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November 6, 1979
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INTERSTATE COMMERCE COMMISSION

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RECORDATION NO. Filed 1425
NOV 7 1979 PM
INTERSTATE COMMERCE COMMISSION

Date NOV 7 1979
Fee $ ~~100.00~~ 50.00
50.00
ICC Washington, D. C.

Secretary,
Interstate Commerce Commission
Washington, D.C. 20423

Dear Madam:

Enclosed are the original and 9 fully executed and notarized copies of the following documents between the parties listed below relating to certain railroad rolling stock as described herein:

1.A. Document: Boxcar Agreement ("Lease") dated as of October 23, 1979.

B. Parties: Hillman Manufacturing Company as Owner ("Lessor") and Detroit & Mackinac Railway Company as Railroad ("Lessee").

C. Addresses: Owner, Hillman Manufacturing Company, P.O. Box 510, Brownsville, Pennsylvania 15417 with copies to Operating Lease Services, Inc., c/o Gollust & Tierney, Inc., 30 Rockefeller Plaza, Suite 4510, New York, New York 10020. Railroad, Detroit & Mackinac Railway Company, 120 Oak Street, Tawas City, Michigan 48763 Attn: Charles A. Pinkerton, III.

D. Equipment: Two Hundred Forty (240) 70 ton 50 foot 6 inch special purpose boxcars with AAR mechanical designation "XF" bearing railroad numbers DM 20000-20239.

2.A. Document: Loan and Security Agreement dated as of October 23, 1979, together with Supplement No. 1 thereto dated as of November 5, 1979 which is attached thereto and forms a part thereof.

B. Parties: Hillman Manufacturing Company (Borrower and Party Granting Security Interest) and Manufacturer's Hanover Leasing Corp. (Lessor and Secured Party).

C. Addresses: Hillman Manufacturing Company, Borrower, as above. Lender, Manufacturer's Hanover Leasing Corp., 30 Rockefeller Plaza, New York, New York 10020.

D. Equipment: Two Hundred Forty (240) 70 ton 50 foot 6 inch special purpose boxcars with AAR mechanical designation "XF" bearing railroad numbers DM 20000-20239.

I respectfully request that the original of these documents be recorded under the provisions of 49 U.S.C. §11303. I would also appreciate your stamping the additional copies of the above documents which are not required for your filing purposes and returning them to me.

The undersigned certifies that he is acting as counsel to Hillman Manufacturing Company and that he has knowledge of the matters set forth in the above described documents.

Sincerely yours,

John D. Hushon

John D. Hushon

Enclosures

RECORDATION NO. 11029-A Filed 1425
NOV 7 1979
INTERSTATE COMMERCE COMMISSION

LOAN AND SECURITY AGREEMENT

between

HILLMAN MANUFACTURING COMPANY

and

MANUFACTURERS HANOVER LEASING CORPORATION

Dated as of October 23, 1979

Filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. 11303 on November __, 1979 at _____, Recordation No._____.

LOAN AND SECURITY AGREEMENT

between

HILLMAN MANUFACTURING COMPANY

and

MANUFACTURERS HANOVER LEASING CORPORATION

Dated as of October 23, 1979

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SCHEDULE I - PREPAYMENT PREMIUMS

EXHIBIT A	Form of Interim Note
EXHIBIT B	Form of Consolidated Note
EXHIBIT C	Form of Legal Opinion of Counsel to the Company
EXHIBIT D	Form of Legal Opinion of Special ICC Counsel to the Company
EXHIBIT E	Form of Legal Opinion of Counsel to Detroit & Mackinac Railway Company
EXHIBIT F	Form of Security Deposit Agreement
EXHIBIT G	Form of Bill of Sale
EXHIBIT H	Form of Certificate of Acceptance
EXHIBIT I	Form of Supplement
EXHIBIT J	Form of Certificate of Cost
EXHIBIT K	Form of Legal Opinion of Counsel to the Company
EXHIBIT L	Form of Legal Opinion of Special ICC Counsel to the Company

LOAN AND SECURITY AGREEMENT, dated as of October 23, 1979, between HILLMAN MANUFACTURING COMPANY, a Pennsylvania corporation (the "Company"), and MANUFACTURERS HANOVER LEASING CORPORATION, a New York corporation (the "Lender").

W I T N E S S E T H :

WHEREAS, the Company proposes to purchase and own railroad box-cars to be used and maintained by others; and

WHEREAS, the Company desires to obtain loans from the Lender in order to finance 80% of the Box-car Costs (as hereinafter defined) of 240 box-cars on order from Whittaker Corporation (Berwick Forge and Fabricating Division); and

WHEREAS, the Company proposes that such box-cars shall be used and maintained by the Detroit & Mackinac Railway Company pursuant to the Box-car Agreement (as hereinafter defined) between the Company and said railroad; and

WHEREAS, the Company will evidence its borrowings hereunder by the issuance of promissory notes which, together with the Company's obligations and liabilities under this Agreement, will be secured by, among other things, a lien on and security interest in such box-cars and the rights of the Company under the Box-car Agreement; and

WHEREAS, the Lender is agreeable to making the loans on the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement the following terms shall have the following meanings:

"Agreement" shall mean this Loan and Security Agreement, including the Schedule and all Exhibits and Supplements hereto, as the same may from time to time be amended, supplemented or otherwise modified.

"Box-car Agreement" shall mean, collectively, (i) the Boxcar Agreement dated as of October 23, 1979 between the Company and the D&M, and (ii) each additional box-car agreement or substituted box-car agreement entered into by the Company pursuant to Subsection 6.17 hereof.

"Box-cars" shall mean, at any time, the 70-ton XF box-cars and any other box-cars which are described in the Supplements at such time, together with (i) any and all parts, mechanisms, devices and replacements referred to in Subsection 6.14 hereof from time to time incorporated in or installed on or attached to any of such box-cars, (ii) any and all additions and improvements from time to time incorporated in or installed on or attached to any of such box-cars pursuant to any requirement of law or governmental regulation and (iii) any and all Non-Removable Improvements.

"Box-car Cost" shall mean, for each Unit (other than a Replacement Unit), (i) the actual cost of such Unit to the Company (including all engineering, inspection and related fees in an amount not to exceed $800), and all applicable local or state sales taxes, if any, as set forth in the manufacturer's invoice with respect to such Unit or as otherwise evidenced in a manner satisfactory to the Lender, plus (ii) transportation costs and legal expenses of the Company with respect to the financing of such Unit hereunder in an amount not to exceed $500. The "Box-car Cost" of a Replacement Unit shall be the Box-car Cost of the Unit which it replaced.

"Builder" shall mean Whittaker Corporation (Berwick Forge and Fabricating Division), a California corporation.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday under the laws of the State of New York.

"Casualty Occurrence" shall mean any of the following events or conditions with respect to any Unit:

(i) such Unit shall become lost for a period of at least 60 consecutive days, or shall be stolen, destroyed or irreparably damaged from any cause whatsoever; or

(ii) the confiscation, condemnation, seizure or forfeiture of, or other requisition of title to, or use of, such Unit by any governmental authority or any Person acting under color of governmental authority, provided that a requisition of use of such Unit by a governmental authority shall not be deemed a Casualty Occurrence so long as such governmental authority pays to the Company during each quarterly payment period under the Consolidated Note, for the use of such Unit, an amount at least equal to the installment of principal and interest payable on such Note at the end of such quarterly payment period multiplied by a fraction, the numerator of which is the Box-car Cost of such Unit and the denominator of which is the aggregate Box-car Costs of all Box-cars which are then subject to the lien and security interest of this Agreement.

"Casualty Value" with respect to any Unit shall mean the amount obtained by multiplying the aggregate unpaid principal amount of the Notes at the time Casualty Value is being determined by a fraction, the numerator of which is the Box-car Cost of such Unit and the denominator of which is the aggregate Box-car Costs of all Box-cars which are then subject to the lien and security interest of this Agreement.

"Casualty Value Determination Date" shall have the meaning set forth in Subsection 6.13 (a) hereof.

"Collateral" shall mean the Box-cars, the Box-car Agreement, the moneys and investments at any time in the Security Deposit Account and all other property, interests and rights described or referred to in Subsection 5.1, 5.2 or 5.3 hereof or in any Supplement, or otherwise subjected to the lien and security interest created by this Agreement or intended so to be by the provisions of this Agreement.

"Consolidated Note" shall mean the promissory note of the Company described in Subsection 2.4 hereof.

"Consolidation Date" shall mean March 31, 1980.

"D&M" shall mean the Detroit & Mackinac Railway Company, a Michigan railroad corporation.

"Damaged Unit" shall mean any Unit which has suffered a Casualty Occurrence.

"Default" shall mean any of the events specified in Section 8 hereof, whether or not there has been satisfied any requirement in connection with such event for the giving of notice or the lapse of time or both.

"Event of Default" shall mean any of the events specified in Section 8 hereof, provided that there has been satisfied any requirement in connection with such event for the giving of notice or the lapse of time or both.

"Interim Notes" shall mean the promissory notes of the Company described in Subsection 2.3 hereof.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, security interest, lien, charge or encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any lease having substantially the same economic effect as a conditional sale or other title retention agreement, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction).

"Loan" shall mean each loan made by the Lender under this Agreement.

"Non-Removable Improvement" shall mean any addition or improvement incorporated in or installed on or attached to any Unit which is not readily removable without causing material damage to such Unit or without diminishing or impairing the utility or condition which such Unit would have had at the time of removal had such addition or improvement not been made.

"Notes" shall mean, collectively, the Interim Notes and the Consolidated Note.

"OLS" shall mean Operating Lease Services, Inc., a Connecticut corporation.

"Obligations" shall have the meaning set forth in Section 5 hereof.

"Permitted Liens" shall mean, with respect to any Unit, (i) the rights of the User under any Box-car Agreement to which such Unit is subject; (ii) Liens for taxes (A) which are not yet due, or (B) the validity of which is being contested in good faith by appropriate proceedings, so long as such proceedings do not involve any reasonable danger of the sale, forfeiture or loss of such Unit or any part thereof and the Company shall have set aside on its books adequate reserves with respect thereto; and (iii) materialmen's, mechanics', repairmen's and other like Liens arising in the ordinary course of business (A) securing obligations which are not more than 30 days overdue, or (B) the validity of which is being contested in good faith by appropriate proceedings, so long as such proceedings do not involve any reasonable danger of the sale, forfeiture or loss of such Unit or any part thereof and the Company shall have set aside on its books adequate reserves with respect thereto.

"Person" shall mean an individual, partnership, corporation, joint venture, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Proceeds" shall have the meaning assigned to it under the Uniform Commercial Code of the

State of New York and, in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, warranty or guarantee payable to the Company from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to the Company from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any of the Collateral by any governmental authority (or any Person acting under color of governmental authority), and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Purchase Agreement" shall mean the Purchase Agreement dated as of October 23, 1979 between the Company and the Builder.

"Replacement Unit" shall have the meaning set forth in Subsection 6.13(c) hereof.

"Security Deposit Account" shall have the meaning set forth in Section 2.1(a) of the Security Deposit Agreement.

"Security Deposit Agreement" shall mean the Security Deposit Agreement among the Company, the Lender and the bank named therein as Agent, substantially in the form of Exhibit F hereto, as the same may from time to time be amended, supplemented or otherwise modified.

"Supplement" shall mean any supplement substantially in the form of Exhibit I hereto which is executed and delivered by the Company to the Lender pursuant to this Agreement.

"Unit" shall mean one of the Box-cars.

"Use Fees" shall have the meaning set forth in Section 6 of the Box-car Agreement originally assigned hereunder.

"User" shall mean any Person (including, but not limited to the D&M) which shall be a party to a Box-car Agreement and shall use and maintain the Box-cars which are subject

to such Box-car Agreement pursuant to the terms thereof.

1.2 Use of Defined Terms. All terms defined in this Agreement shall have their defined meanings when used in any Notes, certificates, reports or other documents made or delivered pursuant hereto. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

1.3 Other Definitional Provisions. (a) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) Terms defined in the singular shall have a comparable meaning when used in the plural and vice versa.

SECTION 2. AMOUNT AND TERMS OF LOANS

2.1 Commitment. Subject to the terms and conditions of this Agreement, the Lender agrees to make up to four loans to the Company from time to time from the date hereof to and including March 31, 1980, to finance a portion of the aggregate Box-car Costs of up to 240 70-ton XF box-cars to be purchased by the Company and used and maintained by one or more Users under the Box-car Agreement, provided that the aggregate principal amount of the loans made by the Lender under this Agreement shall not exceed $7,680,000. Each borrowing pursuant to this Agreement shall not exceed 80% of the aggregate Box-car Costs of the Units being purchased by the Company with the proceeds of such borrowing. The Company shall give the Lender at least four Business Days' prior written notice (effective upon receipt) of each borrowing hereunder.

2.2 Use of Proceeds. The Company will use the proceeds of each Loan solely to pay up to 80% of the aggregate Box-car Costs of the Units being financed with the proceeds of such Loan.

2.3 The Interim Notes. Each Loan initially shall be evidenced by a separate secured non-recourse promissory note of the Company in the principal amount of such Loan, substantially in the form of Exhibit A hereto (an "Interim Note" and, collectively, the "Interim Notes"). Each Interim Note shall (a) be dated the date of issue, (b) be stated to

mature on March 31, 1980, and (c) bear interest, payable at maturity, on the unpaid principal amount thereof from the date thereof at the rate of 11-3/4% per annum, provided that if any such unpaid principal amount shall not be paid when due (whether at the stated maturity, by prepayment, by acceleration or otherwise), interest thereon shall thereafter be payable at the rate of 18% per annum until such overdue principal shall be paid in full.

2.4 The Consolidated Note. On the Consolidation Date the Company shall execute and deliver to the Lender, in exchange and substitution for (but not in payment of) the Interim Notes then outstanding, and, upon satisfaction of the terms and conditions of Subsection 4.3 hereof, the Lender shall accept, a secured non-recourse promissory note of the Company substantially in the form of Exhibit B hereto (the "Consolidated Note"), in a principal amount equal to the then aggregate unpaid principal amount of all outstanding Interim Notes. Upon receipt of the Consolidated Note, the Lender shall cancel and surrender to the Company all outstanding Interim Notes and the Company shall cease to have any liability under the Interim Notes.

The Consolidated Note shall be dated the Consolidation Date, and shall bear interest on the unpaid principal amount thereof from the date thereof at the rate of 11-3/4% per annum. The Consolidated Note shall be payable in 59 consecutive quarterly installments of principal and interest payable on the last day of March, June, September and December in each year, commencing June 30, 1980, each of such installments being in an amount equal to 3.58756431% of the original principal amount of the Consolidated Note, provided that, in any event, the last quarterly installment payable on the Consolidated Note shall be in an amount sufficient to pay in full all accrued interest on, and the entire unpaid principal amount of, the Consolidated Note, and provided further, that if any partial prepayment of the Consolidated Note is made pursuant to Subsection 2.5 or 2.6 hereof, each installment due and payable under such Note after such partial prepayment shall be reduced in the same proportion as the then outstanding principal amount of such Note shall have been reduced by such partial prepayment. Interest on any overdue principal of and premium, if any, on the Consolidated Note shall be payable from the due date

thereof at the rate of 18% per annum for the period during which such principal or premium, if any, shall be overdue.

2.5 Prepayment with Premium. (a) The Company may, at its option, upon notice as provided in Subsection 2.7 hereof, prepay the Consolidated Note as a whole or in part on any date fixed for the payment of an installment of principal and interest pursuant to Subsection 2.4 hereof (a "Payment Date"), at the principal amount so to be prepaid, together with accrued interest thereon to the date fixed for such prepayment, plus a premium equal to the applicable percentage of the principal amount so to be prepaid as set forth in Schedule I hereto, provided that no such prepayment shall be made prior to March 31, 1987.

(b) In the event that the Interstate Commerce Commission shall have (i) issued an order, applicable to any of the Box-cars, which reduces incentive per diem charges for car-hire under its rules and regulations on an annual basis to less than three months without a corresponding increase in straight car-hire charges or other charges available to the Company as Use Fees or similar charges under the Box-car Agreement to which such Box-cars are subject at least equal in amount to such reduction, or (ii) determined that the User under the Box-car Agreement to which any Box-cars are subject may not apply its incentive car-hire receipts in payment of Use Fees or similar charges under such Box-car Agreement, then the Company may, upon the giving of notice as provided in Subsection 2.7 hereof at any time after any such action by the Interstate Commerce Commission, prepay the Consolidated Note on the Payment Date specified in such notice in a principal amount not exceeding the amount determined by multiplying the then unpaid principal amount of the Consolidated Note by a fraction, the numerator of which is the aggregate Box-car Costs of all Units which are affected by the foregoing events and the denominator of which is the aggregate Box-car Costs of all Box-cars which are then subject to the lien and security interest of this Agreement, at the principal amount so to be prepaid together with interest accrued thereon to the date fixed for such prepayment, plus a premium equal to the applicable percentage of the principal amount so to be prepaid as set forth in Schedule I hereto.

(c) Except as otherwise provided in this Subsection 2.5, the Notes may not be voluntarily prepaid.

2.6 Casualty Occurrence Prepayment. In the event that any Unit shall suffer a Casualty Occurrence and the Company shall not replace such Unit pursuant to Subsection 6.13 hereof, the Company will prepay the Notes without premium in accordance with the provisions of said Subsection 6.13.

2.7 Notice of Prepayment. The Company shall give written notice to the Lender of any prepayment of the Notes not less than 10 days nor more than 30 days before the date fixed for such prepayment, specifying (a) the date fixed for such prepayment, (b) the Subsection hereof under which such prepayment is to be made, (c) the principal amount of the Notes to be prepaid, (d) the premium, if any, and accrued interest applicable to such prepayment, (e) if the prepayment occurs after the Consolidation Date, the revised amount of each installment of principal and interest payable on the Consolidated Note after such prepayment. Such notice of prepayment shall also certify all facts which are conditions precedent to such prepayment, including, if such prepayment is to be made pursuant to Subsection 2.5(b) or 2.6 hereof, the calculations used in determining the unpaid principal amount of the Notes to be prepaid, and (f) if such prepayment is to be made pursuant to Subsection 2.6 hereof, the additional information referred to in Subsection 6.13 hereof. Upon the giving of such notice, the unpaid principal amount of the Notes to be prepaid, together with the premium, if any, and accrued interest thereon, shall become due and payable on the date fixed for such prepayment.

2.8 Computation of Interest. Interest on the Notes shall be calculated on the basis of a 360-day year of twelve 30-day months. All payments (including prepayments) by the Company on account of the principal of, premium, if any, and interest on the Notes shall be made to the Lender at its office at 30 Rockefeller Plaza, New York, New York (or at such other place of which the Lender shall notify the Company in writing), in lawful money of the United States of America and in immediately available funds. If any such payment becomes due and payable on a day that is not a Business Day, the maturity thereof shall be extended to the next succeeding Business Day.

SECTION 3. REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to enter into this Agreement and to make the Loans, the Company represents and warrants to the Lender that:

3.1 Corporate Existence. The Company is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.

3.2 Power and Authorization. The Company has full power, authority and legal right to own its properties and to conduct its business as now conducted, to execute, deliver and perform this Agreement, the Supplements, the Notes, the Box-car Agreement and the Security Deposit Agreement, and the Company has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement, the Supplements, the Notes, the Box-car Agreement and the Security Deposit Agreement. This Agreement has been duly executed and delivered by the Company and constitutes, and each Supplement, each Note and the Security Deposit Agreement when executed and delivered by the Company will constitute, valid and binding obligations of the Company enforceable in accordance with their respective terms. No consent of any other party (including stockholders of the Company) and no consent, license, approval or authorization of, exemption by, or filing, registration or declaration with, any governmental authority is required in connection with the execution, delivery or performance by the Company of this Agreement, any Supplement, any Note or the Security Deposit Agreement except for the filing of this Agreement and each Supplement with the Interstate Commerce Commission, the filing of financing statements with respect to this Agreement with the Secretary of the Commonwealth of Pennsylvania and the Prothonotaries of Allegheny and Fayette Counties, Pennsylvania, and the filings with respect to the Box-car Agreement referred to in Subsection 3.6(a) hereof.

3.3 No Legal Bar. The execution, delivery and performance by the Company of this Agreement, the Supplements, the Notes, the Box-car Agreement and the Security Deposit Agreement will not violate any provision of any law or regulation or of any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to the Company or of the Certificate of Incorporation, By-Laws or any preferred stock provision of the Company or of any mortgage, indenture, contract or other agreement to which the Company is a party or which is binding upon the Company or any of its properties or assets, and will not constitute a default thereunder, and (except as contemplated by this Agreement) will not result in the creation or imposition of any Lien on any of the properties or assets of the Company.

3.4 No Material Litigation. There are no actions, suits or proceedings (whether or not purportedly on behalf of the Company) pending or, to the knowledge of the Company, threatened against the Company or any of its properties or assets in any court or before any arbitrator or before or by any governmental body, which (i) relate to any of the Collateral or to any of the transactions contemplated by this Agreement, or (ii) would, if adversely determined, have a material adverse effect on the financial condition, business or operations of the Company. The Company is not in default with respect to any material order, judgment, award, decree, rule or regulation of any court, arbitrator or governmental body.

3.5 No Default. No Default or Event of Default has occurred and is continuing under this Agreement.

3.6 Box-car Agreement. (a) The Box-car Agreement has been duly authorized, executed and delivered by the Company and, to the best of the Company's knowledge, by the D&M. The Box-car Agreement constitutes a valid and binding obligation of the Company and, to the best of the Company's knowledge, the D&M, enforceable in accordance with its terms. All consents of other parties (including, without limitation, stockholders of the Company and the D&M) and all consents, licenses, approvals or authorizations of, exemptions by, and filings, registrations or declarations with, any governmental authority required to be obtained, effected or given by or to the Company or, to the best of the Company's knowledge, the D&M in connection with the execution, delivery and performance by the Company and the D&M of the Box-car Agreement have been duly obtained, effected or given and are in full force and effect, other than the filing of the Box-car Agreement with the Interstate Commerce Commission which will have been duly effected on or before the date of the initial Loan hereunder and will be in full force and effect at all times thereafter. The copy of the Box-car Agreement dated as of October 23, 1979 between the Company and the D&M, as delivered by the Company to the Lender, is a true, correct and complete copy of the entire agreement between the Company and the D&M with respect to the Box-cars.

(b) Neither the Company nor (to the best of the Company's knowledge) the D&M is in default in the performance or observance of any covenant, term or condition contained in the Box-car Agreement, and no event has occurred and no condition exists which constitutes, or which with the giving of notice or the lapse of time or both would

constitute, an event of default under the Box-car Agreement. The Company and (to the best of the Company's knowledge) the D&M have fully performed all of their respective obligations under the Box-car Agreement, and the right, title and interest of the Company in, to and under the Box-car Agreement is not subject to any defense, offset, claim or counterclaim, nor have any of the foregoing been asserted or alleged against the Company as to the Box-car Agreement.

3.7 Title to Box-cars; Specifications. Whenever the Lender shall make a Loan to the Company hereunder, the proceeds of which will be used partially to finance any Unit, (i) the Company will have good and valid title to, and will be the lawful owner of, such Unit, free and clear of all Liens whatsoever except the lien and security interest created by this Agreement and Permitted Liens, and (ii) such Unit will conform to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads applicable to railroad equipment of the same type as such Unit. At the time of delivery thereof, each such Unit (other than a Replacement Unit) will be new and unused.

3.8 First Lien. Upon the filing of this Agreement, any Supplement and the Box-car Agreement in the manner prescribed in Section 11303, Title 49 of the United States Code and in the related regulations of the Interstate Commerce Commission, and the filing of financing statements covering the Collateral in the offices of the Secretary of the Commonwealth of Pennsylvania and of the Prothonotaries of Allegheny and Fayette Counties, Pennsylvania, this Agreement will constitute a legal, valid and perfected first lien on and first priority security interest in the Box-car Agreement (and the Proceeds thereof), and each Unit (and the Proceeds thereof) which has been partially financed with the proceeds of a Loan to the Company hereunder, as security for the Obligations, free and clear of all other Liens whatsoever except Permitted Liens. No security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral is on file or of record with the Interstate Commerce Commission or with any other public office, except (a) such as may have been filed by or on behalf of the Company in favor of the Lender pursuant to this Agreement, and (b) the Purchase Agreement, which has been filed with the Interstate Commerce Commission. Whenever the Lender shall make a Loan to the Company hereunder, the lien and security interest created by the Purchase Agreement on the Units being partially financed by such Loan will concurrently be released of record in the office of the Interstate Commerce Commission.

3.9 Principal Office. The principal place of business of the Company is Brownsville, Pennsylvania, and the chief executive office of the Company and the place at which the books and records of the Company are kept is 1900 Grant Building, Pittsburgh, Pennsylvania 15219.

3.10 Offering of Notes. The Company has not, either directly or through any agent, offered any of the Notes or any related securities to, or solicited any offers to acquire any of the Notes or any related securities from, or otherwise negotiated in respect of any of the Notes or any related securities with, any Person other than the Lender and six (6) other institutional investors; and the Company agrees that the Company will not, directly or indirectly, offer any of the Notes to, or solicit offers to acquire any of the Notes from, or otherwise approach, negotiate or communicate in respect of any of the Notes with, any Person or Persons so as thereby to bring the issue or disposition of the Notes within the provisions of Section 5 of the Securities Act of 1933, as amended.

SECTION 4. CONDITIONS OF BORROWING

4.1 Conditions of Initial Loan. The Lender shall not be required to make the initial Loan hereunder unless:

(a) the Security Deposit Agreement shall have been duly executed and delivered by each of the parties thereto;

(b) the Lender shall have received, in addition to the documents described in Subsection 4.2 hereof, the following documents, each in form and substance satisfactory to the Lender:

(i) a copy, certified by the Secretary of the Company on the date of such Loan, of the resolutions of the Board of Directors of the Company approving the transactions contemplated by this Agreement and authorizing the execution, delivery and performance by the Company of this Agreement, the Notes, the Supplements, the Boxcar Agreement, the Security Deposit Agreement and all other documents and instruments required hereby;

(ii) a certificate of the Secretary of the Company, dated the date of such Loan, as to the incumbency and signatures of each of the officers of the Company executing this Agreement or any document relating hereto on behalf of the Company;

(iii) a copy, certified by the Secretary or an Assistant Secretary of the D&M on the date of such Loan, of the resolutions of the Board of Directors of the D&M authorizing the use of the Box-cars under the Box-car Agreement and the execution, delivery and performance by the D&M of the Box-car Agreement;

(iv) an opinion of counsel for the D&M, dated the date of such Loan and substantially in the form of Exhibit E hereto;

(v) evidence that this Agreement has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49 of the United States Code, and that financing statements with respect hereto have been duly filed with the Secretary of the Commonwealth of Pennsylvania and in the offices of the Prothonotaries of Allegheny and Fayette Counties, Pennsylvania;

(vi) an executed counterpart of the Box-car Agreement, which counterpart, upon execution by the Lender of the receipt therefor as set forth in Section 28 thereof, shall constitute the original counterpart of the Box-car Agreement;

(vii) evidence that the Box-car Agreement has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49 of the United States Code; and

(viii) a certificate of the D&M, dated the date of such Loan, in which the D&M (A) acknowledges notice of and consents to the assignment to the Lender of all of the Company's right, title and interest in, to and under the Box-car Agreement (B) acknowledges receipt of a copy of this Agreement, (C) agrees to pay or cause to be paid all Use Fees and other amounts payable to the Company under the Box-car Agreement directly to the Security Deposit Account, or as the Lender may otherwise direct, (D) agrees that each such

payment shall be final and that it will not seek to recover from or set off against the Lender for any reason whatsoever any moneys paid or payable by it to the Lender by virtue of this Agreement and that it will not seek recourse against the Lender by reason of this Agreement or the Box-car Agreement, (E) certifies that the Box-car Agreement is in full force and effect and constitutes a valid and binding obligation of the D&M enforceable in accordance with its terms, (F) certifies that the D&M does not own or lease any box-cars other than 250 70-ton XM box-cars and 100 70-ton XF box-cars, nor does it presently lease from or manage on behalf of others any box-cars or use any box-cars owned by others other than (1) the Box-cars, (2) up to 60 70-ton XF box-cars owned by OLS and used by the D&M, (3) 250 70-ton XM box-cars leased to the D&M by the Company, and (4) such box-cars as are delivered to the D&M in normal interline interchange service in accordance with the interchange rules and agreements of the Interstate Commerce Commission and the Association of American Railroads, and (G) agrees that it shall give the Box-cars priority in loading over all other box-cars owned, leased or used by it to the extent provided for in the counterpart of the Box-car Agreement delivered to the Lender pursuant to clause (vi) of this Subsection 4.1(b).

4.2 Conditions of Each Loan. The Lender shall not be required to make any Loan hereunder unless:

(a) the representations and warranties contained in Section 3 hereof shall be true and correct on and as of the date of the making of such Loan with the same effect as if made on and as of such date, and no Default or Event of Default shall be in existence on the date of the making of such Loan or would occur as a result of such Loan;

(b) on the date of the making of such Loan there shall not have been, in the judgment of the Lender, any material adverse change in the financial condition or business operations of the Company or the D&M; and

(c) the Lender shall have received the following documents, each in form and substance satisfactory to the Lender:

(i) an Interim Note in the principal amount of such Loan, duly executed by the Company;

(ii) a copy of the warranty bill of sale from the Builder, substantially in the form of Exhibit G hereto, transferring to the Company good title to such Box-cars free and clear of all Liens;

(iii) a copy of the Certificate of Acceptance of the D&M with respect to the Box-cars being financed by such Loan, substantially in the form of Exhibit H hereto;

(iv) a Certificate of Cost with respect to the Box-cars being financed by such Loan, substantially in the form of Exhibit J hereto, and accompanied by a true and complete copy of the invoice from the Builder with respect to the Box-cars being financed by such Loan, identifying such Box-cars and specifying the price payable to the Builder;

(v) a completed Supplement duly executed by the Company, identifying the Box-cars being financed by such Loan and subjecting such Box-cars to the lien and security interest created by this Agreement, together with evidence that such Supplement has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49 of the United States Code;

(vi) evidence of insurance on the Box-cars being financed by such Loan which indicates compliance with the provisions of Subsection 6.11 hereof;

(vii) a certificate, dated the date of such Loan and signed by the President or any Vice President of the Company, to the same effect as paragraph (a) of this Subsection 4.2 and to the further effect that (A) the Box-cars being financed by such Loan have been delivered to and accepted by the Company; (B) the Company has valid and legal title to, and is the lawful owner of, such Box-cars, free and clear of all Liens except the lien and security interest created by this Agreement and Permitted Liens; (C) such Box-cars have been duly accepted by the D&M; and (D) such Box-cars have been duly subjected to the Box-car Agreement;

(viii) an opinion of H. Vaughan Blaxter III, Esq., counsel for the Company, dated the date of such Loan and substantially in the form of Exhibit

C hereto, and an opinion of Messrs. Arent, Fox, Kintner, Plotkin & Kahn, special ICC counsel for the Company, dated the date of such Loan and substantially in the form of Exhibit D hereto;

(ix) an opinion of counsel for the Builder, dated the date of such Loan and addressed to the Lender and the Company, in form and substance satisfactory to counsel for the Lender, to the effect that (A) the Builder is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to own its property and to conduct its business as presently conducted; (B) the Purchase Agreement has been duly authorized, executed and delivered by the Builder and constitutes a legal, valid and binding obligation of the Builder enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium and similar laws affecting the enforcement of creditors' rights generally; (C) at the time of delivery thereof by the Builder to the Company, the Box-cars being financed by the Loan were free and clear of all claims, liens and encumbrances of any kind except the security interest of the Builder under the Purchase Agreement, the rights of the D&M under the Box-car Agreement and the rights of the Lender hereunder; and (D) the Builder's bill of sale relating to the Box-cars being financed by such Loan has been duly authorized, executed and delivered by the Builder and is effective to confirm the transfer to the Company of good and marketable title to such Box-cars; and

(x) any other documents, affidavits or certificates that the Lender may reasonably request.

4.3 Conditions of Acceptance of Consolidated Note. The Lender shall not be required to accept the Consolidated Note in exchange for the Interim Notes unless on the Consolidated Date:

(a) the Company shall deliver to the Lender the Consolidated Note, duly executed by the Company and in a principal amount equal to the aggregate unpaid principal amount of all outstanding Interim Notes;

(b) the Company shall pay to the Lender all interest accrued on the Interim Notes to and including the Consolidation Date; and

(c) the Lender shall receive an opinion of H. Vaughan Blaxter III, Esq., counsel for the Company, dated the Consolidation Date and substantially in the form of Exhibit K hereto, and an opinion of Messrs. Arent, Fox, Kintner, Plotkin & Kahn, special ICC counsel for the Company, dated the Consolidation Date and substantially in the form of Exhibit L hereto.

The acceptance by the Lender of the Consolidated Note in exchange for the Interim Notes shall not be deemed to constitute a waiver by the Lender of any Default or Event of Default which may be in existence on the Consolidation Date, whether or not the Lender shall have notice or knowledge thereof.

SECTION 5. GRANT OF LIEN AND SECURITY INTEREST

As collateral security for the prompt and complete payment when due (whether at the stated maturity, by prepayment, by acceleration or otherwise) of the principal of, premium, if any, and interest on the Notes and the due and punctual payment and performance by the Company of all of its other obligations and liabilities under or arising out of or in connection with this Agreement or the Notes (all of the foregoing being hereinafter called the "Obligations"), and in order to induce the Lender to make the Loans hereunder:

5.1 Box-cars. The Company does hereby assign, convey, mortgage, pledge and transfer to the Lender, and does hereby grant to the Lender a continuing security interest in, all Box-cars now owned or at any time hereafter acquired by the Company and any and all Proceeds thereof.

5.2 Box-car Agreement. (a) The Company does hereby assign, convey, mortgage, pledge and transfer to the Lender, and does hereby grant to the Lender a continuing security interest in, all of the right, title and interest of the Company in, to and under the Box-car Agreement, including, without limitation, all right, title and interest of the Company in and to all Use Fees and similar payments, rents, issues, profits, revenues and other income arising under the Box-car Agreement and other moneys due

and to become due to the Company under or arising out of the Box-car Agreement, all Proceeds of and all claims for damages arising out of the breach of the Box-car Agreement, the right of the Company to terminate the Box-car Agreement (except as permitted by Subsection 6.17 hereof) and to compel performance of the terms and provisions thereof, and all chattel paper, contracts, instruments and other documents evidencing the Box-car Agreement or any moneys due or to become due thereunder or related thereto. Each and every manually executed copy of the Box-car Agreement which the Company or any affiliate thereof has in its control or possession shall have marked thereon a notice indicating the Lender's interest therein.

(b) The Company (i) authorizes and directs the D&M and any other User under the Box-car Agreement to make payment of all amounts payable by the D&M or such other User, as the case may be, to the Company under the Box-car Agreement, including, without limitation, all Use Fees and similar payments, rents, issues, profits, revenues and other income arising under the Box-car Agreement, directly to the Security Deposit Account or as the Lender may otherwise direct; and (ii) will hold in trust any such amounts which may be received by it and forthwith pay the same to the Security Deposit Account or as the Lender may otherwise direct, and the Company irrevocably authorizes and empowers the Lender to ask, demand, receive, receipt and give acquittance for any and all such amounts which may be or become due and payable or remain unpaid to the Company by the D&M or any other User under the Box-car Agreement at any time or times under or arising out of the Box-car Agreement, to endorse any checks, drafts or other orders for the payment of money payable to the Company in payment therefor, and in the Lender's discretion to file any claims or take any action or proceedings either in its own name or in the name of the Company or otherwise which the Lender may deem to be necessary or advisable in the premises. The Company hereby irrevocably authorizes the Lender, in its own name or in the name and on behalf of the Company, to give notification to the D&M and any other User under the Box-car Agreement that payment thereunder is to be made as provided in this Subsection 5.2(b).

(c) It is expressly agreed by the Company that, anything herein to the contrary notwithstanding, the Company shall remain liable under the Box-car Agreement to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. The Lender

shall not have any obligation or liability under the Box-car Agreement by reason of or arising out of this Agreement or the assignment of the Box-car Agreement to the Lender pursuant hereto, nor shall the Lender be required or obligated in any manner to perform or fulfill any of the obligations of the Company under or pursuant to the Box-car Agreement, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any performance by any party under any Box-car Agreement, or to present or file any claim, or to take any action to enforce the observance of any obligations of any party to any Box-car Agreement.

5.3 Security Deposit Account. The Company does hereby assign, convey, mortgage, pledge and transfer to the Lender, and does hereby grant to the Lender a continuing security interest in, all moneys and investments at any time held in the Security Deposit Account.

SECTION 6. COVENANTS

The Company hereby covenants and agrees that from the date of this Agreement and so long as any of the Notes remain outstanding and unpaid:

6.1 Financial Statements and Reports. The Company will furnish, or cause to be furnished, to the Lender:

(a) within 30 days after the end of each quarterly period of each calendar year, a certificate of the President or Vice President of the Company stating that, to the best of his knowledge after due inquiry, the Company has observed and performed each and every covenant and agreement of the Company contained in this Agreement, the Supplements, the Notes, the Box-car Agreement and the Security Deposit Agreement and that no Default or Event of Default hereunder or default or event of default under the Box-car Agreement has occurred during such quarterly period or is then in existence, except as specifically indicated;

(b) as soon as available but in any event not later than April 30 of each year, a duplicate original of the annual report filed by the D&M with the Interstate Commerce Commission or any governmental authority succeeding to all or a part of the functions thereof;

(c) as soon as available but in any event not later than 60 days after the close of each quarterly period, other than the last, of each fiscal year of the D&M, a balance sheet of the D&M as at the end of such quarter and the related statements of income and of changes in financial position of the D&M for such quarter, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and certified by the principal financial or accounting officer of the D&M;

(d) during any period when the D&M shall not be required to file annual reports containing its financial statements with the Interstate Commerce Commission or any successor governmental authority, as soon as available but in any event not later than 120 days after the close of each fiscal year of the D&M, a balance sheet of the D&M as at the end of such fiscal year and the related statements of income and of changes in financial position of the D&M for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout such fiscal year and certified by independent public accountants of recognized standing selected by the D&M; and

(e) promptly, such additional information with respect to the Box-cars or the Box-car Agreement as the Lender may from time to time reasonably request.

6.2 Reports. (a) The Company will furnish to the Lender, within 45 days after the end of each six-month period ending June 30 or December 31 of each year, a report as to the Utilization of the Units (as defined in Section 4 of the Box-car Agreement originally assigned hereunder) during such six-month period, in such detail as shall be reasonably satisfactory to the Lender, which report shall be executed by the President or a Vice President of the Company.

(b) The Company will furnish or cause to be furnished to the Lender:

(i) within 25 days after the end of each calendar month, a copy of the report of the activity of the Box-cars for such month required to be submitted to the Company by the D&M under the fourth paragraph of Section 10 of the Box-car Agreement originally assigned hereunder; and

(ii) within 100 days after the end of each calendar year, a copy of the statement signed by an executive officer of the D&M required to be submitted by the D&M to the Company pursuant to the first paragraph of Section 10 of the Box-car Agreement originally assigned hereunder;

(iii) within five days after delivery thereof to the Company, copies of all notices, reports, records and other documents delivered to the Company by the D&M pursuant to the third or fifth paragraph of Section 10 of the Box-car Agreement originally assigned hereunder; and

(iv) at the times set forth in the foregoing clauses (i), (ii) and (iii), a report, statement, notice, record or other document, as the case may be, in substantially the same form as, and containing the same information as is required to be contained in, the report, statement, notice, record or other document referred to in said clause (i), (ii) or (iii) with respect to any Box-cars which are not subject to the Box-car Agreement originally assigned hereunder.

(c) The Company will prepare and deliver to the Lender, or cause to be prepared and delivered to the Lender, within a reasonable time prior to the required date of filing (or, to the extent permissible, file or cause to be filed on behalf of the Lender) all reports (other than income tax returns), if any, relating to the maintenance, registration and operation of the Box-cars required to be filed by the Lender with any federal, state or other regulatory agency by reason of the Lender's lien on and security interest in the Box-cars or the provisions of this Agreement.

6.3 Sale, Lease, Merger or Consolidation by Company. The Company will not sell, lease, transfer or otherwise dispose of all or substantially all of its properties and assets as an entirety, or consolidate with or merge into any Person, or permit any Person to merge into it, unless:

(a) the successor formed by or resulting from such consolidation or merger or the transferee or lessee to which such sale, lease, transfer or other disposition shall be made shall be a corporation duly organized and existing under the laws of the United States of America or any State thereof;

(b) the obligations, covenants and agreements of the Company under this Agreement, the Supplements, the Notes, the Box-car Agreement and the Security Deposit Agreement shall be expressly assumed, by written instrument furnished to the Lender and in form and substance satisfactory to the Lender, by such successor (if such successor shall not be the Company), transferee or lessee; and

(c) immediately after giving effect to such transaction and to the assumption of the obligations, covenants and agreements of the Company under this Agreement, the Supplements, the Notes, the Box-car Agreement and the Security Deposit Agreement, the Company or such successor (if such successor shall not be the Company) or such transferee or lessee shall not be in default in the performance or observance of any covenant, agreement or condition contained in this Agreement.

6.4 Corporate Existence; Compliance with Laws and Rules. (a) The Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, provided that this covenant shall not prevent a consolidation or merger of, or a sale, lease, transfer or other disposition of all or substantially all of the property and assets of, the Company not prohibited by the provisions of Subsection 6.3 hereof.

(b) The Company will (i) comply, and will use its best efforts to cause any User under the Box-car Agreement and every other user of the Box-cars to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Box-cars) with all laws of the jurisdictions in which its or such User's or such user's operations involving the Box-cars may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other governmental authority exercising any power or jurisdiction over the Box-cars, to the extent that such laws or rules affect the title, operation or use of the Box-cars, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Unit, the Company will conform therewith at its own expense, and (ii) comply with all other applicable laws and regulations of

any governmental authority relative to the conduct of its business or the ownership of its properties or assets, provided that the Company may, in good faith, contest the validity or application of any such law or rule by appropriate proceedings which do not, in the opinion of the Lender, involve any reasonable danger of the sale, forfeiture or loss of the Box-cars or any part thereof.

6.5 Principal Office. The Company will not change the location of its principal place of business, its chief executive office or the place at which its books and records are kept from the address specified in Section 3.9 hereof unless it shall have given the Lender at least 30 days' prior written notice of such change, and the Company will at all times maintain its principal place of business, chief executive office and the place at which its books and records are kept within the United States of America.

6.6 Indemnities, etc. (a) In any suit, proceedings or action brought by the Lender under the Box-car Agreement or to enforce any of the provisions thereof, the Company will save, indemnify and keep the Lender harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of any User under the Box-car Agreement arising out of a breach by the Company of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of any such User or its successor from the Company, and all such obligations of the Company shall be and remain enforceable against and only against the Company and shall not be enforceable against the Lender.

(b) The Company agrees to indemnify and hold the Lender harmless against any and all liabilities, obligations, losses, damages, claims, suits, costs, expenses and disbursements (including legal fees and expenses) incurred by or asserted against the Lender with respect to claims for personal injury or property damage arising from its participation in the transactions contemplated by this Agreement, the Box-car Agreement or the Notes; provided, however, that this indemnity shall not apply to such a claim with respect to a Box-car which arises from an act or event occurring when such Box-car is in the possession of the Lender or after such Box-car has been sold by the Lender in the exercise of its remedies provided for in Section 9 hereof.

6.7 Performance of Agreements. The Company will perform and comply in all material respects with all its obligations under the Box-car Agreement, the Security Deposit Agreement and all other agreements to which it is a party or by which it is bound relating to the Collateral, and the Company will use its best efforts to cause each other party to any thereof so to perform and comply.

6.8 Preservation of Collateral. (a) The Company will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien, claim or right in or to the Collateral (other than (i) the lien and security interest created by this Agreement, (ii) Permitted Liens, and (iii) prior to the making of any Loan the proceeds of which shall be used partially to finance any Unit, the lien and security interest created by the Purchase Agreement on such Unit), and will defend the right, title and interest of the Lender in and to the Box-cars, the Box-car Agreement, the other Collateral and the Proceeds of all of the foregoing against the claims and demands of all other Persons whomsoever.

(b) The Company will not, without the prior written consent of the Lender, sell, transfer or otherwise dispose of any of the Collateral or attempt or offer to do so, provided that in the event that the D&M assumes the obligations of, and agrees to be substituted for, the Company under the Notes, this Agreement and the Security Deposit Agreement, and complies with the provisions of the proviso to Section 8 hereof, the Company may, without such consent, sell the Box-cars to the D&M subject to the lien and security interest of this Agreement.

(c) The Company will not, without the prior written consent of the Lender, agree to or permit (i) any material amendment or other modification of the Box-car Agreement or (ii) any termination of the Box-car Agreement in whole or in part except in accordance with the provisions of Subsection 6.17 hereof, provided that so long as no Default or Event of Default shall have occurred and be continuing hereunder, the Company shall be entitled (x) to exercise its right under the first clause of the second sentence of the first paragraph of Section 31 of the Box-car Agreement to consent to a change in the mechanical designation of the Box-cars, but only if the Lender shall give its prior consent, (y) to exercise its right under the proviso of the second sentence of the first paragraph of Section 31 of the Box-car Agreement to compel a change in the mechanical designation of the Box-cars, and (z) to consent to the waiver of Car Service Rules Nos. 1 and 2 of the Association of American Railroads (or agree with the D&M to vacate any prior waiver of such rules), in accordance with the second paragraph of Section 31 of the Box-car Agreement.

(d) The Company will advise the Lender promptly, in reasonable detail, of any Lien or claim made or asserted against any of the Collateral and of any event affecting the Lender's lien on and security interest in the Collateral.

6.9 Further Assurances; Recordation and Filing. The Company will, at its sole cost and expense, do, execute, acknowledge and deliver all further acts, supplements, mortgages, security agreements, conveyances, transfers and assurances necessary or advisable for the perfection and preservation of the lien and security interest created by this Agreement in the Collateral, whether now owned or hereafter acquired. The Company will cause this Agreement and all Supplements hereto, and all financing and continution statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Lender in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Lender hereunder.

6.10 ICC Jurisdiction. The Company will not take or permit to be taken any action within its control which would subject it or its operations to the jurisdiction of the Interstate Commerce Commission, if such jurisdiction will adversely affect the ability of the Company to perform its obligations under this Agreement, any Supplement, any Note, the Box-car Agreement or the Security Deposit Agreement or adversely affect the validity or enforceability of this Agreement, any Supplement, any Note, the Box-car Agreement or the Security Deposit Agreement.

6.11 Maintenance of Insurance. Upon the delivery of any Box-cars the Company will promptly effect and maintain or cause to be effected and maintained with financially sound and reputable companies, insurance policies (i) insuring each such Box-car against loss by fire, explosion, theft and such other casualties as are usually insured against by companies engaged in the ownership and leasing of railroad freight cars and with coverage in an amount at least equal to the Casualty Value of such Box-car (but such coverage for all Box-cars owned or leased by the Company may be limited to $4,000,000 for each occurrence), (ii) insuring the Company and the Lender against liability for personal injury and property damage caused by or relating to such Box-cars or their use with coverage in the amount of at least $10,000,000, and (iii) insuring the Company for the loss of revenues from each Unit in excess of 10 Units which becomes inoperable due to damage, for an 80-day period commencing 10 days after the date of such damage. All such insurance policies shall (A) be in such form and have such coverage as shall be satisfactory to the Lender,

naming the Lender as an additional assured with losses payable to the Company and the Lender as their respective interests may appear, (B) provide for at least 30 days' prior written notice to the Lender before any cancellation, reduction in amount or change in coverage thereof shall be effective, (C) contain a breach of warranty clause in favor of the Lender, and (D) provide that the Lender shall have no obligation or liability for premiums, commissions, assessments or calls in connection with such insurance. The Company shall, on or before October 31 of each year commencing with the year 1980, deliver to the Lender a report of a reputable insurance broker with respect to the insurance on the Box-cars.

6.12 Location of Box-cars. The Company will, within 30 days after it obtains knowledge that more than 10% of the Box-cars are located outside the continental United States of America, cause sufficient of such Box-cars to be returned to the continental United States so that the number of Box-cars located outside the continental United States shall not exceed 10% of all the Box-cars.

6.13 Casualty Occurrence. (a) In the event of a Casualty Occurrence with respect to any Unit, the Company shall promptly give the Lender written notice of such Casualty Occurrence, which notice shall (i) identify the Unit which has suffered the Casualty Occurrence, (ii) set forth the Casualty Value of such Damaged Unit (and the calculations used in the determination thereof) as of the date which is 30 days after the date of such notice (the "Casualty Value Determination Date"), and (iii) specify whether the Company will, on the Casualty Value Determination Date, prepay the Notes pursuant to paragraph (b) of this Subsection 6.13 (in which case such notice shall also contain the information required by Subsection 2.7 hereof) or replace the damaged Unit pursuant to paragraph (c) of this Subsection 6.13.

(b) If the notice given pursuant to paragraph (a) of this Subsection 6.13 specifies that the Company will prepay the Notes on the Casualty Value Determination Date, the Company will, on such date, (i) prepay the Notes (on a pro rata basis, if the Interim Notes are then outstanding) in an aggregate principal amount equal to the

Casualty Value of the Damaged Unit as of such date, without premium, and (ii) pay the accrued interest on the principal amount so prepaid to the date of prepayment.

(c) If the notice given pursuant to paragraph (a) of this Subsection 6.13 specifies that the Company will replace the Damaged Unit, the Company will, on or prior to the Casualty Value Determination Date:

(i) replace the Damaged Unit with a box-car of the same type, which has a value and utility at least equal to, which is no older than, and which is in as good condition as, the Damaged Unit immediately prior to the Casualty Occurrence (assuming that such Damaged Unit was then in the condition required to be maintained by Subsection 6.14 hereof) and which is free and clear of all Liens other than Permitted Liens,

(ii) take all steps necessary to subject such replacement box-car (the "Replacement Unit") to the lien and security interest of this Agreement and to subject such Replacement Unit to the Box-car Agreement, and

(iii) deliver to the Lender such documents evidencing the foregoing as the Lender may reasonably request, including, without limitation, (A) a duly executed Supplement describing the Replacement Unit and subjecting the Replacement Unit to the lien and security interest of this Agreement, together with evidence that such Supplement has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49 of the United States Code, (B) a duly executed schedule subjecting the Replacement Unit to the Box-car Agreement, together with evidence that such schedule has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49 of the United States Code, and (C) documents and opinions of counsel with respect thereto corresponding to those described in clauses (ii), (iii), (iv), (vi), (vii), (viii), (ix) and (x) of Subsection 4.2(c) hereof.

Upon the Company's compliance with the foregoing provisions of this Subsection 6.13, the Lender will, if no Default or Event of Default has occurred and is continuing, execute and deliver to the Company such instruments as shall be necessary to release such Damaged Unit from the lien and

security interest of this Agreement (without recourse to, or representation or warranty by, the Lender).

6.14 Maintenance. The Company will, at its expense, keep and maintain the Box-cars in good repair, condition and working order and will cause to be furnished all parts, mechanisms, devices and servicing required therefor so that the value, condition and operating efficiency thereof will at all times be maintained and preserved, ordinary wear and tear excepted.

6.15 Notice of Default. The Company will, promptly after obtaining knowledge thereof, give written notice to the Lender of the occurrence of any Default or Event of Default hereunder or of any default or event of default under the Box-car Agreement.

6.16 Inspection. The Company will permit any Person designated by the Lender to visit and inspect any of the Collateral (subject to the rights of the User under the Box-car Agreement) and any of the books and records of the Company pertaining to the Collateral.

6.17 Addition or Substitution of Box-car Agreements. (a) If pursuant to the provisions of any Box-car Agreement the Company has the right to terminate such Box-car Agreement with respect to all or a portion of the box-cars subject thereto as a result of the utilization rate of the box-cars subject thereto being below a specified rate, upon any such reduction the Company may terminate such Box-car Agreement with respect to any of the box-cars subject thereto (such as is contemplated by the provisions of Section 5 of the Box-car Agreement originally assigned hereunder), provided that within 90 days after such termination (1) the Box-cars withdrawn from such Box-car Agreement shall be duly subjected to another box-car agreement (an "additional box-car agreement") meeting the requirements of paragraph (c) of this Subsection 6.17, (2) such additional box-car agreement (insofar as it pertains to the Box-cars) shall have been duly assigned to the Lender and subjected to the lien and security interest of this Agreement, all recordations, filings and other action necessary to establish, perfect, protect and preserve the rights of the Company and the Lender in and to such additional box-car agreement and the lien and security interest of this Agreement on such additional box-car agreement shall have been duly made or taken, and the Lender shall have received such instruments and documents as it may reasonably request in order to evidence the foregoing, and (3) the Lender shall have received an opinion of counsel for the Company to the effect that this Agreement constitutes a legal, valid and perfected first lien on and first priority

security interest in such additional box-car agreement (and the Proceeds thereof) to the extent that such additional box-car agreement relates to the Box-cars subject thereto, and all recordations, filings and other action necessary to establish, perfect, protect and preserve, as security for the Obligations, such lien and security interest have been duly made or taken (specifying the same).

(b) If pursuant to the provisions of any Box-car Agreement the Company has the right to terminate such Box-car Agreement upon the occurrence of an event of default by the User thereunder, upon the occurrence and continuance of any material event of default by the User thereunder, the Company may terminate the Box-car Agreement with respect to all of the Box-cars subject thereto. If the Company so terminates such Box-car Agreement, within 90 days after such termination (i) all of the Box-cars previously subject to such Box-car Agreement shall be duly subjected by the Company to another box-car agreement (a "substituted box-car agreement") meeting the requirements of paragraph (c) of this Subsection 6.17, (ii) such substituted box-car agreement (insofar as it pertains to the Box-cars) shall be duly assigned by the Company to the Lender and subjected to the lien and security interest of this Agreement, all recordations, filings and other action necessary to establish, perfect, protect and preserve the rights of the Company and the Lender in and to such substituted box-car agreement and the lien and security interest of this Agreement on such substituted box-car agreement shall be duly made or taken, and the Company shall deliver to the Lender such instruments and documents as the Lender may reasonably request in order to evidence the foregoing, and (iii) the Company shall deliver to the Lender an opinion of counsel for the Company to the effect that this Agreement constitutes a legal, valid and perfected first lien on and first priority security interest in such substituted box-car agreement (and the Proceeds thereof) to the extent that such substituted box-car agreement relates to the Box-cars subject thereto, and all recordations, filings and other action necessary to establish, perfect, protect and preserve, as security for the Obligations, such lien and security interest have been duly made or taken (specifying the same).

(c) Each additional box-car agreement referred to in paragraph (a) of this Subsection 6.17, and each substituted box-car agreement referred to in paragraph (b) of this Subsection 6.17, (i) shall have a term which is

non-cancellable by the User thereunder (except under the same circumstances as the Box-car Agreement originally assigned hereunder is cancellable by the D&M) and which expires not earlier than the term of the Box-car Agreement originally assigned hereunder, and (ii) shall have substantially the same other terms and be in substantially the same form as the Box-car Agreement to which such Box-cars were originally subject, or, if the Company is in good faith unable to enter into a box-car agreement having such other terms and in such form, shall have such other commercially reasonable terms and be in such form as shall be agreeable to the Company provided that the use fees, rentals or similar charges payable under the latter form of box-car agreement with respect to the Box-cars subject thereto during each quarterly payment period under the Consolidated Note shall be in an amount at least equal to the installment of principal, premium, if any, and interest payable on such Note at the end of such quarterly payment period multiplied by a fraction, the numerator of which is the aggregate Box-car Costs of the Box-cars subject thereto and the denominator of which is the aggregate Box-car Costs of all Box-cars which are then subject to the lien and security interest of this Agreement.

6.18 Marking of Box-cars. The Company will cause each Unit to be kept marked with the name, railroad markings and/or other insignia used by the User thereof and numbered with such identifying number as shall be set forth in the Supplement pertaining to such Unit and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the following: "MORTGAGED TO A FINANCIAL INSTITUTION UNDER A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate words designated by the Lender, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lender's interest in the Box-cars and its rights under this Agreement. The Company will not permit any such Unit to be placed in operation or exercise any control or dominion over the same until such name, markings and/or other insignia, such number and such words shall have been so marked on both sides thereof and will replace or will cause to be replaced promptly any such name, markings or other insignia, such number or such words which may be removed, defaced or destroyed. The Company will not permit the identifying number of any Unit to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have

been delivered to the Lender and filed, recorded and deposited by the Company in all public offices where this Agreement shall have been filed, recorded or deposited.

6.19 Change in Designation, etc. Except as may be required by the Interstate Commerce Commission or other governmental authority having jurisdiction over the Box-cars and except as permitted by Subsection 6.8(c) hereof, the Company will not, without the prior written consent of the Lender, change the mechanical designation of any of the Box-cars from the "XF" designation provided for under the rules and regulations of the Association of American Railroads.

SECTION 7. POWER OF ATTORNEY

7.1 Appointment. The Company hereby irrevocably constitutes and appoints the Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Company and in the name of the Company or in its own name, from time to time in the Lender's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, the Company hereby gives the Lender the power and right, on behalf of the Company, without notice to or assent by the Company, to do the following:

(a) upon default by the Company in the performance of Subsection 6.8(a) or 6.11, the Lender may, but shall not be obligated to, (i) effect any insurance called for by the terms of Subsection 6.11 and pay all or any part of the premiums therefor and the costs thereof and (ii) pay and discharge any Liens on or claims or rights in or to the Collateral which rank prior to or *pari passu* with the lien and security interest created by this Agreement; and

(b) upon the occurrence and continuance of any Default specified in paragraph (g) of Section 8 hereof or of any Event of Default, (i) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (ii) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts and other documents relating to the Collateral; (iii) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any of the Collateral; (iv) to defend any suit, action or proceeding brought against the Company with respect to any of the Collateral; (v) to settle, compromise or adjust any suit, action or proceeding described in clause (iv) above and, in connection therewith, to give such discharges or releases as the Lender may deem appropriate; and (vi) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Lender were the absolute owner thereof for all purposes, and to do, at the Lender's option and the Company's expense, at any time or from time to time, all acts and things which the Lender deems necessary to protect, preserve or realize upon the Collateral and the Lender's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as the Company might do.

The Company hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

7.2 No Duty. The powers conferred on the Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the

Company for any act or failure to act, except for its or their own gross negligence or willful misconduct.

7.3 Additional Rights. (a) The Company authorizes the Lender, at any time and from time to time, to execute, in connection with the sale provided for in Section 9(c) of this Agreement, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(b) If the Company fails to perform or comply with any of its agreements contained herein, the Lender may itself perform or comply, or otherwise cause performance or compliance, with such agreement, and the expenses of the Lender incurred in connection with such performance or compliance, together with interest thereon at the rate of 18% per annum, shall be payable by the Company to the Lender on demand and shall constitute part of the Obligations secured hereby.

SECTION 8. EVENTS OF DEFAULT

If any of the following Events of Default shall occur and be continuing:

(a) Failure to pay any principal of, premium, if any, or interest on any of the Notes when due and such failure shall continue for a period of three days;

(b) Any representation or warranty made by the Company in this Agreement, or made by the Company or the D&M or any officer of either thereof in any document, certificate or financial or other statement furnished at any time under or in connection with this Agreement, shall prove to have been untrue when made in any material respect;

(c) Default by the Company in the observance or performance of (i) any covenant contained in Subsection 6.3, 6.8(c), 6.11, 6.12, 6.17 or 6.19 hereof, or (ii) any covenant contained in Subsection 6.8(a), 6.8(b), 6.8(d), 6.13, 6.14 or 6.18 hereof and such default shall continue for 30 days;

(d) Default by the Company in the observance or performance of any other covenant or agreement contained in this Agreement and not referred to in paragraph (c) of this Section 8, or in the observance or performance of any covenant or agreement contained in the Security Deposit Agreement, and such default shall continue for 30 days after written notice thereof, specifying such default and requesting that the same be remedied, shall have been given to the Company by the Lender;

(e) The termination of any Box-car Agreement by the User thereunder because of a breach by the Company of any term, covenant or condition contained in such Box-car Agreement;

(f) The entry of a decree or order for relief by a court having jurisdiction in respect of the Company, or adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking a reorganization, arrangement, adjustment or composition of or in respect of the Company in an involuntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Company or of any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(g) The institution by the Company of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the commencement by the Company of a voluntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal

> or state bankruptcy, insolvency or other similar law, or the consent by it to the filing of any such petition or to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due and its willingness to be adjudicated a bankrupt, or the failure of the Company generally to pay its debts as they become due or the taking of corporate action by the Company in furtherance of any of the foregoing;

then, and in any such event, the Lender may exercise any or all remedies granted to it under this Agreement and under applicable law, and may further, by notice of default given to the Company, (i) terminate forthwith its commitment to make Loans hereunder, and/or (ii) declare the Notes to be forthwith due and payable, whereupon the principal amount of the Notes, together with accrued interest thereon, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Notes to the contrary notwithstanding; provided that if, within 30 days after written notice of an Event of Default declaring the Notes to be due and payable is given to the D&M, the D&M (A) expressly assumes in writing, upon the same terms and conditions applicable to the Company including, without limitation, the provisions of Subsection 10.1 hereof, and agrees with the Lender to be substituted for the Company with respect to, the due and punctual payment of the principal of and premium, if any, and interest on the Notes and the due and punctual performance and observance of all the obligations, liabilities and covenants of the Company contained in this Agreement (other than in Subsection 6.17 hereof), in the Notes and in the Security Deposit Agreement, (B) pays to the Lender a sum sufficient to pay all matured installments of interest upon the Notes and the principal of the Notes which shall have become due otherwise than by acceleration and any and all other amounts then due and payable under this Agreement (other than the principal of the Notes which shall have become due by acceleration), (C) expressly acknowledges and agrees in writing that the Box-cars are subject to the lien and security interest created by this Agreement and that all Use Fees

payable by it pursuant to the Box-car Agreement shall continue to be payable by it on the terms and conditions of the Box-car Agreement, as if the D&M had not assumed the obligations of the Company and been substituted for the Company hereunder, (D) records and files at its sole expense, with the Interstate Commerce Commission in conformity with Title 49, Section 11303, United States Code, and in such other public offices as the Lender may reasonably request, the assumption agreement and such other documents as the Lender shall request in order to maintain and preserve the lien and security interest created by this Agreement in the Collateral, and (E) furnishes to the Lender documents and opinions of counsel corresponding to those referred to in clauses (i), (ii) and (v) of Subsection 4.1(b) hereof and clauses (vii) and (viii) of Subsection 4.2(c) hereof, modified to the extent necessary to be applicable to such assumption and satisfactory in form and substance to the Lender, then the Lender shall waive all Defaults and Events of Default and rescind and annul such declaration and its consequences; but no such waiver or rescission and amendment shall extend to or shall affect any subsequent default by the D&M or shall impair any right consequent thereon.

SECTION 9. REMEDIES

If an Event of Default shall occur and be continuing:

(a) All payments received by the Company in connection with or arising out of any of the Collateral shall be held by the Company in trust for the Lender, shall be segregated from other funds of the Company and shall forthwith upon receipt by the Company be turned over to the Lender, in the same form as received by the Company (duly indorsed by the Company to the Lender, if required); any and all such payments so received by the Lender (whether from the Company or otherwise) may, in the sole discretion of the Lender, be held by the Lender as collateral security for the Obligations, and/or then or at any time thereafter applied in whole or in part by the Lender against all or any part of the Obligations then due in such order as the Lender shall elect. Any balance of such payments held by the Lender and remaining after payment in full of all the Obligations shall be paid over to the Company or to whomsoever may be lawfully entitled to receive the same;

(b) The Lender may institute suits, actions and proceedings for the collection of all amounts then payable in respect of the Obligations, and, subject to and in accordance with the provisions of Subsection 10.1 hereof, enforce any judgment obtained;

(c) The Lender may exercise in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Uniform Commercial Code of the State of New York. Without limiting the generality of the foregoing, the Company expressly agrees that in any such event the Lender, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Company or any other Person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral or any part thereof and may take possession of the Box-cars and/or may forthwith sell, assign, give option or options to purchase, or sell, lease or otherwise dispose of and deliver the Collateral, or any part thereof, in any manner permitted by applicable law (or contract to do so) in one or more parcels at public or private sale or sales, at the office of any broker or at any of the Lender's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk, with the right of the Lender upon any such sale or sales, public or private, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Company after such sale or sales, which right or equity of redemption is hereby expressly waived or released. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonably and properly given if mailed at least ten (10) days before such disposition, postage prepaid, addressed to the Company at the address set forth in Subsection 10.3 hereof. The Company further agrees, at the Lender's request, to collect the Box-cars (to the extent possible) and make them available to the Lender at places which the Lender shall reasonably select. The Lender shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization and sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safekeeping or otherwise of any or all of the Collateral or in any way relating to the rights of the Lender hereunder, including reasonable attorney's fees and legal expenses, to the payment in whole or in part of the Obligations, in such order as the Lender may elect, and only after

so applying such net proceeds, after payment in full of the Obligations and after the payment by the Lender of any other amount required by any provision of law, including Section 9-504(1)(c) of the Uniform Commercial Code of the State of New York, need the Lender account for the surplus, if any, to the Company. To the extent permitted by applicable law, the Company waives all claims, damages and demands against the Lender arising out of the repossession, retention or sale of the Collateral. If the proceeds of any sale or disposition of the Collateral are insufficient to pay in full all of the Obligations, the Company shall remain liable for the unpaid portion thereof to the extent, if any, that such unpaid Obligations are recourse to the Company under the provisions of Subsection 10.1 hereof. The Company hereby waives presentment, demand, protest and any notice (to the extent permitted by applicable law) of any kind in connection with this Agreement or any Collateral; and

(d) Beyond the use of reasonable care in the custody thereof the Lender shall not have any duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of it or as to any income therefrom.

SECTION 10. MISCELLANEOUS

10.1 Nature of Obligations. Any provision of this Agreement to the contrary notwithstanding (except as hereinafter provided), no recourse shall be had against the Company personally or against any incorporator, shareholder, officer or director of the Company for any obligation of the Company under or in respect of this Agreement or any of the Notes, it being expressly understood that, as respects the aforementioned Persons, such obligations are non-recourse obligations enforceable only against the Collateral; provided, however, that notwithstanding the foregoing, full recourse shall be had against the Company personally (a) for all obligations of the Company under Subsections 6.6, 6.8(a), 7.3(b), and 10.2 hereof, and (b) for all losses, damages and expenses suffered or incurred by the Lender as a result of (i) any breach by the Company of any of its other covenants or agreements contained in this Agreement (except the agreements contained in the proviso of Subsection 6.17(a) and in the second sentence of Subsection 6.17(b)), or (ii) any representation or warranty made by the Company in this Agreement or made by the Company or any officer thereof in any document, certificate or statement furnished under or in

connection with this Agreement being untrue in any material respect when made. Nothing contained in this Subsection 10.1 shall limit the right of the Lender to seek injunctive or other equitable relief with respect to any of the Company's obligations, representations or warranties.

Notwithstanding the foregoing provisions of this Subsection 10.1, the Company may at any time, by written notice to the Lender, elect to become personally liable for all or a specified portion of the principal of, premium, if any, and interest on the Notes, whereupon the portion of the principal of, premium, if any, and interest on the Notes specified in such notice shall, without further act, immediately and irrevocably become full recourse obligations of the Company enforceable against it and its assets, anything contained in this Agreement or the Notes to the contrary notwithstanding. In such an event, the Lender may endorse on the Notes a legend specifying the full or partial recourse nature thereof, and the Company shall execute such legend.

10.2 Reimbursement of Lender. The Company agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, or reimburse the Lender for, all out-of-pocket expenses (including the reasonable legal fees and disbursements of counsel for the Lender) incurred by the Lender in connection with the preparation, execution, enforcement (or the preservation of any rights hereunder) and any modification of this Agreement, any Supplement, the Notes, the Box-car Agreement and the Security Deposit Agreement. The Company also agrees to pay, and to save the Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying, documentary, excise, recording, filing, stamp or similar taxes, fees and other governmental charges (including interest and penalties), if any, which may be payable or determined to be payable in respect of the execution, delivery or recording of this Agreement, any Supplement, the Notes, the Box-car Agreement, the Security Deposit Agreement or any modification of any thereof or any waiver or consent under or in respect of any thereof. The obligations of the Company under this Subsection 10.2 shall survive payment of the Notes and termination of this Agreement.

10.3 Notices. Except as otherwise expressly provided herein, all notices, requests and demands to or upon the respective parties to this Agreement shall be deemed to have been given or made when delivered by hand or deposited in the mail, first class postage prepaid, or in the case of

telegraphic notice, when delivered to the telegraph company, or in the case of telex notice, when sent, addressed as follows or to such other address as may be hereafter designated in writing by the respective parties hereto:

The Company	Hillman Manufacturing Company P.O. Box 510 Brownsville, Pennsylvania 15417 Attention: Secretary
	With copies to:
	Operating Lease Services, Inc. c/o Gollust & Tierney, Inc. Suite 4510 30 Rockefeller Plaza New York, New York 10020 Attention: Paul E. Tierney, Jr.
	Detroit & Mackinac Railway Company 120 Oak Street Tawas City, Michigan 48763 Attention: Charles A. Pinkerton, III
The Lender	Manufacturers Hanover Leasing Corporation 30 Rockefeller Plaza New York, New York 10020 Attention: Vice President Credit Department Eastern United States Telex: 127578

10.4 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Lender, any right, power or privilege under this Agreement, any Note, any Supplement or any of the Collateral shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

The rights and remedies provided herein and therein are cumulative and not exclusive of any rights or remedies provided by law.

10.5 Acquisition for Investment. The Lender represents that it is acquiring the Notes in the ordinary course of its commercial lending business for its own account for investment and not with a view to, or for sale in connection with, the distribution of any of the Notes, nor with any present intention of selling any of the Notes, but subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control.

10.6 Amendments and Waivers. The provisions of this Agreement may from time to time be amended, supplemented or otherwise modified or waived only by a written agreement signed by the Company and the Lender.

10.7 Successors. This agreement shall be binding upon and inure to the benefit of the Company and the Lender and their respective successors and assigns, except that the Company may not transfer or assign any of its rights hereunder without the prior written consent of the Lender.

10.8 Construction. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

10.9 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, 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 shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.10 Counterparts. This Agreement may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper

and duly authorized officers as of the day and year first above written.

HILLMAN MANUFACTURING COMPANY

Attest:

By _____ Title: Secretary

By _____ Title: Vice President

(Seal)

MANUFACTURERS HANOVER LEASING CORPORATION

Attest:

By _____ Title: ~~V.P.~~ A.S.

By _____ Title V.P.

(Seal)

COMMONWEALTH OF PENNSYLVANIA)
: ss.
COUNTY OF ALLEGHENY)

On this 6th day of November, 1979, before me, the Subscriber, a Notary Public for the Commonwealth of Pennsylvania, personally appeared Steven N. Hutchinson, who acknowledged himself to be the Vice President of HILLMAN MANUFACTURING COMPANY, a corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as

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

(SEAL)

Thelma V. Cypher
Notary Public

THELMA V. CYPHER, NOTARY PUBLIC
PITTSBURGH, ALLEGHENY COUNTY
MY COMMISSION EXPIRES NOV. 8, 1982
Member, Pennsylvania Association of Notaries

STATE OF NEW YORK)
: ss.
COUNTY OF NEW YORK)

On this 5th day of November, 1979, before me personally came John W. Marcus, to me known, who being duly sworn, did depose and say that he resides at 12 E. 86th St. New York, N.Y. ; that he is a Vice President of MANUFACTURERS HANOVER LEASING CORPORATION, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

(SEAL)

Peter A. Lopatin
Notary Public
PETER A. LOPATIN
Notary Public, State of New York
No. 31-4632799
Qualified in New York County
Commission Expires March 30, 1980

SCHEDULE I

Prepayment Premiums

If Prepayment is Made on:	Percentage of Principal Amount
June 30 1980	11.75%
September 30, 1980	11.55
December 31, 1980	11.35
March 31, 1981	11.15
June 30, 1981	10.94
September 30, 1981	10.74
December 31, 1981	10.54
March 31, 1982	10.34
June 30, 1982	10.13
September 30, 1982	9.93
December 31, 1982	9.73
March 31, 1983	9.53
June 30, 1983	9.32
September 30, 1983	9.12
December 31, 1983	8.92
March 31, 1984	8.72
June 30, 1984	8.51
September 30, 1984	8.31
December 31, 1984	8.11
March 31, 1985	7.91
June 30, 1985	7.70
September 30, 1985	7.50
December 31, 1985	7.30
March 31, 1986	7.10
June 30, 1986	6.89
September 30, 1986	6.69
December 31, 1986	6.49
March 31, 1987	6.29
June 30, 1987	6.08
September 30, 1987	5.88
December 31, 1987	5.68
March 31, 1988	5.47
June 30, 1988	5.27
September 30, 1988	5.07
December 31, 1988	4.87
March 31, 1989	4.66
June 30, 1989	4.46
September 30, 1989	4.26
December 31, 1989	4.06

If Prepayment is Made on:	Percentage of Principal Amount
March 31, 1990	3.85%
June 30, 1990	3.65
September 30, 1990	3.45
December 31, 1990	3.25
March 31, 1991	3.04
June 30, 1991	2.84
September 30, 1991	2.64
December 31, 1991	2.44
March 31, 1992	2.23
June 30, 1992	2.03
September 30, 1992	1.83
December 31, 1992	1.63
March 31, 1993	1.42
June 30, 1993	1.22
September 30, 1993	1.02
December 31, 1993	.82
March 31, 1994	.61
June 30, 1994	.41
September 30, 1994	.21

EXHIBIT A

[Form of Interim Note]

HILLMAN MANUFACTURING COMPANY

$ New York, New York

, 19

FOR VALUE RECEIVED, HILLMAN MANUFACTURING COMPANY (the "Company") hereby promises to pay to the order of MANUFACTURERS HANOVER LEASING CORPORATION (the "Lender") at its office at 30 Rockefeller Plaza, New York, New York, in lawful money of the United States of America, the principal amount of DOLLARS ($) on March 31, 1980. The undersigned further promises to pay interest at said office, in like money, on the unpaid principal amount hereof from the date hereof at the rate of 11-3/4% per annum, provided that whenever any such unpaid principal amount shall become due and payable (whether at maturity, by prepayment, by acceleration or otherwise), interest thereon shall thereafter be payable at the rate of 18% per annum until such overdue principal amount shall be paid in full. Interest shall be payable at the maturity hereof, and after maturity on demand.

This Note is one of the Interim Notes of the Company issued pursuant to the Loan and Security Agreement dated as of October 23, 1979 between the Company and the Lender, as the same may from time to time be amended, supplemented or otherwise modified (the "Agreement"), is entitled to the benefits thereof and is subject to prepayment under certain conditions, in whole or in part, without premium.

This Note, together with the other Notes referred to in the Agreement, is secured by the Collateral described in the Agreement. Reference is made to the Agreement for a description of the nature and extent of the security for this Note and the rights of the holder hereof with respect to such security.

Upon the occurrence of any one or more of the Events of Default specified in the Agreement, the amounts then remaining unpaid on this Note may be declared to be immediately due and payable as provided in the Agreement.

Any provision of this Note to the contrary notwithstanding, no recourse shall be had for the payment of the principal of or any interest on this Note against the Company personally or against any incorporator, shareholder, officer or director of the Company, the Lender agreeing that it will look solely to the Collateral (as defined in the Agreement) and the proceeds thereof for the payment of this Note.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

HILLMAN MANUFACTURING COMPANY

By_____
Title:

EXHIBIT B

[Form of Consolidated Note]

HILLMAN MANUFACTURING COMPANY

$ New York, New York

, 19

FOR VALUE RECEIVED, HILLMAN MANUFACTURING COMPANY (the "Company") hereby promises to pay to the order of MANUFACTURERS HANOVER LEASING CORPORATION (the "Lender") at its office at 30 Rockefeller Plaza, New York, New York, in lawful money of the United States of America, the principal amount of DOLLARS ($), and to pay interest at said office, in like money, on the unpaid principal amount hereof from the date hereof at the rate of 11-3/4% per annum. Such principal and interest shall be due and payable in 59 consecutive quarterly installments of principal and interest, each in the amount of $, on the last day of March, June, September and December in each year, commencing June 30, 1980, provided that, in any event, the final quarterly installment shall be in an amount sufficient to pay in full all accrued interest on, and the entire unpaid principal amount of, this Note, and provided further, that in the event any partial prepayment of this Note is made pursuant to Subsection 2.5 or 2.6 of the Agreement referred to below, each installment due and payable on this Note after such partial prepayment shall be reduced in the same proportion as the then outstanding principal amount of this Note shall have been reduced by such partial prepayment. Each payment with respect to this Note shall be applied first to the payment of interest hereon then due and payable and then to the payment of principal. Interest on any overdue principal of and premium, if any, on this Note shall be payable from the due date thereof at the rate of 18% per annum for the period during which such principal or premium shall be overdue.

This Note is the Consolidated Note of the Company issued pursuant to the Loan and Security Agreement dated as of October 23, 1979 between the Company and the Lender, as the same may from time to time be amended, supplemented or otherwise modified (the "Agreement"), is entitled to the benefits thereof and is subject to prepayment, in whole

or in part, in certain cases without premium and in other cases with a premium as provided therein.

This Note is secured by the Collateral described in the Agreement. Reference is made to the Agreement for a description of the nature and extent of the security for this Note and the rights of the holder hereof with respect to such security.

Upon the occurrence of any one or more of the Events of Default specified in the Agreement, the amounts then remaining unpaid on this Note may be declared to be immediately due and payable as provided in the Agreement.

Any provision in this Note to the contrary notwithstanding, no recourse shall be had for the payment of the principal of or any premium or interest on this Note against the Company personally or against any incorporator, shareholder, officer or director of the Company, the Lender agreeing that it will look solely to the Collateral (as defined in the Agreement) and the proceeds thereof for the payment of this Note.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

HILLMAN MANUFACTURING COMPANY

By_____
Title:

EXHIBIT C

[Form of Legal Opinion of
Counsel to the Company]

, 19

Manufacturers Hanover Leasing
Corporation
30 Rockefeller Plaza
New York, New York 10020

Dear Sirs:

I am the General Counsel of Hillman Manufacturing Company, a Pennsylvania corporation (the "Company"), and I have acted as its counsel in connection with the execution and delivery of the Loan and Security Agreement dated as of October 23, 1979 between the Company and you (the "Agreement").

This opinion is furnished to you pursuant to clause (viii) of Subsection 4.2(c) of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, I have examined executed counterparts of the Agreement and Supplement No. 1 thereto, the Interim Note executed and delivered by the Company to you on the date hereof, the Box-car Agreement, the Purchase Agreement, the Security Deposit Agreement and such closing documents, corporate documents and records of the Company, certificates of public officials and such other documents as I have deemed necessary or appropriate for the purposes hereof.

Based upon the foregoing, I am of the opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.

2. The Company has full power, authority and legal right to own its properties and to conduct its business as now conducted, to execute, deliver and perform the Agreement, the Supplements, the Notes, the Box-car

Agreement, the Purchase Agreement and the Security Deposit Agreement, and the Company has taken all necessary corporate action to authorize the execution, delivery and performance of the Agreement, the Supplements, the Notes, the Box-car Agreement, the Purchase Agreement and the Security Deposit Agreement. No consent of any other party (including stockholders of the Company) and no consent, license, approval or authorization of, exemption by, or filing, registration or declaration with, any governmental authority of the United States of America or the Commonwealth of Pennsylvania is required in connection with the execution, delivery or performance by the Company of the Agreement, the Supplements, the Notes, the Box-car Agreement, the Purchase Agreement or the Security Deposit Agreement, except for (i) the filings and recordings referred to in paragraph 7 below, and (ii) filings or recordings with the Interstate Commerce Commission, as to which I express no opinion.

3. The Agreement, Supplement No. 1 thereto, the Interim Note executed and delivered by the Company to you on the date hereof, the Box-car Agreement, the Purchase Agreement and the Security Deposit Agreement have each been duly executed and delivered by the Company and each of such documents constitutes a legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally.

4. The execution, delivery and performance by the Company of the Agreement, the Supplements, the Notes, the Box-car Agreement, the Purchase Agreement and the Security Deposit Agreement will not violate any provision of any Federal or Pennsylvania law or regulation or of any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to the Company or of the Certificate of Incorporation, By-Laws or any preferred stock provision of the Company or of any mortgage, indenture, contract or other agreement to which the Company is a party or which is binding upon the Company or any of its properties or assets, will not constitute a default thereunder, and (except as contemplated by the Agreement) will not result in the creation or imposition of any Lien on any of the properties or assets of the Company.

5. There are no actions, suits or proceedings (whether or not purportedly on behalf of the Company) pending or, to the best of my knowledge, threatened against the Company or any of its properties or assets in any court or before any arbitrator or before or by any governmental body, which (i) relate to any of the Collateral or to any of the transactions contemplated by the Agreement, or (ii) would, if adversely determined, have a material adverse effect on the financial condition, business or operations of the Company.

6. The Company has good and marketable title to, and is the lawful owner of, the Box-cars numbered through (inclusive), free and clear of all Liens whatsoever except the lien and security interest created by the Agreement and Permitted Liens.

7. Financing statements with respect to your security interest in the Box-car Agreement have been duly filed in the offices of the Secretary of the Commonwealth of Pennsylvania and of the Prothonotaries of Allegheny and Fayette Counties, Pennsylvania, and no other financing statement asserting the grant by the Company of a security interest in the Box-car Agreement (or in the Proceeds thereof) has been so filed. No other filing, registration or recording or other action is necessary in order to perfect, protect and preserve, as security for the Obligations, the lien on and security interest in the Box-car Agreement and the Proceeds thereof created by the Agreement, except for filings or recordings with the Interstate Commerce Commission, as to which I express no opinion, and except that continuation statements must be filed within six months prior to the expiration of the five-year periods following the dates of filing of the financing statements filed with the Secretary of the Commonwealth of Pennsylvania and in the offices of the Prothonotaries of Allegheny and Fayette Counties, Pennsylvania, respectively. The Agreement constitutes a legal, valid and perfected first lien on and first priority security interest in the Box-cars numbered through (inclusive), the Box-car Agreement and the Proceeds thereof, as security for the Obligations, prior to all other Liens.

In rendering the opinion expressed in paragraph 6 above, I have assumed that at the time of delivery thereof

by the Builder to the Company, the Box-cars referred to in said paragraph were free and clear of all claims, liens and encumbrances of any kind except the security interest retained by the Builder under the Purchase Agreement, the rights of the D&M under the Box-car Agreement and the rights of the Lender under the Agreement and that the Builder's bill of sale relating to such Box-cars was effective to transfer to the Company good and marketable title to each such Box-car. In rendering the opinions with respect to the Box-car Agreement expressed in the second and third sentences of paragraph 7 above, I have assumed that the Lender has taken possession of the only executed counterpart of the Box-car Agreement bearing the Lender's receipt therefor on the signature page thereof. In rendering the opinion expressed in the last sentence of paragraph 7 above, I have relied as to matters governed by Title 49 of the United States Code, and as to the filings and recordings with the Interstate Commerce Commission (and as to the absence of any other filings and recordings), without independent verification, upon the opinion of Messrs. Arent, Fox, Kintner, Plotkin & Kahn, delivered to you on the date hereof pursuant to clause (viii) of Subsection 4.2(c) of the Agreement.

Insofar as the opinions expressed above relate to the laws of the State of New York, I have assumed, but not verified, that such laws do not differ from the laws of the Commonwealth of Pennsylvania.

Very truly yours,

EXHIBIT D

[Form of Legal Opinion of Special Counsel to the Company]

, 19

Manufacturers Hanover Leasing Corporation
30 Rockefeller Plaza
New York, New York 10020

Dear Sirs:

We have acted as special counsel for Hillman Manufacturing Company, a Pennsylvania corporation (the "Company"), in connection with the execution and delivery of the Loan and Security Agreement dated as of October 23, 1979 between the Company and you (the "Agreement").

This opinion is furnished to you pursuant to clause (viii) of Subsection 4.2(c) of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, we have been furnished and submitted to the Interstate Commerce Commission ("ICC") for filing and recordation (which filing and recordation was accepted by the ICC) executed counterparts of the Agreement and Supplement No. 1 thereto (the "Supplement"), and the Box-car Agreement.

Based upon the foregoing, we are of the opinion that:

1. The Agreement, the Supplement and the Box-car Agreement have been duly filed and recorded with the ICC in accordance with Section 11303, Title 49 of the United States Code, and no other agreement or document has been so filed or recorded as of the date hereof asserting a grant by the Company of an interest in or a lien on the Box-cars numbered through (inclusive) or the Box-car Agreement. Financing statements with respect to your security interest in the Box-car Agreement have been duly filed in the offices of the Secretary of the Commonwealth of Pennsylvania and the Prothonotary of Allegheny County, Pennsylvania, and no other financing statement asserting a grant by the Company of a security interest in the Box-car Agreement

(or in the Proceeds thereof) has been so filed. No other filing, registration or recording is necessary in order to perfect, protect and preserve, as security for the Obligations, the lien on and security interest in the Box-cars numbered through (inclusive), the Box-car Agreement and the Proceeds thereof created by the Agreement, except that continuation statements must be filed within six months prior to the expiration of each five-year period following the dates of filing of the financing statements filed with the Secretary of the Commonwealth of Pennsylvania and in the offices of the Prothonotaries of Allegheny and Fayette Counties, Pennsylvania, respectively.

2. The Agreement constitutes a legal, valid and perfected first lien on and first priority security interest in the Box-cars numbered through (inclusive), the Box-car Agreement and the Proceeds thereof, as security for the Obligations, prior to all other Liens.

3. No filing or recording with the ICC is necessary in order to perfect, protect and preserve your lien on and security interest in the moneys and investments at any time on deposit in the Security Deposit Account established by the Security Deposit Agreement.

In rendering the opinions expressed above, we have relied as to matters governed by the Uniform Commercial Code of the Commonwealth of Pennsylvania and as to the filings with the Secretary of the Commonwealth of Pennsylvania and in the offices of the Prothonotaries of Allegheny and Fayette Counties, Pennsylvania (and as to the absence of any other filings) upon the opinion of H. Vaughan Blaxter, III, Esq., General Counsel of the Company, delivered to you on the date hereof pursuant to clause (viii) of Subsection 4.2(c) of the Agreement and as to filings with the ICC (and as to the absence of any other filings) upon the certificate of Transportation Traffic Services, Inc., as to which we believe we, you, and your counsel are justified in relying.

Very truly yours,

EXHIBIT E

[Form of Legal Opinion of
Counsel to Detroit & Mackinac
Railway Company]

, 19

Manufacturers Hanover Leasing
Corporation
30 Rockefeller Plaza
New York, New York 10020

Dear Sirs:

I am counsel for the Detroit & Mackinac Railway Company (the "Railroad") and have acted as its counsel in connection with the execution and delivery of the Boxcar Agreement dated as of October 23, 1979 between Hillman Manufacturing Company and the Railroad (the "Box-car Agreement").

In connection with this opinion, I have examined the Box-car Agreement and such corporate documents and records of the Railroad, certificates of public officials and such other documents as I have deemed necessary or appropriate for the purposes hereof.

Based upon the foregoing, I am of the opinion that:

1. The Railroad is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan.

2. The Railroad has full power, authority and legal right to own its properties and to conduct its business as now conducted, and to execute, deliver and perform the Box-car Agreement.

3. The Railroad is duly authorized to execute and deliver the Box-car Agreement, and is duly authorized to use the Equipment (as defined in the Box-car Agreement) thereunder and to perform its obligations thereunder.

4. The execution and delivery of the Box-car Agreement by the Railroad, and the performance by the Railroad of its obligations thereunder, do not and will

not conflict with any provision of law or the charter or by-laws of the Railroad or any indenture, mortgage, deed of trust or agreement or instrument binding upon the Railroad or to which the Railroad is a party.

5. The execution, delivery and performance of the Box-car Agreement by the Railroad and the consummation by the Railroad of the transactions contemplated thereby do not require the consent, approval or authorization of, or notice to, any federal or state governmental authority or public regulatory body or any other party (including the stockholders of the Railroad).

6. The Box-car Agreement is a legal, valid and binding obligation of the Railroad enforceable in accordance with its terms (except as enforceability may be affected by bankruptcy, reorganization, insolvency or similar laws affecting the rights of creditors generally).

7. There are not to my knowledge any pending or threatened actions or proceedings before any court or administrative agency which will, in my opinion, to a material extent adversely affect the financial condition or continued operation of the Railroad and its subsidiaries on a consolidated basis.

Very truly yours,

EXHIBIT F

SECURITY DEPOSIT AGREEMENT

SECURITY DEPOSIT AGREEMENT dated as of , 1979 among Hillman Manufacturing Company (the "Company"), Manufacturers Hanover Leasing Corporation (the "Lender"), and Bank, as agent for the Lender under this Agreement (the "Agent").

W I T N E S S E T H :

WHEREAS, the Lender and the Company have entered into a Loan and Security Agreement dated as of October 23, 1979 (herein, as the same may be amended, supplemented or modified from time to time, called the "Loan and Security Agreement"), pursuant to which the Lender has agreed to make loans to the Company in an aggregate amount not exceeding $ in order to finance the purchase by the Company of up to 240 railroad box-cars; and

WHEREAS, all right, title and interest of the Company in, to and under the Boxcar Agreement dated as of October 23, 1979 (the "Box-car Agreement") between the Company and the Detroit & Mackinac Railway Company (the "D&M"), including all Use Fees (as defined in the Loan and Security Agreement) and similar charges, rents, revenues and other amounts due and to become due to the Company thereunder, have been assigned by the Company to the Lender by the provisions of Section 5 of the Loan and Security Agreement as collateral security for the prompt and complete payment of the Obligations (as defined in the Loan and Security Agreement); and

WHEREAS, pursuant to the provisions of the Loan and Security Agreement and related documents, amounts payable to the Company under the Box-car Agreement are to be paid directly to the Lender by deposit in the Security Deposit Account established and maintained pursuant to this Agreement; and

WHEREAS, the Loan and Security Agreement requires, as a condition to the Lender's obligation to make the initial Loan thereunder, that this Agreement shall have been duly executed and delivered by each of the parties hereto; and

WHEREAS, Bank has agreed to act as Agent for the Lender pursuant to the terms of this Agreement;

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

ARTICLE ONE

1.1 Appointment of Agent. The Lender hereby appoints Bank as its agent under this Agreement and hereby authorizes the Agent to take such action on the Lender's behalf and to exercise such powers and perform such duties hereunder as are specifically delegated to or required of the Agent by the terms hereof, together with such powers as are reasonably incidental thereto. Bank agrees to act as the agent of the Lender on the terms and conditions of this Agreement.

ARTICLE TWO

2.1 Security Deposit Account. (a) Concurrently with the execution and delivery of this Agreement there shall be established by the Lender with the Agent a cash collateral account entitled "Hillman Manufacturing Company - Security Deposit Account" (the "Security Deposit Account"), which Security Deposit Account shall be maintained at all times until termination thereof in accordance with Section 2.3 hereof. All moneys and securities in the Security Deposit Account shall constitute collateral security for the payment by the Company of the Obligations and shall at all times be subject to the control of the Lender, acting through the Agent in accordance with the provisions of this Agreement, provided that the Agent shall act with respect to the Security Deposit Account in accordance with the terms of this Agreement.

(b) All moneys at any time deposited in the Security Deposit Account, whether by the D&M under the Box-car Agreement or by the Company or by any other person, and all interest or other income earned with respect thereto, are herein called the "Pledged Deposits".

(c) The Company hereby assigns, delivers, pledges and conveys to the Lender, and grants to the Lender a security interest in, the Pledged Deposits as collateral security for the prompt and unconditional payment in full of the Obligations.

(d) The Company shall not have any rights or powers with respect to the Pledged Deposits or any part thereof, except (i) as provided in Section 2.3 hereof, (ii) the right to have the Pledged Deposits applied to the payment of the Obligations in accordance with the provisions of Section 2.2 hereof and (iii) the right to receive the excess of the proceeds of any sale of investments over the cost thereof to the extent permitted by the provisions of Section 3.1(c) hereof.

2.2 Application of Pledged Deposits. (a) The Pledged Deposits shall be accumulated in the Security Deposit Account and paid over by the Agent to the Lender for application by the Lender to the payment of the Obligations as and when the Obligations become due and payable (whether at the maturity thereof or by prepayment, acceleration or otherwise); provided, however, that so long as the Agent shall not have been notified by the Lender that a Default or Event of Default under the Loan and Security Agreement has occurred and is continuing, any amounts on deposit in the Security Deposit Account in excess of the total payments required to be made with respect to the Obligations within the next succeeding three months as specified by the Lender (herein called "Excess Amounts") (i) shall, upon receipt by the Agent of a certificate of the D&M, signed by its President or an Executive Vice President, certifying that on the date of such certificate a specified amount was due and owing to it by the Company under the Box-car Agreement and had not been paid, be paid by the Agent to the D&M in such specified amount or such lesser amount as shall then constitute all of the Excess Amounts, and (ii) on the last day of any calendar quarter, to the extent not applied for the purpose specified in clause (i) of this Section 2.2(a), shall, upon written request of the Company delivered to the Agent, be paid by the Agent to the Company. The Lender shall initially provide the Agent with a schedule listing the dates on which the Obligations become due and payable and the amount of the Obligations becoming due and payable on each such date, which schedule may be amended from time to time by the Lender by written notice to the Agent. A copy of such schedule and of each amendment thereto shall be delivered by the Lender to the Company.

(b) Notwithstanding the provisions of paragraph (a) of this Section 2.2, if the Lender shall at any time notify the Agent that an Event of Default under the Loan and Security Agreement has occurred and is continuing, then none of the Pledged Deposits (including, without limitation, the Excess Amounts) shall be distributed to any party except the Lender and the Agent shall, if and to the extent requested by the Lender, from time to time promptly withdraw the Pledged Deposits (including the Excess Amounts) from the Security Deposit Account and deliver the same to the Lender, such Deposits to be applied by the Lender to the payment of the Obligations in such order as it may determine.

2.3 Release of Pledge and Control of Pledged Deposits. When the Obligations have been satisfied and paid in full, the Lender shall instruct the Agent to distribute the funds then on deposit in the Security Deposit Account to the Company. The Agent agrees to distribute such funds to the Company upon receipt of such instruction, whereupon the Security Deposit Account shall terminate.

ARTICLE THREE

3.1 Investment. (a) Cash held by the Agent in the Security Deposit Account (i) shall not be invested or reinvested except as provided in the following paragraph (b), and (ii) shall not bear interest.

(b) The Agent is hereby authorized and directed (unless the Lender shall have notified the Agent that a Default or Event of Default under the Loan and Security Agreement has occurred and is continuing), to the fullest extent practicable and reasonable, to invest or reinvest any cash held in the Security Deposit Account, in accordance with written instructions of the Company in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or any agency thereof, money instruments of United States banks with assets of at least $1,000,000,000, investment grade commercial paper and similar securities, and repurchase agreements fully secured by any of the foregoing, provided that the Agent shall be under no obligation to make any investment in an amount less than $10,000.

(c) The Agent shall sell all or any designated part of the securities held in the Security Deposit Account if (i) so directed by the Company by the delivery of a written request or (ii) at any time proceeds thereof are required for any withdrawal under Article Two of this Agreement. If

any such sale (or any payment at maturity) produces a net sum less than the cost (including accrued interest paid as such) of the securities so sold or paid, the Agent shall give written notice of such deficiency to the Company and the Company shall promptly pay to the Agent cash in an amount equal to such deficiency for deposit in the Security Deposit Account. The Agent shall not be liable for any depreciation in the value of any such securities. If any such sale (or any payment at maturity) produces a net sum greater than the cost (including accrued interest paid as such) of the securities so sold or paid, the Agent shall, unless the Lender shall have notified the Agent that a Default or Event of Default under the Loan and Security Agreement has occurred and is continuing, promptly pay the excess to the Company.

(d) All such securities, the interest thereon, and the net proceeds of the sale or payment thereof (to the extent such interest and proceeds shall not have been paid to the Company in accordance with the terms hereof) plus any deficiency paid by the Company to the Agent shall be held in the Security Deposit Account for the same purposes as the cash used to purchase such securities.

ARTICLE FOUR

4.1 The Agent's Fees, Expenses and Responsibilities. (a) The Company agrees to pay the reasonable fees and expenses of the Agent (including reasonable counsel fees) incurred in connection with its execution and delivery of this Agreement and the performance of its duties hereunder. The duties of the Agent are only such as are specifically provided herein or as provided by any written instructions herein provided for signed by the party hereto who is authorized hereunder to deliver such instructions to the Agent, and no implied covenants or obligations shall be read into this Agreement against the Agent. The Agent shall have no liability hereunder except for the performance by it in good faith of the acts to be performed by it hereunder and except for its own willful default or misconduct or gross negligence. In accepting this agency, the Agent acts solely as the agent of the Lender and not in its individual capacity. No provision of this Agreement shall require the Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment

of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. In the event the Agent shall become involved in any litigation relating to the Pledged Deposits, the Agent is authorized to comply with any final order or decree entered in such litigation.

(b) The Agent shall be under no responsibility with respect to any of the moneys deposited with it hereunder other than to comply with the specific duties and responsibilities herein set forth or set forth in written instructions herein provided for and, without limiting the generality of the foregoing, the Agent shall have no obligation or responsibility to determine (i) the correctness of any notice, statement or calculation made by the Company or the Lender, (ii) whether any deposit in the Security Deposit Account is proper or (iii) whether any Pledged Deposits paid to the Lender or to the D&M pursuant hereto are properly applied by the Lender or the D&M, as the case may be. The Agent may consult with counsel and shall be fully protected in respect of any action taken, suffered or omitted by it in accordance with counsel's advice. The Company hereby assumes liability for and agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify and hold harmless the Agent from and against any and all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, suits, costs, expenses and disbursements (including counsel fees and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted at any time against the Agent and in any way relating to or arising out of this Agreement or the administration of the Security Deposit Account or the action or inaction of the Agent hereunder, except only that the Company shall not be required to indemnify the Agent in the case of willful default or misconduct or gross negligence on the part of the Agent. The indemnities contained in this Section 4.1(b) shall survive the termination of this Agreement. The Agent shall not be required to institute legal proceedings of any kind. The Agent shall have no responsibility for the genuineness or validity of any document, notice, request, instruction or other item delivered to it and shall be fully protected in acting in accordance with written schedules, notices, requests or instructions given to it hereunder and believed by it to have been signed by the proper party or parties.

4.2 Notices. All notices, instructions and other communications to any party hereto shall be in writing and may be made or delivered in person, or by first class mail addressed to such party as provided below (or to such other address as such party may hereafter specify in a written

notice to the other parties hereto), or by telex dispatched to such party at the number set forth below (or at such other number as such party may hereafter specify in a written notice to the other parties hereto):

The Company:

Hillman Manufacturing Company
P.O. Box 510
Brownsville, Pennsylvania 15417
Attention: Secretary

With a copy to:

Operating Lease Services, Inc.
c/o Gollust & Tierney, Inc.
Suite 4510
30 Rockefeller Plaza
New York, New York 10020
Attention: Paul E. Tierney, Jr.

The Lender:

Manufacturers Hanover Leasing
Corporation
30 Rockefeller Plaza
New York, New York 10020

Telex No.: 127578

The Agent:

Telex No.:

The D&M:

Detroit & Mackinac Railway Company
120 Oak Street
Tawas City, Michigan 48763
Attention: Charles A. Pinkerton, III

All notices, instructions and other communications shall be deemed given when received by the party to whom addressed.

4.3 Amendments and Supplements. No agreement shall be effective to amend, supplement or discharge in whole or in part this Agreement unless such agreement is in writing and signed by the parties hereto. This Agreement shall be binding upon the parties hereto and their respective successors and assigns, and shall inure to the benefit of the parties hereto, the D&M (with respect to Section 2.2(a) hereof) and their respective successors and assigns.

4.4 Resignation, Removal and Succession of Agent. (a) The Agent may resign without cause at any time and be fully discharged from its duties hereunder by giving 30 days' prior written notice to the Lender. The Agent may be removed without cause at any time by the Lender upon 10 days' prior written notice by the Lender to the Agent. The Lender agrees to furnish the Company and the D&M with copies of all notices given or received by it pursuant to this paragraph (a).

(b) If any notice of resignation or of removal shall have been given pursuant to paragraph (a) of this Section 4.4, then a successor Agent shall be appointed by the Lender.

(c) Upon appointment and acceptance as Agent, each successor Agent shall forthwith, without further act or deed, succeed to all the rights and duties of its predecessor under this Agreement. Such predecessor shall promptly deliver to such successor Agent all moneys and securities held hereunder, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Agent under this Agreement. Upon the written request of the successor Agent or the Lender, and upon payment of all amounts due to the predecessor Agent under this Agreement, such predecessor Agent shall transfer, assign and confirm to the successor Agent all of its rights under this Agreement by executing and delivering from time to time to the successor Agent such further instruments and by taking such other action as may reasonably be deemed by such successor Agent or the Company to be necessary or appropriate in connection therewith.

4.5 Nature of Agency and Security Deposit Account. The Company understands and agrees that the Agent is acting hereunder solely as the agent of the Lender, and that all funds at any time on deposit in the Security Deposit Account are in the possession and control of the Lender through its agent.

4.6 Use of Defined Terms. Terms used herein which are defined in the Loan and Security Agreement shall have the respective meanings set forth in the Loan and Security Agreement, unless otherwise defined herein.

4.7 Representations and Warranties of Agent. The Agent makes no representation or warranty as to the validity, legality or enforceability of this Agreement, the Loan and Security Agreement or of any agreement, certificate or document referred to herein or therein or involved in the transactions contemplated hereby or thereby, or as to the correctness of any statements contained in any such agreement, certificate or document, except that the Agent represents and warrants to the Company and the Lender that this Agreement has been duly executed and delivered by one of its officers who is duly authorized to effect such execution and delivery on its behalf.

4.8 Action by Company. The Company may perform any of its duties hereunder or exercise any of its rights hereunder by and through duly authorized agents specifically designated for such purposes.

4.9 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of this day of 1979.

HILLMAN MANUFACTURING COMPANY

By_____
Title:

MANUFACTURERS HANOVER LEASING CORPORATION

By_____
Title:

BANK

By_____
Title:

EXHIBIT G

BILL OF SALE

WHITTAKER CORPORATION (BERWICK FORGE AND FABRICATING DIVISION) (the "Builder"), in consideration of the sum of One Dollar and other good and valuable consideration paid by Hillman Manufacturing Company (the "Buyer"), receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto the Buyer, its successors and assigns, the following described equipment which has been delivered by the Builder to the Buyer, to wit:

Number of Units	Description	Serial Numbers

TO HAVE AND TO HOLD all and singular the equipment above described to the Buyer, its successors and assigns, for its and their own use and behoof forever.

And the Builder hereby warrants to the Buyer, its successors and assigns, that at the time of delivery to the Buyer the Builder was the lawful owner of said equipment; that title to said equipment is free from all claims, liens and encumbrances and demands suffered by, through, or under the Builder and that the Builder has good right to sell the same as aforesaid; and the Builder covenants that it will warrant and defend such title against all such claims, liens, encumbrances and demands whatsoever.

WHITTAKER CORPORATION
(BERWICK FORGE AND
FABRICATING DIVISION)

By:_____
Title

Dated:_____, 19

EXHIBIT H

Certificate of Acceptance No. ____

Reference is made to (i) the Boxcar Agreement dated as of October 23, 1979 (the "Box-car Agreement") between Hillman Manufacturing Company ("Owner") and Detroit & Mackinac Railway Company ("Railroad"); (ii) the Purchase Agreement between the Owner and Whittaker Corporation (Berwick Forge and Fabricating Division) ("Builder") referred to in the Box-car Agreement; (iii) the Loan and Security Agreement dated as of October 23, 1979 between the Owner and Manufacturers Hanover Leasing Corporation ("Lender"), all relating to up to Two Hundred Forty (240) Special Purpose XF Box-cars ("Units").

The undersigned hereby certifies that:

1. He is an employee of the Railroad duly authorized to receive delivery of, inspect and accept the Units on behalf of the Railroad and the Owner;

2. The Units whose Serial Numbers are listed below (i) have been delivered by the Builder, (ii) have been inspected by the undersigned, (iii) conform to the specifications for the Units referred to in the Purchase Agreement, (iv) conform to all requirements and interchange standards of the Association of American Railroads, the Interstate Commerce Commission and the Department of Transportation, (v) conform to all other specifications and requirements of the Box-car Agreement, (vi) are marked in accordance with the requirements of Section 8 of the Box-car Agreement and Section 6.18 of the Loan and Security Agreement.

The undersigned hereby accepts the Units whose Serial Numbers are listed below on behalf of (a) the Owner pursuant to the Purchase Agreement, and (b) the Railroad pursuant to the Box-car Agreement.

Dated: _____ DETROIT & MACKINAC RAILWAY COMPANY

BY: _____

Total Number of Units:

Serial Numbers of Units:

EXHIBIT I

ICC Recordation No.

SUPPLEMENT NO.

Supplement No. to Loan and Security Agreement ("Agreement") dated as of October 23, 1979 between HILLMAN MANUFACTURING COMPANY ("Company") and MANUFACTURERS HANOVER LEASING CORPORATION ("Lender").

1. This Supplement is executed and delivered pursuant to the Agreement in order more particularly to identify certain of the Collateral in which the Company has granted a lien and security interest to the Lender, and to confirm the lien and security interest created by the Agreement on such Collateral. Any term defined in the Agreement and used herein shall have its defined meaning herein.

2. The Company has assigned, conveyed, mortgaged, pledged and transferred to the Lender and granted to the Lender a security interest in, and does hereby assign, convey, mortgage, pledge and transfer to the Lender and grant to the Lender a security interest in, the following Collateral:

the Box-cars described in the schedule attached hereto and any Proceeds thereof.

3. All the terms and conditions of the Agreement are hereby incorporated in this Supplement and made a part hereof. By their execution and delivery of this Supplement the parties hereto hereby reaffirm all of the terms and conditions of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Supplement on , 19 .

HILLMAN MANUFACTURING COMPANY

By_____
Title:

ATTEST:

_____
Title:

MANUFACTURERS HANOVER LEASING CORPORATION

By_____
Title:

ATTEST:

_____
Title:

EXHIBIT J

CERTIFICATE OF COST

Pursuant to clause (iv) of Subsection 4.2(c) of the Loan and Security Agreement dated as of October 23, 1979 (the "Agreement") between HILLMAN MANUFACTURING COMPANY and MANUFACTURERS HANOVER LEASING CORPORATION (the "Lender"), the undersigned hereby certifies that the Box-car Costs (as defined in the Agreement) of the Box-cars being partially financed with the proceeds of the loan being made by the Lender to the undersigned on the date hereof are as follows:

Number of Units	Description	Identification Nos.	Price Payable to Manufacturer	Other Costs	Box-car Costs

TOTAL BOX-CAR COSTS

The undersigned hereby further certifies that attached hereto are true and complete copies of the invoices of Whittaker Corporation (Berwick Forge and Fabricating Division), identifying the Box-cars described above and specifying the price payable to such manufacturer.

The undersigned hereby further certifies that the other costs set forth above consist solely of transportation costs and legal expenses of the undersigned in an amount not exceeding $500 per Unit.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Certificate this day of , 19 .

HILLMAN MANUFACTURING COMPANY

By_____

Title:

EXHIBIT K

[Form of Legal Opinion of
Counsel to the Company]

, 19

Manufacturers Hanover Leasing
Corporation
30 Rockefeller Plaza
New York, New York 10020

Dear Sirs:

I am the General Counsel of Hillman Manufacturing Company, a Pennsylvania corporation (the "Company"), and I have acted as its counsel in connection with the execution and delivery of the Loan and Security Agreement dated as of October 23, 1979 between the Company and you (the "Agreement").

This opinion is furnished to you pursuant to Subsection 4.3(c) of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, I have examined executed counterparts of the Agreement and Supplement No. 1 thereto (the "Supplement"), the Consolidated Note executed and delivered by the Company to you on the date hereof, the Box-car Agreement, the Purchase Agreement, the Security Deposit Agreement and such closing documents, corporate documents and records of the Company, certificates of public officials and such other documents as I have deemed necessary or appropriate for the purposes hereof.

Based upon the foregoing, I am of the opinion that:

1. The Consolidated Note has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally.

2. The Company has good and marketable title to, and is the lawful owner of, each Box-car described in the Supplement, free and clear of all Liens whatsoever except the lien and security interest created by the Agreement and Permitted Liens.

3. Financing statements with respect to your security interest in the Box-car Agreement have been duly filed in the offices of the Secretary of the Commonwealth of Pennsylvania and of the Prothonotaries of Allegheny and Fayette Counties, Pennsylvania, and no other financing statement asserting the grant by the Company of a security interest in the Box-car Agreement (or in the Proceeds thereof) has been so filed. No other filing, registration or recording or other action is necessary in order to perfect, protect and preserve, as security for the Obligations, the lien on and security interest in the Box-car Agreement and the Proceeds thereof created by the Agreement, except for filings or recordings with the Interstate Commerce Commission, as to which I express no opinion, and except that continuation statements must be filed within six months prior to the expiration of the five-year periods following the dates of filing of the financing statements filed with the Secretary of the Commonwealth of Pennsylvania and in the offices of the Prothonotaries of Allegheny and Fayette Counties, Pennsylvania, respectively. The Agreement constitutes a legal, valid and perfected first lien on and first priority security interest in each of the Box-cars described in the Supplement, the Box-car Agreement and the Proceeds thereof, as security for the Obligations, prior to all other Liens.

In rendering the opinion expressed in paragraph 2 above, I have assumed that at the time of delivery thereof by the Builder to the Company, the Box-cars were free and clear of all claims, liens and encumbrances of any kind except the security interest retained by the Builder under the Purchase Agreement, the rights of the D&M under the Box-car Agreement, the rights of the D&M under the Box-car Agreement and the rights of the Lender under the Agreement, and that the respective bills of sale of the Builder relating to the Box-cars were effective to transfer to the Company good and marketable title to each Box-car. In rendering the opinions with respect to the Box-car Agreement expressed in the second and third sentences of paragraph 3 above, I have assumed that the Lender has taken possession of the only executed counterpart of the Box-car Agreement bearing the Lender's receipt therefor on the signature page thereof. In rendering the opinion expressed in the last sentence of paragraph 3 above, I have relied as to matters governed by Title 49 of the United States Code, and as to the filings and recordings with the Interstate Commerce Commission (and as to the absence of any

other filings and recordings), without independent verification, upon the opinion of Messrs. Arent, Fox, Kintner, Plotkin & Kahn, delivered to you on the date hereof pursuant to Subsection 4.3(c) of the Agreement.

Insofar as the opinions expressed above relate to the laws of the State of New York, I have assumed, but not verified, that such laws do not differ from the laws of the Commonwealth of Pennsylvania.

Very truly yours,

EXHIBIT L

[Form of Legal Opinion of Special Counsel to the Company]

, 19

Manufacturers Hanover Leasing Corporation
30 Rockefeller Plaza
New York, New York 10020

Dear Sirs:

We have acted as special counsel for Hillman Manufacturing Company, a Pennsylvania corporation (the "Company"), in connection with the execution and delivery of the Loan and Security Agreement dated as of October 23, 1979 between the Company and you (the "Agreement").

This opinion is furnished to you pursuant to Subsection 4.3(c) of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, we have been furnished and submitted to the Interstate Commerce Commission ("ICC") for filing and recordation (which filing and recordation was accepted by the ICC) executed counterparts of the Agreement, Supplement No. 1 thereto (the "Supplement") and the Box-car Agreement.

Based upon the foregoing, we are of the opinion that:

1. The Agreement, the Supplement and the Box-car Agreement have been duly filed and recorded with the ICC in accordance with Section 11303, Title 49 of the United States Code, and no other agreement or document has been so filed or recorded as of the date hereof asserting a grant by the Company of an interest in or a lien on the Box-cars described in the Supplement or the Box-car Agreement. Financing statements with respect to your security interest in the Box-car Agreement have been duly filed in the offices of the Secretary of the Commonwealth of Pennsylvania and of the Prothonotaries of Allegheny and Fayette Counties, Pennsylvania, and no other financing statement asserting a grant

by the Company of a security interest in the Box-car Agreement (or in the Proceeds thereof) has been so filed. No other filing, registration or recording is necessary in order to perfect, protect and preserve, as security for the Obligations, the lien on and security interest in the Box-cars described in the Supplement, the Box-car Agreement and in the Proceeds thereof created by the Agreement, except that continuation statements must be filed within six months prior to the expiration of each five-year period following the dates of filing of the financing statements filed with the Secretary of the Commonwealth of Pennsylvania and in the offices of the Prothonotaries of Allegheny and Fayette Counties, Pennsylvania, respectively.

2. The Agreement constitutes a legal, valid and perfected first lien on and first priority security interest in each of the Box-cars described in the Supplement, the Box-car Agreement and the Proceeds thereof, as security for the Obligations, prior to all other Liens.

3. No filing or recording with the ICC is necessary in order to perfect, protect and preserve your lien on and security interest in the moneys and investments at any time on deposit in the Security Deposit Account established by the Security Deposit Agreement.

In rendering the opinions expressed above, we have relied as to matters governed by the Uniform Commercial Code of the Commonwealth of Pennsylvania and as to the filings with the Secretary of the Commonwealth of Pennsylvania and in the offices of the Prothonotaries of Allegheny and Fayette Counties, Pennsylvania (and as to the absence of any other filings) upon the opinion of H. Vaughan Blaxter, III, Esq., General Counsel of the Company, delivered to you on the date hereof pursuant to Subsection 4.3(c) of the Agreement and as to the filings with the ICC (and as to the absence of any other filings) upon the certificate of Transportation Traffic Services, Inc., as to which we believe we, you and your counsel are justified in relying.

Very truly yours,

ICC Recordation No.

SUPPLEMENT NO. 1

Supplement No. 1 to Loan and Security Agreement ("Agreement") dated as of October 23, 1979 between HILLMAN MANUFACTURING COMPANY ("Company") and MANUFACTURERS HANOVER LEASING CORPORATION ("Lender").

1. This Supplement is executed and delivered pursuant to the Agreement in order more particularly to identify certain of the Collateral in which the Company has granted a lien and security interest to the Lender, and to confirm the lien and security interest created by the Agreement on such Collateral. Any term defined in the Agreement and used herein shall have its defined meaning herein.

2. The Company has assigned, conveyed, mortgaged, pledged and transferred to the Lender and granted to the Lender a security interest in, and does hereby assign, convey, mortgage, pledge and transfer to the Lender and grant to the Lender a security interest in, the following Collateral:

the Box-cars described in the schedule attached hereto and any Proceeds thereof.

3. All the terms and conditions of the Agreement are hereby incorporated in this Supplement and made a part hereof. By their execution and delivery of this Supplement the parties hereto hereby reaffirm all of the terms and conditions of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Supplement on November 5, 1979.

HILLMAN MANUFACTURING COMPANY

By _____
Title: Vice President

ATTEST:
_____
Title: Secretary

MANUFACTURERS HANOVER LEASING CORPORATION

By _____
Title: V.P.

ATTEST:
_____
Title: V.P. A.S.

COMMONWEALTH OF PENNSYLVANIA)
: ss.
COUNTY OF ALLEGHENY)

On this 6th day of November, 1979, before me, the Subscriber, a Notary Public for the Commonwealth of Pennsylvania, personally appeared Steven N. Hutchinson, who acknowledged himself to be the Vice President of HILLMAN MANUFACTURING COMPANY, a corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such .

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

(SEAL)

Thelma V. Cypher
Notary Public

THELMA V. CYPHER, NOTARY PUBLIC
PITTSBURGH, ALLEGHENY COUNTY
MY COMMISSION EXPIRES NOV. 8, 1982
Member, Pennsylvania Association of Notaries

STATE OF NEW YORK)
: ss.
COUNTY OF NEW YORK)

On this 5th day of November, 1979, before me personally came JOHN W. MARCUS , to me known, who being duly sworn, did depose and say that he resides at 12 EAST 86th NY NY ; that he is a Vice President of MANUFACTURERS HANOVER LEASING CORPORATION, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

(SEAL)

Peter H. Logan
Notary Public

[illegible]
Notary [illegible]
[illegible]
Commission [illegible]

SCHEDULE

TO

SUPPLEMENT NO. 1

Description of Box-cars

Manufacturer	Specifications	Maximum Quantity	Road Numbers (Inclusive)	Delivery
Whittaker Corporation (Berwick Forge and Fabricating Division)	70 Tons, 50'-6" Special Purpose XF Box-cars	240	DM20000-20239	October 1, 1979 to March 31, 1980 at Manufacturer's Plant