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No. OCT 9 1979
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RECORDATION NO. 10757 Filed 1425
OCT 9 1979 - 12 45 PM
INTERSTATE COMMERCE COMMISSION

October 8, 1979

Funding Systems Railcars, Inc.
Amended and Restated Security Agreement
Dated as of October 9, 1979

RECORDATION NO. 10757-D Filed 1425
OCT 9 1979 - 12 45 PM
INTERSTATE COMMERCE COMMISSION

[CS&M Ref: 2605-106]

Dear Sirs:

Pursuant to 49 U.S.C. § 11303(a) I enclose herewith on behalf of Funding Systems Railcars, Inc., for filing and recordation, counterparts of the following:

(1) Amended and Restated Security Agreement dated as of October 9, 1979, among Funding Systems Railcars, Inc., Lincoln First Bank N.A. and General Electric Credit Corporation; and

(2) Amended and Restated Transferee Agreement dated as of October 9, 1979, among The Weiler-Arnow Investment Company, Lincoln First Bank N.A. and General Electric Credit Corporation.

The addresses of the parties to the aforementioned agreements are:

Debtor:

Funding Systems Railcars, Inc.
1000 RIDC Plaza (Suite 404)
Pittsburgh, Pennsylvania 15238

Certified Mail Return Receipt

Owner-Transferee:

The Weiler-Arnow Investment Company
1114 Avenue of the Americas
New York, N.Y. 10036

Interim Lender:

Lincoln First Bank N.A.
One Lincoln First Square
Rochester, New York 14643

Secured Party:

General Electric Credit Corporation
260 Long Ridge Road
Stamford, Connecticut 06902

The equipment covered by the aforementioned agreements consists of 180 100-ton open top hopper cars bearing the road numbers UMP 6920-7099, inclusive, and also bearing the legend "Leased from a Corporation and Subject to a Security Interest recorded with the Interstate Commerce Commission."

Please cross-index the Amended and Restated Security Agreement and Amended and Restated Transferee Agreement to the filings under recordation number 10757.

Enclosed is our check for $100 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,

Laurance V. Goodrich

Laurance V. Goodrich
As Agent for Funding Systems
Railcars, Inc.

Mr. H. G. Homme, Jr., Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

Encls.

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RECORDATION NO. 10757-D Filed 1425

OCT 9 1979 -12 45 PM

INTERSTATE COMMERCE COMMISSION

[CSM Ref: 2605-106]

AMENDED AND RESTATED SECURITY AGREEMENT

Dated as of October 9, 1979

AMONG

FUNDING SYSTEMS RAILCARS, INC.,

DEBTOR,

LINCOLN FIRST BANK N.A.,

INTERIM LENDER,

AND

GENERAL ELECTRIC CREDIT CORPORATION,

SECURED PARTY

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AMENDED AND RESTATED SECURITY AGREEMENT

THIS AMENDED AND RESTATED SECURITY AGREEMENT dated as of October 9, 1979, among FUNDING SYSTEMS RAILCARS, INC., a Delaware corporation ("Debtor"), LINCOLN FIRST BANK N.A. ("Interim Lender") and GENERAL ELECTRIC CREDIT CORPORATION ("Secured Party") hereby amends and restates the Security Agreement dated as of August 21, 1979, between the Debtor and the Interim Lender ("Interim Security Agreement").

A. The Interim Lender has provided interim financing to enable the Debtor to purchase certain railroad equipment described on Schedule A hereto ("Previously Acquired Equipment").

B. The Debtor's obligation to pay the Interim Lender is evidenced by a promissory note ("Interim Note") of the Debtor.

C. The Interim Security Agreement was filed and recorded with the Interstate Commerce Commission on August 21, 1979, Recordation No. 10757.

D. The Interim Lender wishes to sell the Interim Note, and the Secured Party wishes to purchase from the Interim Lender the Interim Note secured by the security interest granted by the Interim Security Agreement.

E. The Secured Party is making a loan to the Debtor in part to enable it to purchase the balance of the railroad equipment described on Schedule A hereto (the "Additional Equipment") (the Additional Equipment and the Previously Acquired Equipment being collectively called "Equipment"). Such loan is being evidenced by the Debtor's promissory note in the form of Exhibit A hereto. In addition, upon acquisition by the Secured Party, the Interim Note is being surrendered to the Debtor against issuance and delivery to the Secured Party of a promissory note in the form of Exhibit A hereto in substitution therefor in a like principal amount plus the principal amount of the additional loan referred to in Section 1.2. Said promissory note and any and all promissory notes issued in exchange therefor hereunder

are hereinafter sometimes referred to collectively as the "Note" or the "Notes".

F. The Debtor has sold the Previously Acquired Equipment, subject to the security interest of the Original Security Agreement, to The Weiler-Arnow Investment Company, a New York partnership ("Owner"); the Owner has entered into a Management and Maintenance Contract ("Management Contract") with Upper Merion and Plymouth Railroad Company, a Pennsylvania corporation ("UMP"), pursuant to which UMP agreed to manage the Previously Acquired Equipment as manager for the Owner; and the Owner has entered into a Transferee Agreement with the Interim Lender ("Interim Transferee Agreement") pursuant to which the Owner granted to the Interim Lender a security interest in the Owner's rights under the Management Contract.

G. The Interim Security Agreement as amended by this Amended and Restated Security Agreement is hereinafter called "Security Agreement".

H. All of the requirements of law relating to the transactions contemplated hereby have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto hereby agree as follows:

Section 1. NEW NOTE, NEW LOAN, GUARANTEE AGREEMENT, TRANSFEREE AGREEMENT AND UMP CONSENT AND AGREEMENT

1.1. Purchase and Sale of the Interim Note. On the date hereof the Interim Lender has sold to the Secured Party, and the Secured Party has purchased from the Interim Lender, the Interim Note in the aggregate principal amount of $1,900,000, and the Debtor has paid the interest accrued on the Interim Note to the date hereof. The Interim Lender has endorsed the Interim Note, without recourse, to the Secured Party, and the Secured Party has surrendered the Interim Note to the Debtor in exchange for the Note referred to in Section 1.2.

1.2. The New Loan and the Note. On the date hereof the Secured Party has made an additional loan to the Debtor in part to finance the acquisition of the balance of the Equipment, such loan being in the principal amount of $2,362,400, and the Debtor has issued to the Secured Party a Note in the principal amount of $4,262,400 (being the sum of the principal amount of the Interim Note and the principal amount of the additional loan). Said principal amount is not more than 64% of the purchase price of the Equipment.

1.3. Guarantee Agreement. On the date hereof FSC Corporation, a Delaware corporation ("Guarantor"), which owns all the issued and outstanding capital stock of the Debtor and UMP, has unconditionally guaranteed the due and punctual payment of the principal of, and interest on the Notes and the performance and observance by the Debtor of all the covenants contained therein and herein, pursuant to a Guarantee Agreement substantially in the form of Exhibit B hereto.

1.4. Transferee Agreement. On the date hereof the Owner has purchased the Additional Equipment from the Debtor subject to the security interest of the Secured Party under this Security Agreement; the Additional Equipment has been placed under the Management Contract; and the Owner has granted to the Secured Party a security interest in the Owner's rights under the Management Contract, pursuant to an Amended and Restated Transferee Agreement ("Transferee Agreement") substantially in the form of Exhibit C hereto.

1.5. UMP Consent and Agreement. UMP has made certain representations and warranties to the Debtor and the Secured Party and has consented and agreed to the Transferee Agreement pursuant to a Consent and Agreement dated the date hereof ("UMP Consent and Agreement") substantially in the form of Exhibit D hereto.

Section 2. GRANT OF SECURITY

The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, and in order to secure the payment of the principal of and premium and interest on the Notes according to their terms, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants

and conditions in the Notes and in this Security Agreement contained, does hereby convey, warrant, mortgage, pledge, assign, and grant the Secured Party, its successors and assigns, a security interest in, all and singular of the Debtor's rights, title and interest in and to the properties, rights, interests and privileges described in Sections 2.1 and 2.2 hereof subject only to the exceptions, reservations and limitations contained in Section 2.5 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral"); provided, however, that to the extent the term "Collateral" relates to the Previously Acquired Equipment, such security interest is being acquired hereunder by the Secured Party by assignment from the Interim Lender of its rights under the Interim Security Agreement and not by grant from Debtor on the date hereof.

2.1. Equipment Collateral. Collateral includes the Equipment described in Schedule A attached hereto and described on any other schedule which might be executed from time to time by the Debtor and the Secured Party and become a part of this Security Agreement, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of the Equipment, together with all the income, profits and avails therefrom.

2.2. Purchase Order Agreement Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor in, to and under the Purchase Order Agreement dated as of June 12, 1979 ("Purchase Order"), between the Debtor and The Chessie Corporation as builder (but only insofar as the Purchase Order relates to the Equipment) and any and all other contracts and agreements relating to the Equipment or any rights or interests therein to which the Debtor is now or hereafter may be a party, together with all rights, powers, privileges, options and other benefits of the Debtor under the Purchase Order (but only insofar as the Purchase Order relates to the Equipment) and each and every other such contract and agreement, it being the intent and purpose hereof that subject always to the exceptions, reservations and limitations contained in Section 2.5 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective immediately and operative immediately and shall

continue in full force and effect until the indebtedness hereby secured has been fully paid and discharged.

2.3. Installment Note-Security Agreement. In connection with the sale of the Previously Acquired Equipment to the Owner, the Debtor retained a security interest in the Previously Acquired Equipment and the proceeds therefrom as set forth in the Non-Negotiable Installment Promissory Note-Security Agreement dated August 29, 1979, from the Owner to the Debtor, filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on August 29, 1979, Recordation No. 10757-A; and in connection with the sale of the Additional Equipment to the Owner, the Debtor will retain a security interest in the Additional Equipment as set forth in the Non-Negotiable Installment Promissory Note-Security Agreement dated as of the date hereof from the Owner to the Debtor (said two documents being herein collectively called the "Installment Note-Security Agreement"). The Debtor acknowledges and agrees that its interest under the Installment Note-Security Agreement is subject and subordinate in all respects to the security interest of the Secured Party hereunder and agrees that it will not take any action under the Installment Note-Security Agreement which is inconsistent with any provision of this Security Agreement.

2.4. Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise to remain in full force and effect.

2.5. Excepted Rights in Collateral. There are expressly excepted and reserved from the security interest and operation of this Security Agreement any proceeds obtained by the Debtor pursuant to any transfer of its interest to the Owner, in accordance with Section 7 hereof and any insurance proceeds payable under general public liability policies maintained by or for the benefit of the Debtor (hereinafter sometimes referred to as the "Excepted Rights in Collateral") and nothing herein or in any other agreement contained shall constitute an assignment of the Excepted Rights in Collateral to the Secured Party.

Section 3. COVENANTS AND WARRANTIES OF THE DEBTOR

The Debtor covenants, warrants and agrees as follows:

3.1. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in this Security Agreement and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein.

3.2. Warranty of Title; Discharge of Liens. On August 21, 1979, the Debtor had the right, power and authority to grant and did grant to the Interim Lender pursuant to the Interim Security Agreement a first priority purchase money security interest in the Previously Acquired Equipment and all other collateral provided for in the Interim Security Agreement for the uses and purposes herein set forth. The Debtor has the right, power and authority to grant and does hereby grant a first priority purchase money security interest in the Additional Equipment and all Collateral relating thereto to the Secured Party for the uses and purposes herein set forth. The Debtor will warrant and defend the title to the Collateral against all claims and demands of any person whatsoever. The Debtor will not create, assume or suffer to exist any Lien on the Collateral other than Permitted Liens. As used herein, "Lien" shall mean any mortgage, pledge, security interest, encumbrance, lease, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction). As used herein, "Permitted Liens" shall mean (a) the security interest created by this Security Agreement; (b) the lien of taxes, assessments or governmental charges which are not at the time delinquent; (c) the lien of taxes, assessments or governmental charges which are delinquent but the validity of which is being contested in good faith by appropriate action diligently pursued, provided that such proceeding shall suspend the collection of such taxes, assessments or governmental charges and, in the reasonable opinion of the Secured

Party, its security interest in the Collateral, or any part thereof, would not be adversely affected or forfeited during the period of such contest; (d) the rights of UMP under the Management Contract which are subject and subordinate to the security interest of the Secured Party hereunder; and (e) the lien held by Debtor pursuant to its transfer of the Collateral in accordance with Section 7 hereof which is subject and subordinate to the security interest of the Secured Party hereunder.

3.3. Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

Except as set forth in Section 7, the Debtor shall not sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Collateral or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

3.4. After-acquired Property. Any and all property described or referred to in Sections 2.1 and 2.2 which is hereafter acquired shall *ipso facto*, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 3.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 3.3 hereof.

3.5. Recordation and Filing. The Debtor will cause this Security Agreement and any supplements hereto, the Management Contract and any supplements thereto and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required by law, including without limitation, filing with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303, in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of any supplement hereto an opinion of counsel stating that in the opinion of such counsel this Security

Agreement and the Management Contract or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

3.6. Insurance. At its own expense, the Debtor shall carry and maintain, or cause others to carry and maintain, casualty insurance with respect to each unit of Equipment and public liability insurance, in each case in amounts, against risks and with companies satisfactory to the Secured Party. In no event shall such casualty insurance coverage be less than 120% of the aggregate outstanding principal amount of the Notes or such public liability insurance coverage be less than $3,000,000. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation or material change in coverage to the Secured Party, (ii) name the Secured Party as an additional named insured and loss payee as its interest may appear, (iii) waive any right to claim premiums or commissions against the Secured Party and (iv) provide that such policies shall not be invalidated by any action or inaction by the Debtor or any other person and shall insure the Secured Party regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Debtor or by any other person.

3.7. Maintenance of Equipment. The Debtor shall cause the Equipment to be maintained in accordance with the standards set forth in § 8.1, and in compliance with all applicable rules, laws and regulations in accordance with Section 7 of the Management Contract.

Section 4. POSSESSION, OPERATION AND RELEASE OF PROPERTY

4.1. Possession of Collateral. So long as there is no Event of Default hereunder or an event which with the giving of notice or lapse of time or both would constitute such an Event of Default, the Debtor or the Owner pursuant to Section 7 shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. So long as no Event of Default hereunder or event which with

the giving of notice or lapse of time or both would constitute such Event of Default has occurred and is continuing, the use and management of the Equipment by UMP in compliance with the terms of the Management Contract shall not constitute a violation of this Section 4.1.

4.2. Release of Property. So long as no default referred to in the Management Contract has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment designated by UMP for settlement pursuant to the Management Contract upon receipt from UMP of written notice designating the Item of Equipment in respect of which the Management Contract will terminate, together with a statement that there is no such default thereunder, and such release to be effective only upon receipt by the Secured Party from UMP of payment of the insurance proceeds for such Item of Equipment ("Casualty Value") in compliance with the Management Contract.

4.3. Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

Section 5. APPLICATION OF REVENUES AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY

5.1. Application of Revenues; Certain Prepayments. So long as no Event of Default hereunder or event which with the giving of notice or lapse of time or both would constitute such an Event of Default has occurred and is continuing, the amounts from time to time received by the Secured Party which constitute Revenues under the Management Contract shall be applied first, to the payment of the installments of principal and premium and interest (in the order of priority established in the Notes) on the installments of the Notes which have matured on or before the due date of the installments of revenue which are received by the Secured Party and second, any balance shall be released promptly to UMP

for application pursuant to the Management Contract and any such balance so released shall not thereafter constitute Collateral.

5.2. Application of Casualty Value Payments. So long as no Event of Default or event which with the giving of notice or lapse of time or both would constitute such an Event of Default has occurred and is continuing, the amounts from time to time received by the Secured Party which constitute payments of the Casualty Value for any Item of Equipment pursuant to the Management Contract shall be paid and applied as follows:

(a) first, an amount equal to the accrued and unpaid interest and Interest Differential (as defined in the Notes) on that portion of the Notes to be prepaid pursuant to the following subparagraph (b) shall be applied on the Notes;

(b) second, an amount equal to the Loan Value (as hereinafter defined) of such Item of Equipment for which settlement is then being made shall be applied to the prepayment of the Notes so that each of the remaining installments of each Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment; and

(c) third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (a) and (b) shall, so long as no default or Event of Default has occurred and is continuing, be released promptly to UMP for application pursuant to the Management Contract, and any such balance so released shall not thereafter constitute Collateral.

For purposes of this Section 5.2, the Loan Value, in respect of any Item of Equipment, shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Purchase Price of such Item of Equipment for which settlement is then being made and the denominator of which is the aggregate Purchase Price of all Items of Equipment then subject to the Management Contract (including the Purchase Price of such Item of Equipment for which

settlement is then being made), times (B) the unpaid principal amount of the Notes immediately prior to the prepayment provided for in this Section 5.2 (after giving effect to all payments of installments of principal made or to be made on the date of prepayment provided for in this Section 5.2).

5.3. Application of Casualty Insurance Proceeds. The amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained in respect of the Equipment, shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(a) so long as no Event of Default has occurred and is continuing, the proceeds of such insurance shall, if the Equipment is to be repaired, be released to UMP to reimburse UMP for expenditures made for such repair upon receipt by the Secured Party of a certificate of an appropriate officer of UMP as required by the Management Contract; and

(b) if the insurance proceeds shall not have been released to UMP pursuant to the preceding paragraph (a) within 180 days from the receipt thereof by the Secured Party, or if within such period UMP shall have notified the Secured Party in writing that the Management Contract in respect to any Item of Equipment is to be terminated, then the insurance proceeds shall be applied by the Secured Party as follows:

(i) first, to the prepayment of the Notes all in the manner and to the extent provided for by Section 5.2 hereof; and

(ii) second, the balance, if any, of such insurance proceeds held by the Secured Party after making the applications provided for by the preceding subparagraph (i) shall, so long as no Event of Default has occurred and is continuing, be released promptly to UMP for application pursuant to the Management Contract, and any such balance so released shall not thereafter constitute Collateral.

5.4. Multiple Notes. If more than one Note is outstanding at the time any such application is made, such application shall be made on all outstanding Notes ratably in

Rider 12

five business days after written notice from the Secured Party to the Debtor; or

Rider 12A

, the Guarantor or the Owner

accordance with the aggregate principal amount remaining unpaid thereon.

5.5. Default. If an Event of Default has occurred and is continuing, all amounts received by the Secured Party in respect of the Collateral shall be applied in the manner provided for in Section 6.

Section 6. DEFAULTS AND OTHER PROVISIONS

6.1. Events of Default. The term Event of Default shall mean one or more of the following:

(a) default in payment of any installment of the principal of, or interest on, or premium on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for any prepayment or by acceleration or otherwise, and any such default shall continue unremedied for ~~ten days, or~~ Rider 1

(b) an Event of Default, as defined in the Management Contract, shall occur and be continuing unless the Management Contract shall have been terminated under the conditions permitted and in compliance with Section 3.5(a) of the Transferee Agreement; or

(c) an Event of Default, as defined in the Transferee Agreement, shall occur and be continuing; or

(d) default on the part of the Debtor or the Guarantor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor under this Security Agreement or the Guarantor under the Guarantee Agreement, and such default shall continue unremedied by the Debtor ~~or the Secured Party~~ for 30 days after written notice from the Secured Party to the Debtor specifying the default and demanding the same to be remedied; or Rider 1

(e) any representation or warranty on the part of the Debtor, the Guarantor, UMP or the Owner made herein, in the Guarantee Agreement, the Management Contract, the Transferee Agreement or the UMP Consent and Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Guarantee Agreement, the Management Contract, the Transferee Agreement or the

UMP Consent and Agreement or the transactions contemplated herein or therein shall prove to be false or misleading in any respect materially adverse to the Secured Party when made and, if the same is susceptible of being cured, the same is not cured within 30 calendar days; or

(f) any claim, lien or charge (other than Permitted Liens) shall be asserted against or levied or imposed upon the Equipment, and such claim, lien or charge shall not be discharged or removed by the Debtor or the Secured Party within 30 calendar days; or

(g) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of any of the Debtor or the Guarantor or adjudging any of the Debtor or the Guarantor a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization arrangement, adjustment or composition of or in respect of any of the Debtor or the Guarantor under Title 11 of the United States Code, as now constituted or hereafter amended, or any other applicable Federal or State bankruptcy law or other similar law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or similar official) of any of the Debtor or the Guarantor or of any substantial part of their respective property, or ordering the winding-up or liquidation of any of their affairs and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(h) the institution by any of the Debtor or the Guarantor of proceedings to be adjudicated a bankrupt or insolvent, or the consent by any of them to the institution of bankruptcy or insolvency proceedings against any of them, or the filing by any of them of a petition or answer or consent seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other applicable Federal or state bankruptcy law or other similar law, or the consent by any of them to the institution of proceedings thereunder or to the filing of any such petition or to the appointment or taking possession of a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of any of them or of any substantial part of any of their respective property, or the making by any of them of an assignment for the benefit of creditors, or the admission by any of them

in writing of its inability to pay its debts generally as they become due, or the failure of any of them generally to pay its debts as such debts become due, or the taking of corporate action by any of them in furtherance of any such action.

Under Section 5.2 of the Transferee Agreement, the Owner has the right to cure not more than four payment defaults under Section 6.1(a), no more than two of which payment defaults may be consecutive.

6.2. Secured Party's Rights. The Debtor agrees that when any Event of Default has occurred and is continuing, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of the State of New York (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and the Secured Party shall have the following rights and remedies:

(a) The Secured Party may, by notice in writing to the Debtor declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable.

(b) The Secured Party personally or by agents or attorneys shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, notwithstanding any provision of the Management Contract to the contrary, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession, remove, keep and store the Collateral, or use and operate or lease the Collateral until sold.

(c) The Secured Party may, with or without retaking possession thereof and either before or after taking possession and without instituting any legal proceedings whatsoever, at its election and upon 10 days' written

notice to the Debtor, sell the Equipment, or one or more of the units thereof, free from any and all claims of the Debtor, or any other party claiming from, through or under the Debtor, at law or in equity, at public or private sale and with or without advertisement as the Secured Party may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Debtor or the Owner should tender full payment of the total unpaid balance of the Note, together with interest thereon accrued and unpaid and all other payments due under this Security Agreement as well as expenses of the Secured Party in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Secured Party's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Secured Party the security interest of the Secured Party hereunder will be completely and fully discharged. Any sale hereunder may be held or conducted at such place and such time or times as the Secured Party may specify in the notice referred to above in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Secured Party may determine, so long as such sale shall be in a commercially reasonable manner. The Secured Party may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Debtor may not directly or indirectly bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale, unless the Debtor's bid is an amount not less than the pro rata amount then owing to the Secured Party on the Equipment which is the subject of the Debtor's bid. In addition, if such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Debtor to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Secured Party shall be the purchaser of the Equipment, it shall not be accountable to the Debtor.

(d) The Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any

covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

(e) In case the Secured Party shall demand possession of the Equipment pursuant to this Security Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Secured Party, Debtor shall at its own expense and risk:

(i) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any unit or units have been interchanged or which may have possession thereof to return the unit or units) place such units upon such storage tracks as the Secured Party reasonably may designate;

(ii) cause such units to be stored on such tracks without charge for insurance, rent or storage until all such units or Equipment have been sold, leased or otherwise disposed of by the Secured Party; and

(iii) cause the same to be transported to any reasonable place, as directed by the Secured Party.

During any storage period, the Debtor agrees, at its own cost and expense, to maintain and keep each such unit in good order and repair and to permit the inspection of the Equipment by the Secured Party, the Secured Party's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence to the agreement between the parties, and the Debtor acknowledges that upon application to any court of equity having jurisdiction in the premises, the Secured Party shall be entitled to a decree against the Debtor requiring specific performance hereof. The Debtor hereby waives any and all claims against the Secured Party and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

(f) The Secured Party may proceed to exercise all

rights, privileges and remedies of the Owner under the Management Contract, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Owner for the use and benefit of the Secured Party.

6.3. Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest accrued thereon, and premium as herein provided, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum owing on the Notes.

6.4. Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, to the fullest extent permitted by law, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

6.5. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the

Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns.

6.6. Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) first, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) second, to the payment of the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest with application on each Note to be made in the order of priority set forth in the Notes; and

(c) third, to the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same.

6.7. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, and in every such case, the Debtor, the Secured Party and the holder or holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

6.8. Cumulative Remedies. No delay or omission of the Secured Party or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party or the holder of

any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guarantee for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guarantees.

Section 7. TRANSFER OF DEBTOR'S INTEREST

The Secured Party acknowledges that the Debtor (i) immediately after the granting of the security interest to the Interim Lender under the Interim Security Agreement transferred its interest in the Previously Acquired Equipment to the Owner and (ii) immediately after the granting of the security interest to the Secured Party hereunder will transfer its interest in the Additional Equipment to the Owner, in each case in compliance with the terms and conditions hereinafter set forth:

(a) the Debtor has delivered to the Secured Party any and all documents and will make such additional filing, registering or depositing of such documents at its sole cost and expense as may be required by the Secured Party to continue in effect the security interest of the Secured Party in and to the Collateral;

(b) the Debtor has delivered an opinion of counsel, in form and substance satisfactory to the Secured Party, to the effect that all action necessary to maintain the security interest of the Secured Party in the Collateral upon and subsequent to such transfer has been performed and the Secured Party continues to have a valid and perfected first security interest in the Collateral enforceable in accordance with the terms of this Security Agreement;

(c) the Owner has expressly acknowledged and agreed in writing that the interest transferred to it by the Debtor is subject and subordinate in all respects to the security interest of the Secured Party in the Collateral under this Agreement;

(d) the Debtor hereby acknowledges and agrees that such transfer shall not in any way discharge or limit any of the Debtor's obligations under this Security Agreement and the Notes; and

(e) the Debtor has furnished the Secured Party with copies of all documents relating to such transfer.

Section 8. MISCELLANEOUS

8.1. Registration and Execution. The Notes shall be registered as to principal and interest and shall be signed on behalf of the Debtor by its President or any Vice President or any other officer of the Debtor who, at the date of the actual execution thereof, shall be a proper officer to execute the same.

8.2. Payment of the Notes.

(a) The principal of, and premium, if any, and interest on the Notes shall be payable by wire transfer of immediately available funds or as the Secured Party shall otherwise designate, and in the case of all other holders of the Notes, to such bank or trust company in the continental United States for the account of such holder as the holder shall designate to the Debtor from time to time in writing, and if no such designation is in effect, by check, duly mailed, first class, certified, postage prepaid, or delivered to such holder at its address appearing on the Register as defined in Section 8.3. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums so paid. Each holder (or the person for whom such holder is a nominee) by its acceptance of any Notes agrees that, before selling, transferring or otherwise disposing of such Note, it will present such Note to the Debtor for transfer and notation as provided in Sections 8.4 and 8.5.

(b) All amounts constituting payment of the installments of revenue under the Management Contract or Casualty Value received by the Secured Party and applied

on the Notes pursuant to Section 5 hereof shall be valid and effectual to satisfy and discharge the liability upon such Notes to the extent of the amounts so received and applied.

8.3. The Register. The Debtor will keep at its principal office a register for the registration and transfer of Notes (the "Register"). The names and addresses of the holders of the Notes, the transfers of the Notes and the names and addresses of the transferees of all Notes shall be registered in the Register.

8.4. Transfers and Exchanges of Notes; Lost or Mutilated Notes.

(a) The holder of any Note may transfer such Note upon the surrender thereof at the principal corporate office of the Debtor and the Debtor shall execute in the name of the transferee a new Note or Notes in aggregate principal amount equal to the unpaid principal amount of the Note so surrendered in denominations not less than the lesser of (i) $50,000 or (ii) the aggregate principal amount of Notes then held by such holder and deliver such new Note or Notes to the Debtor for delivery to such transferee.

(b) The holder of any Note or Notes may surrender such Note or Notes at the principal office of the Debtor, accompanied by a written request for a new Note or Notes in the same aggregate principal amount as the then unpaid principal amount of the Note or Notes so surrendered and in denominations not less than the lesser of (i) $50,000 or (ii) the aggregate principal amount of Notes then held by such holder as may be specified in such request. Thereupon, the Debtor shall execute in the name of such holder a new Note or Notes in the denomination or denominations so requested and deliver such new Note or Notes to such holder.

(c) All Notes presented or surrendered for exchange or transfer shall be accompanied (if so required by the Debtor) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Debtor, duly executed by the registered holder or by its attorney duly authorized in writing.

(d) No notarial act shall be necessarty for the transfer or exchange of any Note pursuant to this Section 8.4, and the holder of any Note issued as provided in this Section

8.4 shall be entitled to any and all rights and privileges granted under this Security Agreement to a holder of a Note.

(e) In case any Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Note in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Debtor such security or indemnity as may be required by the Debtor to save it harmless from all risk, and the applicant shall also furnish to the Debtor evidence to its satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substituted Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note), if the applicant for such payment shall furnish to the Debtor such security or indemnity as the Debtor may require to save it harmless, and shall furnish evidence to the satisfaction of the Debtor of the mutilation, destruction, loss or theft of such Note and the ownership thereof. If the Secured Party, or its nominee, is the owner of any such lost, stolen or destroyed Note, then the affidavit of the president, vice president, treasurer or assistant treasurer of such Note purchaser setting forth the fact of loss, theft or destruction and of its ownership of the Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no indemnity shall be required as a condition to execution and delivery of a new Note other than the written agreement of such Note purchaser to indemnify the Debtor for the claims or action against it (and for its attorneys' fees) resulting from the issuance of such new Note or the reappearance of the old Note.

(f) If at any future time, the Notes should be held by two or more holders, all payments on the Notes hereunder shall be allocated to all Notes at the time outstanding in proportion to the outstanding principal amounts thereof.

(g) Any Note or Notes issued in exchange for a Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, so that neither gain

nor loss of interest shall result from any such transfer or exchange and shall be valid obligations of the Debtor evidencing the same debt as the related outstanding Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as such outstanding Notes.

8.5. Cancelation of Notes. All Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Debtor for cancelation or, if surrendered to the Debtor, shall be canceled by it, and no Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Security Agreement.

8.6. Registered Owner. The person in whose name any Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Security Agreement and the Debtor and the Secured Party shall not be affected by any notice to the contrary.

8.7. Business Days. As used herein, the term "business day" means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in the Commonwealth of Pennsylvania or the State of Connecticut are authorized or obligated to remain closed.

8.8. Successors and Assigns. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

8.9. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

8.10. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when deposited in the United States registered mail, first class, postage prepaid,

addressed as follows:

If to the Debtor:

Funding System Railcars, Inc.
Suite 404
1000 RIDC Plaza
Pittsburgh, Pennsylvania 15238

Attention of Allen E. Nugent II,
Vice President

with copies to the Owner and its counsel at their addresses shown below.

If to the Secured Party:

General Electric Credit Corporation
260 Long Ridge Road
Stamford, Connecticut 06902

Attention of Manager-Operations
Leasing and Industrial
Loan Financing

with a copy to:

General Electric Credit Corporation
260 Long Ridge Road
Stamford, Connecticut 06902

Attention of Manager--Rail Financing

If to the Interim Lender:

Lincoln First Bank N.A.
One Lincoln First Square
Rochester, New York 14643

Attention of Peter G. Posson
Vice President

If to the Owner:

The Weiler-Arnow Investment Company
1114 Avenue of the Americas
New York, New York 10036

Attention of Alan G. Weiler, Esq.

with a copy to:

Bergreen & Bergreen
660 Madison Avenue
New York, New York 10021

Attention of Bernard D. Bergreen, Esq.

or to the Debtor, the Secured Party, the Interim Lender or the Owner at such other address as the Debtor, the Secured Party, the Interim Lender or the Owner may designate by notice duly given in accordance with this Section.

8.11. Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

8.12. Governing Law. This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

8.13. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

8.14. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Debtor, the Secured Party and the Interim Lender have executed this Security Agreement as of the day and year first above written.

FUNDING SYSTEMS RAILCARS, INC.,

by _____
Vice President

[Corporate Seal]

Attest:
_____

GENERAL ELECTRIC CREDIT
CORPORATION,

by

M. J. Kelly

Manager-Rail Financing

(Corporate Seal)

Attest:

R M Jacobs Jr.

LINCOLN FIRST BANK, N.A.,

by

(Seal)

Attest:

Charles M. Braunfeld

State of New York
~~COMMONWEALTH OF PENNSYLVANIA~~,)
New York) ss.:
COUNTY OF ~~ALLEGHENY~~,)

On this 8th day of October 1979, before me personally appeared Harold L. Lehman, to me personally known, who being by me duly sworn, says that he is a Vice President of FUNDING SYSTEMS RAILCARS, INC., that one of the seals affixed to the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Caryn E. Weinberg
Notary Public

[Notarial Seal]

CARYN E. WEINBERG
Notary Public, State of New York
No. 03-4633991
Qualified in Bronx County
Certificate filed in New York County
Commission Expires March 30, 1980

STATE OF New York,)
) ss.:
COUNTY OF New York,)

On this 8th day of October 1979, before me personally appeared Martin J. Kelly, to me personally known, who being by me duly sworn, says that he is the Manager--Rail Financing of GENERAL ELECTRIC CREDIT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Caryn E. Weinberg
Notary Public

[Notarial Seal]

CARYN E. WEINBERG
Notary Public, State of New York
No. 03-4633991
Qualified in Bronx County
Certificate filed in New York County
Commission Expires March 30, 1980

STATE OF NEW YORK)
)SS.:
COUNTY OF WESTCHESTER)

On this 5th day of October, 1979, before me personally appeared Robert Hertzel , to me personally known, who being by me duly sworn, says that he is a Senior Vice President of LINCOLN FIRST BANK, N.A., that one of the seals affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Charles M. Braunfeld
Notary Public

CHARLES M. BRAUNFELD
Notary Public, State of New York
No. 44-5429260
Qualified in Rockland County
Certificate Filed in West. & Rock.
Commission Expires March 30, 1980

(Notarial Seal)

SCHEDULE A

DESCRIPTION OF EQUIPMENT

Type	Builder's Specifications	Quantity	Equipment Numbers (Inclusive)	Unit Price	Total Price	Delivery
Previously Acquired Equipment						
100-ton open top hopper cars AAR Mechanical Designation:	Chessie System Specification No. HT-8978	100	UMP 6920-7019	$37,000	$3,700,000	Russell, Kentucky
Additional Equipment						
100-ton open top hopper cars AAR Mechanical Designation:	Chessie System Specification No. HT-8978	80	UM 7020-7099	$37,000	2,960,000	Russell, Kentucky
					$6,660,000	

EXHIBIT A

PROMISSORY NOTE

$, 1979

FOR VALUE RECEIVED, FUNDING SYSTEMS RAILCARS, INC., a Delaware corporation ("Borrower"), with its principal office at 1000 RIDC Plaza, Pittsburgh, Pennsylvania 15238, hereby promises to pay to GENERAL ELECTRIC CREDIT CORPORATION, 260 Long Ridge Road, Stamford, Connecticut 06902 ("GECC"), or registered assigns, the principal sum of

($), together with interest from the date hereof until maturity (computed on the basis of a 360-day year of 12 30-day months, except that partial months shall be computed on an actual elapsed day, 365-day year basis) on the unpaid principal hereof at a rate (the "Loan Interest Rate") per annum from time to time in effect equal to 3% above the greater of the Prime Rate or the Commercial Paper Rate. The term "Prime Rate" shall mean the higher of the annual interest rates charged as of the opening of business on the first business day of the calendar month preceding the date on which an installment is due hereunder (whether at maturity, by acceleration or otherwise) by Morgan Guaranty Trust Company of New York or Bankers Trust Company, or their successors, for short-term commercial loans to its most credit-

worthy customers. The term "Commercial Paper Rate" shall mean the weekly average interest rate for 90-119-day commercial paper compiled by the Federal Reserve Board and presently published in the "Key Interest Rates" section of the Federal Reserve Report in The Wall Street Journal on the first Friday of the calendar month preceding the date on which an installment is due hereunder, whether at maturity, by acceleration or otherwise. Interest upon all amounts remaining unpaid more than 10 days after the same shall have become due and payable pursuant to the terms hereof, shall be payable, to the extent lawful, at a rate per annum equal to 6% above the applicable Loan Interest Rate.

This Note shall be payable in installments as follows:

(i) 20 consecutive quarterly payments (on each March 31, June 30, September 30 and December 31, commencing December 31, 1979), each equal to 4.5% of the original principal amount hereof;

(ii) 20 consecutive quarterly payments (commencing December 31, 1984), each equal to 3.75% of the original principal amount hereof;

(iii) 19 consecutive quarterly payments (on each March 31, June 30, September 30 and December 31, commencing December 31, 1989), each equal to 2.375% of

the original principal amount hereof; and

(iv) a 60th quarterly payment on December 31, 1994, equal to the then outstanding principal amount hereof plus all accrued and unpaid interest then outstanding.

Each such installment date is hereinafter called a "Payment Date".

The 60 installments have been calculated to completely amortize the loan at an assumed interest rate of 13% per annum (the "Assumed Interest Rate"). On each Payment Date the remaining principal balance that would have been outstanding (after payment on such Payment Date) at the Assumed Interest Rate is hereinafter called the "Assumed Principal Balance" for such date. By reason of fluctuation of the Loan Interest Rate over the Assumed Interest Rate, the actual principal balance on any Payment Date (after payment on such Payment Date) may be greater than the Assumed Principal Balance, such excess being hereinafter called the "Principal Differential" for such Payment Date. The Borrower may, at its option, on any Payment Date prepay, without penalty or premium and without notice to GECC, all or any portion of any accumulated Principal Differential.

In the event that on any Payment Date the amount of the accrued interest at the applicable Loan Interest Rate shall exceed the amount of the installment due on such

Payment Date (the excess being herein called the "Interest Differential"), the Interest Differential shall not be payable on such Payment Date and shall be carried forward without bearing any interest until paid in full.

On each Payment Date the installment payment received shall be applied first to interest at the applicable Loan Interest Rate for the preceding quarter, second to any accumulated Interest Differential and then to principal.

Upon at least 30 days' prior written notice to GECC, the Borrower may on any Payment Date after December 31, 1986, prepay the principal of this Note in whole plus a premium equal to the applicable percentage set forth below of the principal amount then being prepaid (exclusive of any Principal Differential then being prepaid), together with accrued interest at the Loan Interest Rate on the amount so prepaid to the prepayment date and any other amounts then owed by the Borrower to GECC pursuant to this Note and the Security Agreement (as hereinafter defined):

If Prepaid	Applicable Percentage
Prior to December 31, 1987	4%
Thereafter, and prior to December 31, 1988	3%
Thereafter, and prior to December 31, 1989	2%
Thereafter	1%

Both the principal and premium hereof and interest hereon are payable by wire transfer of immediately available funds to Hartford National Bank and Trust Company, 777 Main Street, Hartford, Connecticut, GECC Leasing and Industrial Loans Acct. No. 021-1515, or at such other place as GECC shall designate in writing to the Borrower, in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is secured by an Amended and Restated Security Agreement dated as of October 9, 1979, as the same may be amended and supplemented from time to time ("Security Agreement"), among GECC, the Borrower and Lincoln First Bank N.A. providing for a security interest in the Equipment (as defined therein) and an Amended and Restated Transferee Agreement dated as of October 9, 1979, as the same may be amended and supplemented from time to time ("Transferee Agreement"), between The Weiler-Arnow Investment Company and GECC providing a security interest in the Management and Maintenance Contract (as defined therein). Reference is made to the Security Agreement and the Transferee Agreement for a description of the security interest provided thereby and of the rights of the holder of this Note. As provided in the Security Agreement and the Transferee Agreement, the princi-

pal of this Note may be declared due and payable prior to the stated maturity hereof on the occurrence of certain events.

Anything herein to the contrary notwithstanding, interest payable hereunder shall not exceed the maximum interest permitted by law.

Borrower and all guarantors of this Note hereby waive presentment for payment, protest and notice of dishonor.

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

FUNDING SYSTEMS RAILCARS, INC.,

by _____

Title_____

The obligations of the Guarantor hereunder shall be absolute and unconditional and shall remain in full force and effect until the entire principal of, premium, if any, and interest on the Notes and such other amounts shall have been indefeasibly paid. This Guarantee Agreement shall be construed as a continuing, absolute and unconditional guarantee of payment and performance without regard to the validity, regularity or enforceability of the Security Agreement, the Notes or any collateral security or guarantee therefor or right of offset with respect thereto at any time or from time to time held by you and without regard to any defense, setoff or counterclaim which may at any time be available to or be asserted by the Borrower against you, or by any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or the Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower under the Notes, or of the Guarantor under this Guarantee Agreement, in bankruptcy or in any other instance, and the obligations and liabilities of the Guarantor hereunder shall not be conditioned or contingent upon the pursuit by you or any other person at any time of any right or remedy against the Borrower or against any collateral security or guarantee therefor or right of offset with respect thereto. The liability of the Guarantor hereunder shall not be

affected or impaired by any extension of time, renewal, modification or indulgence which you may grant to the Borrower with respect to any obligation. You may exchange, release or surrender any and all collateral security which you may at any time hold in connection with any obligation hereby guaranteed, and you may settle or compromise with the Borrower any obligation hereby guaranteed without in any case affecting the Guarantor's liability hereunder. Any delay by you in exercising any right hereunder or in taking any action to collect or endorse payment of any obligation hereby guaranteed shall not operate as a waiver of any such right or in any manner prejudice your rights against the Guarantor.

In the event the maturity of any obligation hereby guaranteed is accelerated as against the Borrower, such maturity shall be deemed accelerated for the purpose of this Guarantee Agreement and without demand upon or notice to the Guarantor. In the event of default by the Borrower under any of its obligations to you that are guaranteed hereunder, you are hereby authorized to proceed immediately against the Guarantor for payment of all such obligations which are so owed to you by the Borrower without the necessity of having to proceed against the Borrower or any security relating to such obligations of the Borrower.

The Guarantor hereby expressly waives notice of

acceptance of this Guarantee Agreement; presentment, demand, protest, notice of nonpayment and any other notice which would otherwise be required in connection with this Guarantee Agreement, acceptance on your part of this Guarantee being conclusively presumed by your request for same and delivery of it to you. This is a guarantee of payment and not of collection.

The Guarantor hereby agrees to indemnify and hold you harmless from and against any liability, loss, damage or expense, including legal fees, which you may incur or sustain by reason of the Borrower's failure to perform or to comply with the terms and obligations of the Notes and the Security Agreement referred to in the Notes.

The Guarantor agrees to pay all costs, expenses and fees, including legal fees, which you may incur in enforcing or attempting to enforce this Guarantee Agreement.

The Guarantor hereby represents and warrants that it is a corporation duly incorporated and in good standing under the laws of the state of its incorporation, is not in violation of any provisions of its Certificate of Incorporation, its By-laws or the laws of the state of its incorporation, has power to enter into this Guarantee Agreement, has duly authorized the execution and delivery of this Guarantee Agreement by proper corporate action and neither this Guar-

antee nor the agreements herein contained contravene or constitute a default under any agreement, instrument or indenture or any provisions of its Certificate of Incorporation or any other requirement of law.

The Guarantor hereby further represents and warrants that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another corporation without the consent of the Secured Party.

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

This Guarantee Agreement shall be binding upon the Guarantor, its successors and assigns, and shall inure to the benefit of your successors and assigns.

IN WITNESS WHEREOF, the Guarantor has executed this Guarantee Agreement as of the 9th day of October 1979.

FSC CORPORATION,

by _____

Title _____

EXHIBIT C

AMENDED AND RESTATED TRANSFEREE AGREEMENT

THIS AMENDED AND RESTATED TRANSFEREE AGREEMENT dated as of October 9, 1979, among THE WEILER-ARNOW INVESTMENT COMPANY ("Transferee"), LINCOLN FIRST BANK N.A. ("Interim Lender") and GENERAL ELECTRIC CREDIT CORPORATION ("Secured Party") hereby amends and restates the Transferee Agreement dated as of August 21, 1979, between the Transferee and the Interim Lender ("Interim Transferee Agreement").

RECITALS

A. The Interim Lender has provided interim financing to enable Funding Systems Railcars, Inc. ("Debtor"), to purchase certain railroad equipment described on Schedule A hereto ("Previously Acquired Equipment").

B. The Debtor's obligation to pay the Interim Lender is evidenced by a promissory note ("Interim Note") of the Debtor.

C. The Interim Transferee Agreement was filed and recorded with the Interstate Commerce Commission on August 29, 1979, Recordation No. 10757-C.

D. The Interim Lender wishes to sell the Interim Note, and the Secured Party wishes to purchase from the Interim Lender the Interim Note secured by the security interests relating thereto.

E. The Secured Party is making a loan to the Debtor in part to enable it to purchase the balance of the railroad equipment described on Schedule A hereto (the "Additional Equipment") (the Additional Equipment and the Previously Acquired Equipment being collectively called "Equipment"). Such loan is being evidenced by the Debtor's promissory note in the form of Exhibit A to the Amended and Restated Security Agreement ("Debtor Security Agreement") dated as of the date hereof among the Debtor, the Interim Lender and the Secured Party. In addition, upon acquisition by the Secured Party, the Interim Note is being surrendered to the Debtor against the issuance and delivery to the

Secured Party of a promissory note in the form of said Exhibit A in substitution therefor in a like principal amount plus the principal amount of the additional loan referred to in Section 1.2. Said promissory note and any and all promissory notes issued in exchange therefor are hereinafter called collectively the "Note".

F. The Debtor has sold the Previously Acquired Equipment, subject to the security interest of the Interim Lender, to the Owner; the Owner has entered into a Management and Maintenance Contract ("Management and Maintenance Contract") with Upper Merion and Plymouth Railroad Company, a Pennsylvania corporation ("UMP"), pursuant to which UMP agreed to manage the Previously Acquired Equipment as manager for the Owner; and the Owner has entered into the Interim Transferee Agreement pursuant to which the Owner granted to the Interim Lender a security interest in the Owner's rights under the Management and Maintenance Contract.

G. The Interim Transferee Agreement as amended by this Amended and Restated Transferee Agreement is hereinafter called "Security Agreement and Assignment".

H. All of the requirements of law relating to the transactions contemplated hereby have been fully complied with and all other acts and things necessary to make this Security Agreement and Assignment a valid, binding and legal instrument for the security of the Note have been done and performed.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto hereby agree as follows:

SECTION 1. Interim Note, New Loan, Guarantee Agreement, Additional Equipment and UMP Consent and Agreement

1.1. Purchase and Sale of the Interim Note. On the date hereof the Interim Lender has sold to the Secured Party and the Secured Party has purchased from the Interim Lender, the Interim Note in the aggregate principal amount of $1,900,000, and the Debtor has paid the interest accrued on the Interim Note to the date hereof. The Interim Lender has endorsed the Interim Note, without recourse, to the Secured Party, and the Secured Party has surrendered the Interim Note to the Debtor in exchange for the Note referred to in Section 1.2.

1.2. The New Loan and the Note. On the date hereof the Secured Party has made an additional loan to the Debtor in part to finance the acquisition of the balance of the Equipment, such loan being in the principal amount of $2,362,400, and the Debtor has issued to the Secured Party a Note in the principal amount of $4,262,400 (being the sum of the principal amount of the Interim Note and the principal amount of the additional loan).

1.3. Guarantee Agreement. On the date hereof FSC Corporation, a Delaware corporation ("Guarantor"), which owns all the issued and outstanding capital stock of the Debtor and UMP, has unconditionally guaranteed the due and punctual payment of the principal of, and interest on the Note and the performance and observance by the Debtor of all the covenants contained therein and in the Debtor Security Agreement, pursuant to a Guarantee Agreement substantially in the form of Exhibit B to the Debtor Security Agreement.

1.4. Additional Equipment. On the date hereof the Owner has purchased the Additional Equipment from the Debtor subject to the security interest of the Secured Party under the Debtor Security Agreement, and the Additional Equipment has been placed under the Management and Maintenance Contract.

1.5. UMP Consent and Agreement. UMP has made certain representations and warranties to the Debtor and the Secured Party and has consented and agreed to this Security Agreement and Assignment pursuant to a Consent and Agreement dated the date hereof ("UMP Consent and Agreement") substantially in the form of Exhibit D to the Debtor's Security Agreement.

SECTION 2. Grant of Security and Assignment

2.1. Grant of Security and Assignment. The Transferee, in consideration of the premises and of the sum of Ten Dollars received by the Transferee from the Secured Party and in order to secure the payment of the principal of and interest on the Note according to its terms, and to secure the payment of all other indebtedness thereby secured and the performance and observance of all covenants and conditions in the Note, and in this Security Agreement and Assignment contained, does hereby convey, warrant, mortgage, pledge, assign and grant the Secured Party, its successors and assigns, a security interest in all and singular of the Transferee's right, title and interest in and

to the Management and Maintenance Contract subject only to the exceptions, reservations and limitations contained in Section 2.4 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Additional Collateral"); provided, however, that to the extent the term "Collateral" relates to the Previously Acquired Equipment, such security interest is being acquired hereunder by the Secured Party by assignment from the Interim Lender of its rights under the Interim Transferee Agreement and not by grant from Transferor on the date hereof.

2.2. Additional Collateral. Additional Collateral also includes all right, title, interest, claims and demands of the Transferee in, to and under the Management and Maintenance Contract including any and all amendments thereto whether now existing or hereafter entered into, including all extensions of the term thereof with all rights, powers, privileges, options and other benefits of the Transferee under the Management and Maintenance Contract, including, without limitation, but subject always to the exceptions, reservations and limitations contained in Section 2.4 hereof: the immediate and continuing right to receive and collect all revenue, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the Transferee under the Management and Maintenance Contract or pursuant thereto.

2.3. Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Additional Collateral forever; provided always, however, that if the indebtedness hereby secured shall be paid in full and Transferee and Debtor shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Debtor Security Agreement and the Note respectively contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement and Assignment shall become null and void; otherwise to remain in full force and effect.

2.4. Excepted Rights in Collateral. There are expressly excepted and reserved from the security interest and operation of this Security Agreement and Assignment any insurance proceeds payable under general public liability policies maintained by or for the benefit of Transferee (hereinafter sometimes referred to as the "Excepted Rights in Collateral") and nothing herein or in any other agreement

contained shall constitute an assignment of the Excepted Rights in Collateral to the Secured Party.

SECTION 3. Covenants and Warranties of the Transferee

The Transferee covenants, warrants and agrees as follows:

3.1. Transferee's Duties. The Transferee covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in this Security Agreement and Assignment, the Management and Maintenance Contract, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein.

3.2. Transferee's Covenants. The Transferee covenants and agrees that all right, title and interest in the Equipment received by the Transferee from the Debtor is subject and subordinate in all respects to the security interest of the Secured Party in the Equipment. The Transferee shall pay or discharge any and all claims, liens, charges or security interests on the Equipment claimed by any party from, through or under the Transferee, its successors or assigns not arising out of the transactions contemplated by the Debtor Security Agreement (but including tax liens arising out of the receipt by Transferee of income and proceeds from the Equipment and the Additional Collateral) which if unpaid might become a claim, lien, charge or security interest on or with respect to the Equipment and the Additional Collateral; provided, however, that Transferee shall not be required to discharge such claim, lien, charge or security interest so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Secured Party, adversely affect its security interest in or to the Equipment and Additional Collateral or any portion thereof. The Equipment acquired by Transferee is free and clear of any liens or encumbrances which result from claims against Transferee not relating to ownership of such Equipment. Transferee has not by affirmative act conveyed title to such

Equipment to any person or entity or subjected the Equipment to any lien or encumbrance other than the Permitted Liens (as defined in the Debtor Security Agreement). The Transferee has full right, power and authority to execute and deliver and to carry out the terms and provisions of the agreements and related documents (the "Transfer Documents") relating to the purchase of the Equipment from Debtor and management of the Equipment. There are no proceedings pending, or to Transferee's knowledge threatened, against or affecting Transferee in any court or before any governmental authority or arbitration board or tribunal which, if adversely determined, would materially and adversely affect Transferee's right, power and authority to enter into the Transfer Documents or perform its obligations thereunder.

3.3. Further Assurances. The Transferee will do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Additional Collateral, whether now owned or hereafter acquired, subject to the provisions of Section 6.5 hereof. Without limiting the foregoing but in furtherance of the security interest herein granted in the revenues and other sums due and to become due under the Management and Maintenance Contract, the Transferee covenants and agrees that it will direct UMP to make all payments of revenues derived under the Management and Maintenance Contract, other than the Excepted Rights in Collateral, directly to the Secured Party or as the Secured Party may direct.

3.4. Recordation and Filing. The Transferee will cause this Security Agreement and Assignment and any supplements hereto, the Management and Maintenance Contract, and any supplements thereto and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at the sole expense of Debtor in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder.

3.5. Negative Covenants. The Transferee will not:

(a) declare a default or exercise the remedies of the Transferee under, or terminate or modify or accept a surrender of, or offer or agree to, any termination

or modification or surrender of or waiver with respect to, the Management and Maintenance Contract; provided, however, that Transferee shall have the right to terminate the Management and Maintenance Contract upon the occurrence of an event of default thereunder if (i) Transferee shall have entered into a new Management and Maintenance Contract substantially in the form of the Management and Maintenance Contract (or other form reasonably satisfactory to Secured Party) with a Manager reasonably satisfactory to Secured Party and (ii) Transferee shall have assigned and granted a security interest therein to Secured Party on the same terms and conditions herein set forth;

(b) receive or collect or permit the receipt or collection of any payment under the Management and Maintenance Contract, prior to the date for payment thereof provided for by the Management and Maintenance Contract or assign, transfer or hypothecate (other than to the Secured Party) any payment then due or to accrue in the future under the Management and Maintenance Contract, in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate its interest in the Equipment or the Additional Collateral or any part thereof or in any amount to be received by it from the use or disposition of the Equipment without the prior written consent of the Secured Party, which consent shall not be unreasonably withheld.

3.6. Power of Attorney in Respect of Management and Maintenance Contract. Transferee does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution for it and in its name, place and stead, to ask, demand, collect, receive, receipt and sue for any and all income and other sums which are assigned under Sections 2.1 and 2.2 and to endorse the name of the Transferee on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Transferee or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such revenues and other sums and the security intended to be afforded hereby.

Rider 8

five business days after written notice from the Secured Party to the Debtor; or

SECTION 4. Application of Revenues and Certain Other Moneys Received by the Secured Party

4.1. Application of Revenues; Certain Prepayments. Transferee and Secured Party hereby expressly consent and agree that all amounts from time to time received by Secured Party constituting payment of revenues under the Management and Maintenance Contract or casualty insurance proceeds in respect of the Equipment shall be applied by Secured Party in the manner and priority set forth in Section 5 of the Debtor Security Agreement.

SECTION 5. Defaults and Other Provisions

5.1. Events of Default. The term Event of Default shall mean one or more of the following:

(a) default in payment of an installment of the principal of, or interest on, or premium on, the Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for any prepayment or by acceleration or otherwise, and any such default shall continue unremedied for ~~10 days, or~~ Rider 8

(b) an Event of Default, as defined in the Debtor Security Agreement, shall occur and be continuing; or

(c) an Event of Default, as defined in the Management and Maintenance Contract, shall occur and be continuing subject to Section 3.5(a); or

(d) default on the part of the Transferee in the due observance or performance of any covenant or agreement to be observed or performed by the Transferee under this Security Agreement and Assignment, and such default shall continue unremedied for 30 days after written notice from the Secured Party to the Transferee specifying the default and demanding the same to be remedied; or

(e) any representation or warranty on the part of the Debtor, UMP or Transferee made herein, in the Debtor Security Agreement, or in the Management and Maintenance Contract or in any report certificate, financial or other statement furnished in connection with this Security Agreement and Assignment, the Debtor

Security Agreement, the Management and Maintenance Contract shall prove to be false or misleading in any respect materially adverse to the Secured Party when made; or

(f) any claim, lien or charge prohibited by Section 2.2 hereof (other than Permitted Liens) shall be asserted against or levied or imposed upon the Equipment, and such claim, lien or charge shall not be discharged or removed within 30 calendar days; or

(g) any proceeding commenced by or against the Transferee for any relief which includes or might result in any modification of the obligations of the Transferee under this Security Agreement and Assignment under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions, or if commenced against Transferee such proceedings shall not have been dismissed within 90 days.

5.2. Secured Party's Rights. The Transferee agrees that when any Event of Default has occurred and is continuing, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Transferee shall have the rights and duties of a debtor, under the Uniform Commercial Code of the State of New York (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and the Secured Party shall have the following rights and remedies:

(a) The Secured Party may, by notice in writing to the Transferee, declare the entire unpaid balance of the Note to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable.

(b) The Secured Party may proceed to exercise all rights, privileges and remedies of the Transferee under the Management and Maintenance Contract and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Transferee for the use and benefit of the Secured Party.

The Transferee shall have the right to cure not more than

four payment defaults under Section 6.1(a) of the Debtor Security Agreement, no more than two of which payment defaults may be consecutive. The Secured Party will use its best efforts to notify the Owner of any default under the Debtor Security Agreement of which the Secured Party has knowledge, but its failure to do so shall not limit its rights and remedies under the Debtor Security Agreement.

5.3. Application of Sales Proceeds. The proceeds and/or avails of any sale of the Equipment, or any part thereof, and the proceeds and the avails of any remedies hereunder, including proceeds of the Management and Maintenance Agreement, shall be paid to and applied as follows:

(a) first, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all property expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Note and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) second, to the payment of the holder or holders of the Note of the amount then owing or unpaid on the Note for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Note, then in the order of priority established in the Note; and

(c) third, to the payment of the surplus, if any, to the Transferee or to whomsoever may be lawfully entitled to receive the same.

5.4. Cumulative Remedies. No delay or omission of the Secured Party or of the holder of the Note to exercise any right to power arising from any default on the part of the Debtor or Transferee shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of the Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative

and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guarantee for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of the Note be required to first look to, enforce or exhaust such other or additional security, collateral or guarantees.

SECTION 6. Miscellaneous

6.1. Successors and Assigns. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement and Assignment contained by or on behalf of the Transferee or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not. Following any transfer permitted hereunder all references to Transferee shall be deemed to refer solely to such permitted transferee.

6.2. Partial Invalidity. The unenforceability of invalidity of any provision or provisions of this Security Agreement and Assignment shall not render any other provision or provisions herein contained unenforceable or invalid.

6.3. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specified provisions herein in respect of any matter) when deposited in the United States registered mail, first class, postage prepaid, addressed as follows:

To the Transferee: The Weiler-Arnow Investment Company
1114 Avenue of the Americas
New York, New York 10036

Attention of Alan G. Weiler, Esq.

with a copy to: Bergreen & Bergreen
660 Madison Avenue
New York, New York 10021

Attention of Bernard D. Bergreen, Esq.

with a copy to:	Funding System Railcars, Inc. Suite 404 1000 RIDC Plaza Pittsburgh, Pennsylvania 15238 Attention of Allen E. Nugent II, Vice President
To the Secured Party:	General Electric Credit Corporation 260 Long Ridge Road Stamford, Connecticut 06902 Attention of Manager-Operations, Leasing and Industrial Loans
with a copy to:	General Electric Credit Corporation 260 Long Ridge Road Stamford, Connecticut 06902 Attention of Manager--Rail Financing
To the Interim Lender:	Lincoln First Bank N.A. One Lincoln First Square Rochester, New York 14643 Attention of Peter G. Posson, Vice President

or to the Transferee, the Secured Party or the Interim Lender at such other address as the Transferee, the Secured Party or the Interim Lender may designate by notice duly given in accordance with this Section to the other party.

6.4. Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

6.5. Nonrecourse. Notwithstanding anything to the contrary contained in this Security Agreement and Assignment or any document collateral thereto, it is expressly understood and agreed that Transferee's liabilities and obligations shall be nonrecourse and enforceable exclusively against the Equipment and the Additional Collateral and Transferee does not assume any of the provisions of the

Debtor Security Agreement or the Note and Transferee shall not be personally liable for and the Secured Party shall not seek any deficiency or other money judgment against Transferee in any event.

6.6. Governing Law. This Security Agreement and Assignment shall be construed in accordance with and governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the secured jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

6.7. Counterparts. This Security Agreement and Assignment may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement and Assignment.

6.8. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement and Assignment nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Transferee, the Secured Party and the Interim Lender have executed this Agreement as of the day and year first above written.

THE WEILER-ARNOW INVESTMENT COMPANY,

by

_____

_____

GENERAL ELECTRIC CREDIT
CORPORATION,

by

_____
Manager--Rail Financing

[Corporate Seal]

Attest:

_____

LINCOLN FIRST BANK N.A.,

by

_____

[Corporate Seal]

Attest:

_____

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

On this day of October 1979, before me personally appeared ALAN G. WEILER, to me personally known, who being by me duly sworn, did depose and say that he is a general partner of THE WEILER-ARNOW INVESTMENT COMPANY, a general partnership organized under the laws of the State of New York, the partnership described in and who executed the foregoing Agreement and he acknowledged the foregoing Agreement as his free act and deed.

_____
Notary Public

[Notarial Seal]

STATE OF ,)
) ss.:
COUNTY OF ,)

On this day of October 1979, before me personally appeared MARTIN J. KELLY, to me personally known, who being by me duly sworn, says that he is the Manager-Rail Financing of GENERAL ELECTRIC CREDIT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

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

On this day of October 1979, before me personally appeared to me personally known, by me duly sworn, said that he is an of LINCOLN FIRST BANK N.A. that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

_____
Notary Public

(SEAL)

Exhibit D

UPPER MERION AND PLYMOUTH RAILROAD COMPANY

Consent and Agreement

Funding Systems Railcars, Inc.,
Suite 404,
1000 RIDC Plaza,
Pittsburgh, Pennsylvania 15238.

Attention of Mr. Allen E. Nugent, II,
Vice President.

General Electric Credit Corporation,
260 Long Ridge Road,
Stamford, Connecticut 06902.

Attention of Manager-Rail Financing.

October 9, 1979

Gentlemen:

Reference is made to the Security Agreement dated the date hereof ("Security Agreement") among Funding Systems Railcars, Inc. ("Debtor"), Lincoln First Bank N.A. ("Interim Lender") and General Electric Credit Corporation ("Secured Party"). The capitalized terms used herein shall have the respective meanings set forth in the Security Agreement unless the context otherwise requires.

As an inducement to and as part of the consideration for the loan to be made by the Secured Party to the Debtor pursuant to the Security Agreement, Upper Merion and Plymouth Railroad Company ("UMP"), a wholly owned subsidiary of the Debtor, represents and warrants as follows:

1. Corporate Organization and Authority. UMP is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania; has all requisite power and authority and all necessary licenses and permits to own and operate its respective properties and to carry on its business as now conducted; is a common carrier by rail under the Interstate Commerce Act and will remain so as long as the Management and Maintenance

Contract dated as of August 21, 1979, as amended the date hereof, between UMP and The Weiler-Arnow Investment Company ("WAI") ("Management Contract") is in effect; and is duly licensed or qualified and is in good standing as a foreign corporation in each jurisdiction in which such qualification is necessary to carry out the terms of the Management and Contract.

2. Pending Litigation. There are no proceedings pending or threatened against or affecting UMP in any court or before any governmental authority or arbitration board or other tribunal which if adversely determined would materially and adversely affect UMP's ability to perform its obligations under the Management Contract. UMP is not in default with respect to any order of any court or governmental authority or arbitration board or other tribunal.

3. Corporate Authority; No Conflict with Certificate of Incorporation, etc. The execution and delivery by UMP of the Management Contract and compliance by UMP with all of the provisions thereof:

(i) are within the corporate powers of UMP;

(ii) will not violate any provisions of any law or any order of any court or governmental authority or agency and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under, the Articles of Incorporation or By-laws of UMP or any indenture, mortgage, conditional sale, loan or credit agreement or other instrument to which UMP is a party or by which it may be bound, or result in the imposition of any liens or encumbrances on any property of UMP.

4. No Existing Defaults Under the Management Contract. No Event of Default, as defined in the Management Contract, has occurred and is continuing and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default.

5. Governmental Approvals. No approval, consent or withholding of objection on the part of any regulatory body, Federal, state or local, is necessary in connection with the execution and delivery by UMP of the Management Contract or compliance by UMP with any of the provisions thereof.

6. Title. No mortgage, deed of trust or other lien of any nature whatsoever which now covers or affects any property or interest therein of UMP, now attaches or hereafter will attach to any Item of Equipment or in any manner affects or will affect adversely the right, title and interest of the Debtor or security interest of the Secured Party therein.

7. Insurance. The Equipment is covered by the insurance required by the Security Agreement and all premiums due on or prior to the date hereof in respect of such insurance have been paid in full.

8. ERISA. UMP is not entering into the Management Contract or any other transaction contemplated thereby, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan with respect to which it, or, insofar as is known to it, the Secured Party, the Builder or the Debtor is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

9. Amendments to Management Contract. Until such time as the Note and all other obligations of the Debtor to the Secured Party have been paid and discharged, UMP will not enter into or permit any amendment, modification or termination of the Management Contract without the prior written consent of the Secured Party.

10. Rights of Secured Party. UMP acknowledges receipt of a copy of the Security Agreement and consents to the terms and provisions thereof and further acknowledges that notwithstanding any provision of the Management Contract to the contrary, in the Event of a Default, as defined in the Security Agreement, the Secured Party shall have all the rights described in Section 6 of the Security Agreement and may exercise any of the same without any liability to UMP. UMP agrees that all Revenues under the Management Contract are payable to the Secured Party for application as provided in Section 5.1 of the Security Agreement; provided, however, that until notified to the contrary by the Secured Party, UMP shall not be required to make any payments in excess of the amounts necessary for application pursuant to clause first of Section 5.1 of the Security Agreement; and the Secured Party agrees that any amounts not so required to be paid shall not constitute Collateral under the Security Agreement and that it will not

give such notice unless and until an Event of Default under the Security Agreement has occurred.

UPPER MERION AND PLYMOUTH
RAILROAD COMPANY,

by _____
Vice President

AGREED:

FUNDING SYSTEM RAILCARS, INC.,

by _____
Vice President

GENERAL ELECTRIC CREDIT CORPORATION,

by _____
Manager--Rail Financing