of issuance or otherwise. and for the enforcement of the payment of the principal of and interest on the Notes in accordance with their respective terms, and all other sums payable under this Agreement, or on the Notes, and compliance with the provisions of this Agreement, all as herein provided.

IT IS HEREBY COVENANTED, DECLARED AND AGREED that the Notes are to be issued and secured, and the Collateral is to be held, dealt with and disposed of by the Secured Party, upon and subject to the provisions of this Agreement.

ARTICLE I

Particular Covenants of Owner

SECTION 1.01. Warranty of Title. Owner hereby warrants that it owns the Equipment free and clear of all liens, charges and other encumbrances except Permitted Encumbrances and that this Agreement constitutes a valid lien on the Equipment, subject only to Permitted Encumbrances. Owner will forever warrant and defend its title to and ownership of the Equipment and that of any Transferee thereof against the claims and demands of all persons and will maintain the lien of this Agreement. Owner has full power and lawful authority to Grant the property Granted by this Agreement.

SECTION 1.02. Corporate Existence. Owner will keep in full effect its existence, rights and franchises as a corporation under the laws of the jurisdiction of its incorporation and will obtain and preserve its qualification to do business as a foreign corporation in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the Notes or any Security Agreement; provided, however, that Owner may merge into or consolidate with or sell all or substantially all of its assets to any corporation if such corporation is a wholly-owned subsidiary of New England Merchants Company, and if the corporation expressly undertakes, assumes for itself, and agrees to be bound by the undertakings of the Owner contained in this Agreement, the Notes, and the Security Agreement.

SECTION 1.03. Protection of Collateral. Owner will from time to time execute and deliver all such supplements and

amendments hereto and to any Security Instrument, and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action, as the Secured Party reasonably requests in writing and deems necessary or advisable to (a) Grant better all or any portion of the Collateral, (b) maintain or preserve the lien of this Agreement or carry out more effectively the purposes hereof, (c) perfect, publish notice of or protect the validity of any Security Instrument, or of any Grant made or to be made by this Agreement, (d) enforce any Security Instrument, or (e) preserve and defend title to the Collateral and the rights of the Secured Party therein against the claims of all persons and parties, except that Owner shall not be required to take such other action for the purpose of counteracting any impairment by the Secured Party of the lien of this Agreement, the validity or enforceability of any Security Instrument or title to the Collateral and the rights of the Secured Party therein.

SECTION 1.04. Performance of Obligations. Owner will punctually perform and observe all of its obligations and agreements contained in each Security Instrument. Owner will notify the Secured Party of any default by any person under any Security Instrument promptly after obtaining actual knowledge thereof.

SECTION 1.05. Marking of Equipment. The Owner will promptly cause the Lessee to mark the Equipment as required by Section 5 of the Lease.

ARTICLE II

Application of Money; Prepayment

SECTION 2.01. Rental Payments. If no Event of Default shall be continuing, rental payments under the Lease received by the Secured Party shall be applied forthwith to the payment of all interest (including penalties) and Installment Payments then payable on the Notes, and any balance shall be remitted to or upon the order of Owner.

SECTION 2.02. Termination Value Payments. If no Event of Default shall be continuing, any moneys received by the Secured Party pursuant to Section 19 of the Lease, including any Termination Value Payments and the net proceeds of sale of any Equipment, shall be applied to the prepayment of the Notes at a price of 100% of the unpaid principal amount thereof, together with all interest

then accrued and unpaid thereon, but without any prepayment penalty or premium, and the balance, if any, shall be paid to Owner.

SECTION 2.03. Casualty Value Payments. If no Event of Default shall be continuing, the Casualty Value and any net proceeds of sale of any Equipment received by the Secured Party pursuant to Section 7 of the Lease shall be applied to the prepayment of the Notes at a price of 100% of the unpaid principal amount thereof being prepaid, together with all interest then accrued and unpaid thereon, but without any prepayment penalty or premium, and the balance, if any, shall be paid to Owner.

SECTION 2.04. Insurance and Condemnation Proceeds. If no Event of Default shall be continuing, the balance of any insurance proceeds or condemnation payments received by the Owner pursuant to Section 7 of the Lease, shall at the option of the Note Purchaser be either paid over to Owner or applied to the prepayment of the Notes at a price of 100% of the unpaid principal amount thereof being prepaid, together with all interest then accrued and unpaid thereon, but without any prepayment penalty or premium, and the balance, if any, shall be paid to Owner.

SECTION 2.05. Prepayment in General; Partial Prepayments. The Notes shall be prepaid only to the extent expressly permitted by Sections 2.02, 2.03 and 2.04. Partial prepayments of Notes shall be prorated among all Notes in proportion to the unpaid principal amounts thereof and shall be applied to the payment of installments of principal due thereon in the inverse order of their maturity.

ARTICLE III

Events of Default and Remedies

SECTION 3.01. Events of Default. Any of the following occurrences or acts shall constitute an Event of Default under this Agreement:

(a) If default shall be made in the payment of any interest or Installment Payment on any Note when and as the same shall become payable, or any other payment

of the principal of any Note, when and as the same shall become payable, whether at maturity or by acceleration or as part of any prepayment or otherwise, and such default shall have continued for a period of five business days after written notice thereof to the Owner from the Secured Party, provided, however, that the Owner shall not be entitled to any such notice with respect to any such default occurring after two such notices have been given with respect to two such defaults occurring in any two year period; or

(b) If the Owner or the Lessee shall, for more than 30 days after the Secured Party shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term or provision of this Agreement, the Assignment of Lease or the Consent, or any covenant, agreement, term or provisions of the Finance Agreement made expressly for the benefit of the Secured Party on its part to be kept and performed or to make provision satisfactory to the Secured Party for such compliance provided, however that if the Owner or the Lessee, on its own behalf or on behalf of the Owner, diligently undertakes to so comply as soon as practicable after the aforementioned written demand from the Secured Party then no event of default shall occur after such 30 days so long as such diligent undertaking continues during a period no longer than 90 days after such written demand; or

(c) If a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Lessee or the Owner bankrupt or insolvent, or the filing of a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Lessee or the Owner under the Federal Bankruptcy Act or any other applicable Federal or state law (unless such petition is stayed or discharged within a period of 90 days) or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Lessee or the Owner or of any substantial part of its property, or ordering the winding up or liquidation of its affairs; or

(d) If the Lessee or the Owner shall have instituted proceedings to be adjudicated bankrupt or insolvent, or shall have consented the institution of bankruptcy or insolvency proceedings against it, or shall have filed a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Act or any other applicable Federal or state law, or shall have consented to the filing of any such petition or to the appointment of a receiver, liquidator,

assignee, trustee, sequestrator (or other similar official) of the Lessee or the Owner or of any substantial part of its property, or shall have made an assignment for the benefit of creditors, or shall have admitted in writing its inability to pay its debts generally as they become due, or any corporate action shall have been taken by the Lessee or the Owner in furtherance of any such action; or

(e) If any representation of the Lessee made in the Finance Agreement or in the documents furnished pursuant thereto shall have proven to have been false in any material respect on the date as of which made shall remain false in such material respect 30 days after the Secured Party shall have notified the Lessee in writing of such representation and of the material respect in which it proved false; or

(f) If an Event of Default shall have occurred and be continuing under the Lease.

SECTION 3.02. Remedies. If an Event of Default shall be continuing, the Secured Party may do one or more of the following:

(a) give notice to Owner declaring the entire unpaid principal amount of the Notes, together with all accrued interest and other sums then owing under this Agreement, to be forthwith due and payable, and demand that the same be paid, and thereupon all such amounts shall be forthwith due and payable, together with all costs and expenses of collection;

(b) institute Proceedings for the collection of all amounts then payable on the Notes or under this Agreement, whether by declaration or otherwise, enforce any judgment obtained, and collect moneys adjudged due from the Collateral;

(c) sell the Equipment, or one or more Units thereof, or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law;

(d) exclude Owner from the Equipment and take possession of Owner's interest therein, and, at the expense of

the Collateral, maintain, repair, alter, add to, improve, insure, lease, operate and manage the Equipment in such manner as the Secured Party shall see fit; and

(e) take any other appropriate action to protect and enforce the rights and remedies of the Secured Party hereunder, or under or in respect of any Security Instrument, or otherwise.

SECTION 3.03. Sale of Equipment. (a) The power to effect any sale shall not be exhausted by any one or more sales as to any portion of the Equipment remaining unsold, but shall continue unimpaired until all units of the Equipment shall have been sold or all amounts payable on the Notes and unless this Agreement shall have been paid. The Secured Party may from time to time postpone any sale by public announcement made at the time and place of such sale.

(b) The Secured Party may bid for and acquire any portion of the Equipment in connection with a sale thereof, and may pay all or part of the purchase price by crediting against amounts owing on the Notes or other amounts secured by this Agreement, all or part of the net proceeds of such sale after deducting the costs, charges and expenses incurred by the Secured Party in connection with such sale. The Notes need not be produced in order to complete any such sale, or in order to cause there to be credited thereon their share (in proportion to unpaid principal amount of the Notes) of such net proceeds. The Secured Party may hold, lease, operate, manage or otherwise deal with any property so acquired in any manner permitted by law.

(c) The Secured Party shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Equipment in connection with a sale thereof. In addition, the Secured Party is hereby irrevocably appointed the agent and attorney-in-fact of Owner to transfer and convey its interest in any portion of the Equipment in connection with a sale thereof, and to take all action necessary to effect such sale. No purchaser or transferee at such a sale shall be bound to ascertain the Secured Party's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(d) If any Equipment is subject to the Lease at the time of any sale, the Secured Party need not obtain actual possession of such Equipment in order to effect such sale, but may effect such sale subject to the Lease without interference with Lessee's rights under the Lease including, without limitation, Lessee's right to use the Equipment without interruption under the terms of the Lease.

SECTION 3.04. Action on Notes. The Secured Party's right to seek and recover judgment on the Notes or under this Agreement shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Agreement. Neither the lien of this Agreement nor any rights or remedies of the Secured Party shall be impaired by the recovery of any judgment by the Secured Party against Owner or by the levy of an execution under such judgment upon any portion of the Collateral.

SECTION 3.05. Distribution of Collateral. Upon enforcement of this Agreement following the occurrence of an Event of Default, all moneys constituting a part of the Collateral shall be applied from time to time by the Secured Party as follows:

First: To the payment of all costs, expenses, liabilities and compensation of the Secured Party (including fees and expenses of its agents and counsel) incurred or accrued in connection with any Proceedings brought by the Secured Party or in connection with the maintenance, Sale or other disposition of the Collateral.

Second: To the payment of all amounts then due and payable on the Notes (whether in respect of principal or interest), ratably, in accordance with the aggregate of such amounts due and payable on each Note, without preference, priority or distinction as between any Notes or as between principal or interest.

Third: To the payment of all other sums secured by this Agreement.

Fourth: To the payment of any balance to the Owner or any other party legally entitled thereto.

SECTION 3.06. Waiver of Rights; Receiver. (a) Upon the occurrence of an Event of Default, Owner will consent to the appointment of one or more receivers of all or part of the Collateral upon the request of the Secured Party.

(b) To the extent permitted by law, Owner hereby waives, and hereby agrees that it will never seek or derive any benefit or advantage from, any of the following, whether now existing or hereafter in effect:

(i) any stay, extension, moratorium or other similar law;

(ii) any law allowing for the redemption of any portion of the Collateral after a Sale thereof; and

(iii) any right to have any portion of the Collateral or other security for the Notes marshalled.

Owner covenants not to hinder, delay or impede the exercise of any right or remedy under or in respect of this Agreement, and agrees to suffer and permit its exercise as though no laws or rights of the character listed above were in effect.

SECTION 3.07. Rights Cumulative. All rights and remedies from time to time conferred upon or reserved to the Secured Party are cumulative, and none is intended to be exclusive of another. No delay or omission in insisting upon the strict observance or performance of any provision of this Agreement, or to exercise any right or remedy, shall be construed as a waiver or relinquishment of such provision, nor shall it impair such right or remedy. Every right and remedy may be exercised from time to time and as often as deem expedient.

ARTICLE IV

Defined Terms

SECTION 4.01. Definitions. When used in this Agreement, each term defined in this Article IV shall have the meanings indicated:

"After-Acquired Property" - all future extension, improvements, betterments, alterations, repairs, renewals, substitutions and replacements of, and all future additions and appurtenances to, and all other equipment to be physically annexed to, the Equipment except any of the foregoing which are not financed by the Secured Party and which can be removed

from the Equipment without materially impairing its operation or value; all moneys and other property (including amendments or supplements to any Security Instrument) which may from time to time be or become subject to the lien hereof, or which may come into the possession or be subject to the control of the Secured Party pursuant to this Agreement or any Security Instrument.

"Assignment of Lease" - the Assignment of Lease and Agreement, dated as of September 1, 1976, between Owner as assignor and the Secured Party as assignee, as amended or supplemented.

"Casualty Value" - as defined in Section 7 of the Lease.

"Collateral" - all money, instruments and other property subject or intended to be subject to the lien of this Agreement as of any particular time (including, without limitation, all property and interests Granted in the Granting Clauses of this Agreement), and all right, title and interest of the Secured Party in, to and under each Security Instrument and all money and property received by the Secured Party pursuant thereto.

"Consent" - Lessee's Consent and Agreement dated as of September 1, 1976, by Lessee in favor of the Secured Party.

"Default" - any occurrence which with notice or lapse of time would be an Event of Default.

"Equipment" - the property described in Schedule A hereto including all other equipment physically attached thereto on the date of acceptance and delivery.

"Event of Default" - as defined in Section 3.01.

"Grant" - to grant, bargain, sell, warrant, alien, remise, release, convey, assign, transfer, mortgage, pledge, deposit, set over, confirm and create a security interest. A Grant of any instrument shall include all rights, powers and options but none of the obligations of the Granting party thereunder, including, without limitation, the right

generally to do anything which the Granting party is or may be entitled to do thereunder or with respect thereto.

"Installment Payments" - as defined in the Notes.

"Lease" - the Lease dated as of September 1, 1976, as amended, between Owner and Lessee, as Lessee.

"Finance Agreement" - the Finance Agreement dated as of September 1, 1976, among Lessee, Owner and the Secured Party, which provides, inter alia, for the purchase and sale of the Notes.

"Notes" - collectively, all of Owner's 9% Non-Recourse Secured Notes, due 1996, issued pursuant to the Finance Agreement and, unless the context requires otherwise, outstanding hereunder.

"Outstanding" - with respect to Notes as of any particular time, all Notes previously issued except

(i) Notes previously cancelled by Owner or surrendered to Owner for cancellation;

(ii) Notes previously paid in full;

(iii) Notes required to be prepaid in whole within 30 days thereafter if moneys sufficient for such prepayment shall have been deposited with the Secured Party; and

(iv) Notes for which new Notes shall have been issued pursuant to Section 10 of the Finance Agreement.

"Permitted Encumbrances" - with respect to the Equipment: (i) any lien thereon for any governmental charge or for work or service performed or materials furnished, which lien secures amounts that are not due and payable or which are not delinquent; (ii) minor defects, encumbrances and irregularities in the title to, or relating to the use of, the Equipment which do not materially impair the use or value of the Equipment; (iii) this Agreement, the Assignment of Lease, the Lease and any sublease or assignment permitted thereby.

"Security Instrument" - the Lease, the Assignment of Lease or any instrument with respect to which any right or interest in or in respect of the collateral has been granted to the Secured Party.

"Termination Value" - as defined in Section 19 of the Lease.

ARTICLE V

Discharge of Agreement

SECTION 5.01. Delivery of Discharge. This Agreement and all agreements contained herein shall cease and terminate when all principal, interest, premium and other amounts payable under or in respect of this Agreement and the Assignment of Lease shall have been paid in full, whether at the end of the term of the Notes, by acceleration, by prepayment or otherwise, or sufficient moneys are held by the Secured Party for such purposes and satisfactory provision has been made for paying all other sums payable hereunder and thereunder. Upon the termination of this Agreement, the Secured Party shall execute and deliver such instruments as shall be reasonably requested by Owner to satisfy and discharge the lien of this Agreement and the Assignment. The Secured Party shall then transfer the Collateral to Owner or any other person entitled thereto.

ARTICLE VI

Miscellaneous

SECTION 6.01. Non-Recourse Obligation. Any provision in this Agreement to the contrary notwithstanding, no recourse shall be had against any incorporator, shareholder, officer or director of Owner for any obligation of Owner under or in respect of this Agreement of any Note, and no recourse shall be had against Owner personally for any such obligations other than the obligations under Sections 1.01, 1.02, 1.03 and 1.04. It is expressly understood that all such obligations other than those under said Sections 1.01, 1.02, 1.03 and 1.04 are non-recourse obligations enforceable only against the Collateral or, in the case of negative covenants and agreements, by injunction or other equitable remedies. No amounts which have been properly distributed to the Owner pursuant to the terms of this Agreement shall be required to be returned to the holder of the Note.

SECTION 6.02. Notices. All notices and demands hereunder shall be in writing and shall be deemed to have

been given when delivered, or when mailed by registered or certified mail, return receipt requested, postage prepaid, and addressed in each case as follows: (a) if to the Secured Party, at 12 South 12th Street, Philadelphia, Pennsylvania, Attention: Treasurer, or (b) if to Owner at P.O. Box 2332, Boston, Massachusetts 02107. Either of the foregoing parties may change its address for notices hereunder by giving notice of such change to the other party in accordance with the provisions of this Section 6.02.

SECTION 6.03. Powers and Agencies. Whenever in this Agreement the Secured Party is granted the power of attorney or is appointed the agent and attorney-in-fact with respect to any person, such grant or appointment is irrevocable and coupled with an interest. The Secured Party shall have full power of substitution and delegation in respect of all such grants and appointments.

SECTION 6.04. Separability. No provision hereof, or of the Notes, shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law, any contrary provision herein, or in the Notes notwithstanding. Any provision hereof, or of the Notes, which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by law, the parties hereto hereby waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

SECTION 6.05. Binding Effect. All provisions hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

SECTION 6.06. Amendment and Waiver. The provisions of this Agreement may not be changed orally, but only by an instrument signed by Owner and the Secured Party. No requirement of this Agreement may be waived at any time except by an instrument signed by the Secured Party, nor shall any waiver be deemed a waiver of any subsequent breach or default.

SECTION 6.07. Counterpart Execution; Construction; Governing Law. The section and article headings herein are for convenience of reference only, and shall not limit or otherwise affect the meaning hereof. This Agreement may be executed in several counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Pennsylvania.

IN WITNESS WHEREOF, Owner and the Secured Party have caused this Agreement to be executed and their respective corporate seals to be hereunto affixed and attested by their respective officers thereunto duly authorized, all as of the day and year first above written.

NEW ENGLAND MERCHANTS LEASING CORPORATION B-3

[Corporate Seal]

By



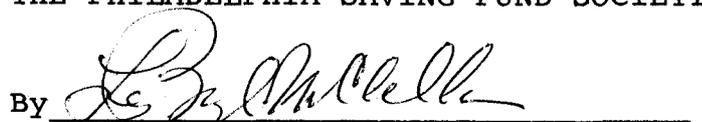
Paul D. Dean III
Vice President

Attest:


Secretary
ASSISTANT CLERK

THE PHILADELPHIA SAVING FUND SOCIETY

By



LeRoy O. McClelland
Assistant Vice President

[Corporate Seal]

Attest:


Secretary

SCHEDULE A
TO
SECURITY AGREEMENT

EQUIPMENT

Type

100 ton, 5,250 cubic foot
Capacity Hopper Rail Car;
A.A.R. Car Type - L254

A.A.R. Mechanical Designation

LO

Quantity

200

Lessee's Identifying Numbers

HPCX 59000 - 59199 (both inclusive)

COMMONWEALTH OF PENNSYLVANIA :
: SS.
COUNTY OF PHILADELPHIA :

On this 13th day of September, 1976, before me personally appeared LeRoy O. McClellan, to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President, of THE PHILADELPHIA SAVING FUND SOCIETY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

MARYANN R. JUNOD
Notary Public, Philadelphia, Philadelphia Co.
My Commission Expires July 7, 1980

[Notarial Seal]

My Commission expires

MARYANN R. JUNOD
Notary Public, Philadelphia, Philadelphia Co.
My Commission Expires July 7, 1980