

REGISTRATION NO. 8689

FEB 14 1977 12 33 PM

ICC
Date FEB 14 1977
Fee \$ 50-

Interstate Commerce Commission
Washington, D. C.

Gentlemen:

ICC Washington, D. C.

Enclosed for recordation under the provisions of Section 20(c) of the Interstate Commerce Act, as amended, are the original and two counterparts of Security Agreement-Trust Deed dated as of December 31, 1976.

A general description of the railroad rolling stock covered by the enclosed documents is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Debtor: Trust Company for USL, Inc., as Trustee
under B. F. Goodrich Trust No. 1
1211 West 22nd Street
Oak Brook, Illinois 60521

Secured Party: Indiana Bank and Trust Company of Ft. Wayne
Clinton at Washington Street
Ft. Wayne, Indiana 46802

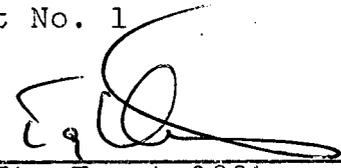
The undersigned is an officer of the Debtor mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original Security Agreement to Robert Nash, Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

TRUST COMPANY FOR USL, INC., as Trustee under B. F. Goodrich Trust No. 1

By 
Its Trust Officer

RECEIVED
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I.C.C.
FEE OPERATION BR.

Enclosures

(B. F. Goodrich Trust No. 1)



C. F. Kowale

SCHEDULE A

MANUFACTURER: ACF Industries, Inc.

DESCRIPTION OF EQUIPMENT: 95 100-ton covered hopper cars with roller bearings bearing The B. F. Goodrich Company identifying numbers BFGX 1000 to 1094, both inclusive

SPECIFICATIONS: Per Purchase Order No. 22-01-70157

ESTIMATED UNIT PURCHASE PRICE: \$33,000 per Item of Equipment

ESTIMATED TOTAL UNIT PURCHASE PRICE: \$3,135,000 for all 95 Items of Equipment

UNIT PURCHASE PRICE: \$31,650 per Item of Equipment or the price per Item set forth in the invoice (in no event to exceed the estimated unit purchase price) delivered by the Manufacturer on the date on which an Item is to be paid for pursuant to the Acquisition Agreement if such invoice is in fact delivered

LINING PURCHASE PRICE: \$1,385 per Item of Equipment

TOTAL LINING PURCHASE PRICE: \$131,575 for all 95 Items of Equipment

OUTSIDE DELIVERY DATE: March 15, 1977

DELIVER TO: The B. F. Goodrich Company
(as designated by the Railroad)

FIXED RENTAL PAYMENTS: Eighteen (18) semiannual rental payments in arrears each equal to 3.65388% of the aggregate Purchase Price (the Unit Purchase Price plus the Lining Purchase Price) of each Item of Equipment, followed by thirty-two (32) semiannual rental payments in arrears each equal to 4.46504% of such aggregate Purchase Price of such Item of Equipment

Interstate Commerce Commission
Washington, D.C. 20423

2/14/77

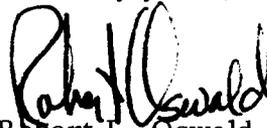
OFFICE OF THE SECRETARY

Robert Nash
Chapman and Cutler
111 West Monroe Street
Chicago, Illinois 60603

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 2/14/77 at 12:35pm and assigned recordation number(s) 8688 & 8689

Sincerely yours,



Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

FEB 01 1977

REGISTRATION NO. _____ Filed & Recorded

FEB 14 1977 12 25 PM

INDIAN STATE COMMERCE COMMISSION

SECURITY AGREEMENT-TRUST DEED

Dated as of December 31, 1976

FROM

TRUST COMPANY FOR USL, INC.,

as Debtor

TO

INDIANA BANK AND TRUST COMPANY OF FT. WAYNE

as Secured Party

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Attachment to Security Agreement-Trust Deed

Schedule I - Description of Equipment

SECURITY AGREEMENT-TRUST DEED

RE:

The B. F. Goodrich Company
(B. F. Goodrich Trust No. 1)

THIS SECURITY AGREEMENT-TRUST DEED dated as of December 31, 1976 (the "Security Agreement") from TRUST COMPANY FOR USL, INC., as Trustee (the "Debtor") under a Trust Agreement dated as of December 31, 1976 with Borg-Warner Leasing Corporation, a Delaware corporation (the "Trustor") Debtor's post office address being 1211 West 22nd Street, Oak Brook, Illinois 60521, to Indiana Bank and Trust Company of Ft. Wayne (the "Secured Party") whose post office address is Clinton at Washington Street, Ft. Wayne, Indiana 46802, Attention: Dennis Koehlinger, Vice President and Trust Officer.

RECITALS:

A. The Debtor and The Lincoln National Life Insurance Company (the "Lender") have entered into a Loan Agreement dated as of December 31, 1976 (the "Loan Agreement") providing for the commitment of the Lender to make loans to the Debtor on or before March 15, 1977 in the maximum aggregate principal amount of \$2,475,000 to be evidenced by the 8.375% Secured Notes (the "Notes") of the Debtor, expressed to bear interest at the rate of 8.375% per annum prior to maturity, and to mature in 40 semiannual installments, including both principal and interest, with the final installment payable not later than March 30, 1997, and to be otherwise substantially in the form attached as Exhibit A to the Loan Agreement.

B. The Notes and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Notes, this Security Agreement or the Loan Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

C. All of the requirements of law 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.

SECTION 1. 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 whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor

and effect, 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 and in the Loan 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 right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof subject always to the exceptions, reservations and limitations contained in Section 1.5 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

Section 1.1. Equipment Collateral. Collateral includes the railroad equipment described in Schedule I attached hereto and made a part hereof (collectively the "Equipment" and individually "Item of Equipment") constituting Equipment leased and delivered under that certain Equipment Lease dated as of December 31, 1976 (the "Lease") between the Debtor, as Lessor, and The B. F. Goodrich Company, a New York corporation, as Lessee (the "Lessee"); together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, together with all the rents, issues, income, profits and avails therefrom.

Section 1.2. Rental Collateral. Collateral also includes the Lease assigned pursuant hereto, including without limitation, all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under the Lease, including, without limitation, but subject always to the exceptions, reservations and limitations contained in Section 1.5 hereof,

(1) the immediate and continuing right to receive and collect all Daily Interim Rental, Fixed Rental and Casualty Value (as each such term is defined in the Lease), insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the lessor under the Lease pursuant thereto,

(2) the right to make all waivers and agreements and to give and receive duplicate copies of all notices and other instruments or communications, and

(3) the right to take such action upon the occurrence of an Event of Default under the Lease or an event which with the lapse of time or giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal,

administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease,

it being the intent and purpose hereof that subject always to the exceptions, reservations and limitations contained in Section 1.5 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive said Daily Interim Rental, Fixed Rental and Casualty Value and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

Section 1.3. Limitations to Security Interest. The security interest granted by Section 1.1 is subject to (a) the right, title and interest of the Lessee under the Lease, and (b) the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith.

Section 1.4. Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition 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 Loan Agreement and 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.

Section 1.5. Excepted Rights in Collateral. There are expressly excepted and reserved from the security interest and operation of this Security Agreement the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "Excepted Rights in Collateral") and nothing herein or in any other agreement contained shall constitute an assignment of said Excepted Rights in Collateral to the Secured Party:

(a) all payments of any indemnity under Sections 6 and 10.2 of the Lease which by the terms of the Lease are payable to the Debtor or the Trustor for its own account;

(b) all rights of the Debtor and the Trustor, respectively, under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor or the Trustor on account of any such indemnities or payments, provided that the rights excepted and reserved by this paragraph (b) shall not be deemed to include the exercise of any remedies provided for in Section 14 of the Lease except those contained in Section 14.1(1) thereof; and

(c) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 11.1 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Debtor or the Trustor for its own account.

SECTION 2. COVENANTS AND WARRANTIES OF THE TRUST.

The Debtor covenants, warrants and agrees as follows:

Section 2.1. 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 the Loan 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 successor and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Loan Agreement were fully set out in an amendment or supplement to this Security Agreement.

Section 2.2. Warranty of Title. The Debtor has the right, power and authority under the Trust Agreement to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor or the Trustor (excepting only the right, title and interest of the Lessee under the Lease and of persons claiming by, through or under the Lessee).

Section 2.3. Further Assurances. The Debtor will, at its own expense, 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. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of such assignment pursuant to Section 16 of the Lease and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease other than those sums referred to in Section 1.5 hereof excepted from the Collateral directly to the Secured Party or as the Secured Party may direct.

Section 2.4. After-acquired Property. Any and all property described or referred to in the granting clauses hereof 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 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

Section 2.5. Recordation and Filing. The Debtor will cause this Security Agreement and all supplements hereto, the Lease and all 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 its own expense 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, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of each supplemental Security Agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement 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.

Section 2.6. Modification of the Lease. The Debtor will not without the prior written consent of the Secured Party and the holders of the Notes:

(a) declare or waive a default or exercise the remedies of the Lessor under, or terminate or modify or accept a surrender of, or offer or agree to, any waiver of default, or any termination or modification or surrender of, the Lease or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof; or

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

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

Section 2.7. Power of Attorney in Respect of the Lease. Debtor 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 for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Section 1.1 and Section 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor 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 Debtor

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 rents and other sums and the security intended to be afforded hereby. The Secured Party shall defend, indemnify and save harmless the Debtor, its successor, agents and assigns from and against any claim, cause of action, damage, liability, cost or expense (including attorneys' fees and costs in connection therewith) incurred as a result of any action taken by the Secured Party under this Section 2.7 which is wrongful or which exceeds the power and authorities herein granted.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

Section 3.1. Possession of Collateral. While the Debtor is not in default hereunder it 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. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

Section 3.2. Release of Property. So long as no default referred to in Section 14 of the Lease 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 the Lessee for settlement pursuant to Section 11 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and the receipt from the Lessee of the Casualty Value payment for such Item of Equipment in compliance with Section 11 of the Lease.

Section 3.3. Release of Equipment - Consent of Noteholders. In addition to the sale, exchange or release pursuant to the foregoing Section 3.2, the Debtor may sell or otherwise dispose of any Equipment subject to the lien of this Security Agreement at the time of such proposed release and the Secured Party shall release the same from the lien hereof to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the holder or holders of the indebtedness hereby secured.

Section 3.4. 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.

(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 be released to or upon the order of the Debtor on the date of payment of the Notes.

Section 4.2. Multiple Notes. If more than one Note is outstanding at the time any application is made pursuant to Section 4.1, the application shall be made on all outstanding Notes ratably in accordance with the principal amount remaining unpaid thereon and on the installments of each Note, respectively, in the manner provided for by paragraphs (a) and (b) of Section 4.1.

Section 4.3. Default. If an Event of Default referred to in Section 5.1 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5. DEFAULTS AND OTHER PROVISIONS.

Section 5.1. Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, or interest 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 prepayment or by acceleration or otherwise, and any such default shall continue unremedied for five calendar days after written notice thereof from the Secured Party or any holder of the Notes; or

(b) An event of default set forth in Section 14 of the Lease; or

(c) Default on the part of the Debtor 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 Loan Agreement and such default shall continue unremedied for 30 calendar days; or

(d) Any representation or warranty made herein or in the Loan Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease or the Loan Agreement, or the transactions contemplated therein, proves untrue in any material respect as of the date of issuance or making thereof; or

(e) Any claim, lien or charge (other than the Lease and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 9 of the Lease) having a material effect (as determined solely by the Secured Party) upon the Equipment shall be asserted against or levied or imposed thereon or thereagainst, and such claim, lien or charge shall not be discharged or removed within thirty calendar days after written notice from the Secured Party or the holder of any Note to the Debtor and the Lessee demanding the discharge or removal thereof.

Section 5.2. Secured Party's Rights. The Debtor agrees that when any "Event of Default" as defined in Section 5.1 has occurred and is continuing, but subject always to Section 6 hereof, 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 Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

(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) Subject always to the then existing rights, if any, of the Lessee under the Lease, 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, 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 of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor and the Trustor once at least ten days prior to the date of

such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of the Notes, or of any interest therein, or the Trustor may bid and become the purchaser at any such sale;

(d) Subject always to the rights of the Lessee under the Lease, the Secured Party may proceed to protect and enforce this Security Agreement and said 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, or subject to the provisions of Section 6 hereof, 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) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may proceed to exercise all rights, privileges and remedies of the Lessor under the Lease, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

Section 5.3. Right to Cure. Except as hereinafter provided, if an Event of Default under the Lease of which the Secured Party has knowledge shall have occurred and be continuing, the Secured Party shall give the Debtor and the Trustor not less than thirty days' prior written notice of the date (the "Enforcement Date") on which the Secured Party will exercise any remedy or remedies pursuant to Section 5.2 hereof. If an Event of Default under the Lease in respect of the payment of Interim Rental or Fixed Rental or an Event of Default under Sections 14.1(b), (c) or (d) of the Lease (unless there shall have also occurred and be continuing any other Event of Default under Sections 14.1(e) or (f) of the Lease) shall have occurred and be continuing the Debtor or the Trustor may, at any time prior to the Enforcement Date, cure such default [in the case of a payment default by paying to the Secured Party an amount equal to any principal and interest (including interest, if any, on overdue payments of principal and interest) then due and payable in respect of the Notes]; provided, however, that the Debtor and the Trustor may not

exercise such payment right in respect of the third of any three consecutive such Rental payment defaults or in any event more than a total of eight times throughout the term of the Lease.

Except as hereinafter in this Section 5.3 provided, any claims of the Debtor or the Trustor against the Lessee or any other party for the repayment of any amount so paid by the Debtor or the Trustor or on account of costs or expenses incurred in connection with such claims shall not impair the prior right and security interest of the Secured Party in and to the Collateral. If no other Event of Default shall have occurred and be continuing and if all principal and interest payments due in respect of the Notes have been paid at the time of receipt by the Secured Party from the Lessee of an overdue installment of Interim Rental or Fixed Rental in respect of which the Debtor or the Trustor shall have made payment pursuant to the preceding paragraph of this Section 5.3(a) and interest payable by the Lessee on account of such overdue installment, such installment and interest thereon shall be released as soon as practicable to or upon the order of the Debtor.

Nothing in this Section 5.3 contained shall be deemed to modify or amend any of the provisions of Section 2 hereof or any rights of the Secured Party under this Agreement or render the Secured Party or any holder of the Notes liable to the Debtor or the Trustor for failure to give any notice hereinabove referred to or prevent the Secured Party from terminating any consultations which the Secured Party may have chosen to engage in with the Debtor or the Trustor and in any event to proceed with and enforce any rights of the Secured Party under this Agreement after the giving of notice as herein provided.

Section 5.4. 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, 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 apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

Section 5.5. 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 appraisal 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, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, 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.

Section 5.6. 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 (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

Section 5.7. 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, first to unpaid principal thereof, and second,

to unpaid interest thereon; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid;

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 5.8. 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 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.

Section 5.9. 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. No remedy hereunder 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; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty 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 guaranties.

Section 5.10. Lessee's Rights in Equipment. The Secured Party understands and agrees that until an Event of Default under the Lease shall have occurred and be continuing, its rights and remedies under this Section 5 with respect to the Equipment shall be expressly subject to the interest of the Lessee under the Lease in and to the Equipment and to the Lessee's quiet enjoyment thereof.

SECTION 6. THE SECURED PARTY.

Section 6.1. Certain Duties and Responsibilities of Secured Party. (a) Except during the continuance of an Event of Default:

(1) the Secured Party undertakes to perform such duties and only such duties as are specifically set forth in this Security Agreement, and no implied covenants or obligations shall be read into this Security Agreement against the Secured Party; and

Security Agreement or the Lease; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Secured Party, the Secured Party shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Security Agreement.

(b) In case an Event of Default has occurred and is continuing, the Secured Party shall exercise such of the rights and powers vested in it by this Security Agreement for the benefit of the holders of the Notes, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Security Agreement shall be construed to relieve the Secured Party from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(2) the Secured Party shall not be liable for any error of judgment made in good faith by an officer of the Secured Party unless it shall be proved that the Secured Party was negligent in ascertaining the pertinent facts;

(3) the Secured Party shall not be liable to the holder of any Note with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of two-thirds principal amount of the Notes outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Secured Party, or exercising any trust or power conferred upon the Secured Party under this Security Agreement; and

(d) no provision of this Security Agreement shall require the Secured Party to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) Whether or not therein expressly so provided, every provision of this Security Agreement relating to the conduct or affecting the liability of or affording protection to the Secured Party shall be subject to the provisions of this Section.

Section 6.2. Certain Limitations on Secured Party's Rights to Compensation and Indemnification. The Secured Party agrees that it shall have no right against the Debtor, the Trustor, the Lender or the holders of any Note for the payment of compensation for its services hereunder or any expenses or disbursements incurred in connection with the exercise and performance of its powers and duties

hereunder or any indemnification against liability which it may incur in the exercise and performance of such powers and duties but on the contrary, shall look solely to the Lessee under Section 22.6 of the Lease for such payment and indemnification and that it shall have no lien on nor security interest in the Collateral as security for such compensation, expenses, disbursements and indemnification except to the extent provided for in Section 5.7(a) hereof.

Section 6.3. Certain Rights of Secured Party. (a) The Secured Party shall not be responsible for any recitals herein or in the Loan Agreement or for insuring the Equipment, or for paying or discharging any tax, assessment, governmental charge or lien affecting the Collateral, or for the recording, filing or re-filing of this Security Agreement, or of any supplemental or further mortgage or trust deed, nor shall the Secured Party be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements contained herein or in the Loan Agreement, and, except in the case of a default in the payment of the principal of, or interest or premium, if any, on any Note or a default of which the Secured Party has actual knowledge, the Secured Party shall be deemed to have knowledge of any default in the performance or observance of any such covenants, conditions or agreements only upon receipt of written notice thereof from one of the holders of the Notes. The Secured Party shall promptly notify all holders of the Notes of any default of which the Secured Party has actual knowledge. Upon receipt by the Secured Party of such written notice from a holder of a Note, the Secured Party shall promptly notify all other holders of the Notes of such notice and the default referred to therein by prepaid registered mail addressed to them at their addresses set forth in the Register.

(b) The Secured Party makes no representation, or warranty as to the validity, sufficiency or enforceability of this Security Agreement, the Notes, the Loan Agreement or any instrument included in the Collateral, or as to the value, title condition, fitness for use of, or otherwise with respect to, any Equipment or Item of Equipment or any substitute therefor. The Secured Party shall not be accountable to anyone for the use or application of any of the Notes or the proceeds thereof or for the use or application of any property or the proceeds thereof which shall be released from the lien and security interest hereof in accordance with the provisions of this Security Agreement.

(c) The Secured Party may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(d) Any request, direction or authorization by the Debtor or the Lessee shall be sufficiently evidenced by a request, direction or authorization in writing, delivered to the Secured Party, and signed in the name of the Debtor or the Lessee, as the case may be, by its Chairman of the Board, President, any Vice President, Treasurer or Secretary; and any resolution of the Board of Directors of

the Debtor or the Lessee shall be sufficiently evidenced by a copy of such resolution certified by its Secretary or an Assistant Secretary to have been duly adopted and to be in full force and effect on the date of such certification, and delivered to the Secured Party.

(e) Whenever in the administration of the trust herein provided for the Secured Party shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate purporting to be signed by the Chairman of the Board, the President, any Vice President, the Treasurer or the Secretary of the Debtor and delivered to the Secured Party, and such certificate shall be full warrant to the Secured Party or any other person for any action taken, suffered or omitted on the faith thereof, but in its discretion the Secured Party may accept, in lieu thereof, other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(f) The Secured Party may consult with counsel, appraisers, engineers, accountants and other skilled persons to be selected by the Secured Party, and the written advice of any thereof shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(g) The Secured Party shall be under no obligation to take any action to protect, preserve or enforce any rights or interests in the Collateral or to take any action towards the execution or enforcement of the trusts hereunder or otherwise hereunder, whether on its own motion or on the request of any other person, which in the opinion of the Secured Party may involve loss, liability or expense, unless the Debtor or one or more holders of the Notes outstanding shall offer and furnish reasonable security or indemnity against loss, liability and expense to the Secured Party.

(h) The Secured Party shall not be liable to the holder of any Note for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Security Agreement.

(i) The Secured Party shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, unless requested in writing to do so by the holders of not less than a majority in principal amount of the Notes then outstanding.

(j) The Secured Party may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Secured Party shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care.

the trusts herein expressed, all the estates, properties, rights, powers and trusts of the secured party so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such secured party to the successor secured party so appointed in its or his place.

SECTION 7. LIMITATIONS OF LIABILITY.

Anything in this Agreement, the Loan Agreement, the Notes, the Lease, any certificate, opinion or document of any nature whatsoever to the contrary notwithstanding, neither the Secured Party nor the holder of any Note nor the successors or assigns of any of said persons, shall have any claim, remedy or right to proceed (at law or in equity) against the Debtor in its individual corporate capacity or against the Trustor or the Agent, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor, the Trustor or the Agent (except in the case of the gross negligence or willful misconduct of any such party, it being understood that the gross negligence or willful misconduct of the Trustor shall not be imputed to the Debtor or the Agent nor shall that of the Trustee or the Agent be imputed to the Trustor) for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Notes or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever, from any source other than the Collateral, and the Secured Party by execution of this Agreement and the holders of the Notes by acceptance thereof waive and release any personal liability of the Debtor in its individual corporate capacity, the Trustor and the Agent or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor, the Trustor or the Agent (except in the case of the gross negligence or willful misconduct of any such party, it being understood that the gross negligence or willful misconduct of the Trustor shall not be imputed to the Debtor or the Agent nor shall that of the Trustee or the Agent be imputed to the Trustor) for and on account of such indebtedness or such liability, and the Secured Party and the holders of the Notes agree to look solely to the Collateral for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the holder of the Notes to accelerate the maturity of the Notes upon a default under this Security Agreement; to bring suit and obtain a judgment against the Debtor on the Notes (provided that neither the Debtor in its individual corporate capacity nor the Trustor nor the Agent or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor, the Trustor or the Agent shall have any personal liability on any such judgment and the satisfaction thereof shall be limited to the Collateral, including any interest therein of the Debtor, the Trustor and the Agent) or to exercise all rights and remedies provided under this Security Agreement or otherwise realize upon the Collateral, including the right to proceed against the Lessee under the Lease.

SECTION 8. SUPPLEMENTAL SECURITY AGREEMENTS; WAIVERS.

Section 8.1. Supplemental Security Agreements Without Noteholders' Consent. The Debtor and the Secured Party from time to time and at any time, subject to the restrictions in this Security Agreement contained, may enter into an agreement or agreements supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon the Debtor;

(b) to subject to the security interest of this Security Agreement additional property hereafter acquired by the Debtor and intended to be subjected to the security interest of this Security Agreement, and to correct and amplify the description of any property subject to the security interest of this Security Agreement;

(c) to permit the qualification of this Security Agreement under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, except that nothing herein contained shall permit or authorize the inclusion of the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939 or any corresponding provision in any similar Federal statute hereafter in effect; or

(d) for any other purpose not inconsistent with the terms of this Security Agreement, or to cure any ambiguity or cure, correct or supplement any defect or inconsistent provisions of this Security Agreement or any supplement;

and the Debtor covenants to perform all requirements of any such supplemental agreement. No restriction or obligation imposed upon the Debtor may, except as otherwise provided in this Security Agreement, be waived or modified by such supplemental agreements, or otherwise.

Section 8.2. Waivers and Consents by Noteholders; Supplemental Security Agreements with Noteholders' Consent. Upon the waiver or consent of the holders of at least 66 2/3% in aggregate principal amount of the Notes (a) the Debtor may take any action prohibited, or omit the taking of any action required, by any of the provisions of this Security Agreement or any agreement supplemental hereto, or (b) the Debtor and the Secured Party may enter into an agreement or agreements supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Security Agreement or of any agreement supplemental hereto or modifying in any manner the rights and obligations of the holders of the Notes and the Debtor; provided, that no such waiver or supplemental agreement shall (i) impair or affect the right of any holder to receive payments or prepayments of the principal of and payments of the interest and premium, if any, on its Note, as therein and

herein provided, without the consent of such holder, (ii) permit the creation of any lien or security interest with respect to any of the Collateral, without the consent of the holders of all the Notes at the time outstanding, (iii) effect the deprivation of the holder of any Note of the benefit of the security interest of this Security Agreement upon all or any part of the Collateral without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of Notes, the holders of which are required to consent to any such waiver or supplemental agreement pursuant to this Section, without the consent of the holders of all of the Notes at the time outstanding, or (v) modify the rights, duties or immunities of the Secured Party, without the consent of the holders of all of the Notes at the time outstanding.

Section 8.3. Notice of Supplemental Security Agreements. Promptly after the execution by the Debtor and the Secured Party of any supplemental agreement pursuant to the provisions of Section 8.1 or 8.2 hereof, the Secured Party shall give written notice, setting forth in general terms the substance of such supplemental agreement, together with a conformed copy thereof, mailed, first-class, postage prepaid, to each holder of the Notes. Any failure of the Secured Party to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental agreement.

Section 8.4. Opinion of Counsel Conclusive as to Supplemental Security Agreements. The Secured Party is hereby authorized to join with the Debtor in the execution of any such supplemental agreement authorized or permitted by the terms of this Security Agreement and to make the further agreements and stipulations which may be therein contained, and the Secured Party may receive an opinion of counsel as conclusive evidence that any supplemental agreement executed pursuant to the provisions of this Section 8 complies with the requirements of this Section 8.

SECTION 9. MISCELLANEOUS.

Section 9.1. 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, 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.

Section 9.2. 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, provided that nothing contained in this Section 9.2 shall be construed to be in derogation of any rights or immunities of the Debtor in its individual capacity or the Trustor or the Agent, under Section 7 hereof, or to amend or modify any limitations or restrictions of the Secured Party or the holder of any Note or their respective successors or assigns under said Section 7.

Section 9.3. 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 delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor: Trust Company for USL, Inc.,
Trustee under B. F. Goodrich
Trust No. 1
1211 West 22nd Street
Oak Brook, Illinois 60521

With copies to: United States Leasing International,
Inc. (B. F. Goodrich Trust No. 1)
633 Battery Street
San Francisco, California 94119
Attention: Vice President-Lease
Underwriting Group

Borg-Warner Leasing Corporation
Suite 2700
One IBM Plaza
Chicago, Illinois 60621
Attention: Manager, Leverage Leasing

If to the Secured Party: Indiana Bank and Trust Company
of Ft. Wayne
Clinton at Washington Street
Ft. Wayne, Indiana 46802
Attention: Dennis Koehlinger
Vice President and
Trust Officer

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

Section 9.4. 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.

Section 9.5. Governing Law. This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the State of Illinois; provided, however, that the Secured Party shall be entitled to all the rights conferred by any applicable federal statute, rule or regulation.

Section 9.6. 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.

Section 9.7. 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.

Section 9.8. Effective Date. This Security Agreement is dated as of the date designated in the initial paragraph hereof for convenience of identification and has been executed by the Debtor on the date shown in the acknowledgment attached hereto, but is delivered by the Debtor to the Secured Party and becomes effective on the date of purchase of the Notes by the Secured Party and the filing and recording of this Security Agreement with the Secretary of the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed, and Indiana Bank and Trust Company of Ft. Wayne, in evidence of its acceptance of the trusts hereby created, has caused this Security Agreement to be executed on its behalf by one of its TRUST OFFICERS and its corporate seal to be hereunto affixed, and said seal and this Security Agreement to be attested by ~~one of~~ its SECRETARY.

(CORPORATE SEAL)

ATTEST:



Trust Officer

TRUST COMPANY FOR USL, INC., as
Trustee under B. F. Goodrich
Trust No. 1

By 

Its Trust Officer.

DEBTOR

(CORPORATE SEAL)

ATTEST:



Secretary

INDIANA BANK AND TRUST COMPANY
OF FT. WAYNE, as Security
Trustee

By 

Its TRUST OFFICER

SECURED PARTY

STATE OF ILLINOIS)
) SS
COUNTY OF DU PAGE)

On this 9th day of February, 1977, before me personally appeared Mr. Thomas Thompson, to me personally known, who being by me duly sworn, says that he is a Trust Officer of TRUST COMPANY FOR USL, INC., 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.

James M. Anderson
Notary Public

(SEAL)

My Commission Expires: 10/8/78

STATE OF INDIANA)
) SS
COUNTY OF)

On this 11th day of February, 1977, before me personally appeared DAVID D. CORNWELL, to me personally known, who being by me duly sworn, says that he is a Trust Officer of INDIANA BANK & TRUST 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.

Carolyn Sue Favory
Notary Public

(SEAL)

My Commission Expires:

CAROLYN SUE FAVORY
My commission expires Feb. 27, 1980

SCHEDULE I TO SECURITY AGREEMENT-TRUST DEED

DESCRIPTION OF EQUIPMENT

MANUFACTURER:

ACF INDUSTRIES, INC.

DESCRIPTION OF EQUIPMENT:

Ninety-five (95) 100-ton covered
hopper cars with roller bearings
and bearing The B. F. Goodrich
Company identifying numbers
BFGX 1000 to 1094, both inclusive