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13029

RECORDATION NO. 13029 Filed 1428 (202) 628-2000

MAR 31 1981 - 1 15 PM March 31, 1981 13029 1-090A102

* ADMITTED IN MD. OF

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 13029 Filed 1428

No.

MAR 31 1981 - 1 15 PM

MAR 31 1981

Date.....

Fee \$ 50.00

INTERSTATE COMMERCE COMMISSION

Washington, D. C.

Ms. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

Re: Recordation of Documents:
Loan Agreement and Assignment
and Agreement

Dear Ms. Mergenovich:

Please find enclosed for recordation pursuant to 49 U.S.C. 11303 two counterpart copies of:

(1) LOAN AGREEMENT, made as of March 31, 1981, by and among Funding Systems Railcars, Inc. ("Borrower"), Wisconsin & Southern Railroad Company ("Lessor"), FSC Corporation ("Guarantor") and Greycas, Inc. ("Lender"); and

(2) ASSIGNMENT AND AGREEMENT, made as of March 31, 1981, by and between American National Bank and Trust Company of Chicago ("Assignor") and Greycas, Inc. ("Assignee").

The names and addresses of the parties to this transaction are as follows:

Assignee and Lender

Greycas, Inc.
Greyhound Tower
Phoenix, Arizona 85077

RECEIVED
MAR 31 1 12 PM '81
I.C.C.
FEE OPERATION BR.

Handwritten signature: R. Lawrence McCaffrey, Jr.

See Recordation 12730 & 12733

Ms. Agatha L. Mergenovich

-2-

March 31, 1981

Assignor

American National Bank and Trust
Company of Chicago
33 North LaSalle Street
Chicago, Illinois 60603

Borrower

Funding Systems Railcars, Inc.
1000 RIDC Plaza, Suite 401
Pittsburgh, Pennsylvania 15238

Guarantor

FSC Corporation
1000 RIDC Plaza
Pittsburgh, Pennsylvania 15238

Lessor

Wisconsin & Southern Railroad Company
P.O. Box 404
Conshohocken, Pennsylvania 19428

The equipment that is the subject of this transaction is described as follows:

One hundred (100) new 4,750 cu. ft.
open hopper cars (AAR mech. design.
HM), and listed in the Official Railway
Equipment Register as WSOR 300100 -
WSOR 300199 inclusive.

Pursuant to 49 C.F.R. Part 1116, please stamp the documents described above with the date and hour of recordation, a recordation number and a notation to the effect that it has been filed pursuant to the provisions of section 11303 of Title 49 of the United States Code. After performing these tasks, please retain one copy of these documents in the Commission's files and return the other to the delivering agent of:

Witkowski, Weiner, McCaffrey and Brodsky, P.C.
1575 Eye Street NW, Suite 350
Washington, DC 20005

Ms. Agatha L. Mergenovich

-3-

March 31, 1981

Enclosed is a check drawn to the order of the
Interstate Commerce Commission for filing fees.

Your cooperation is appreciated.

Greycas, Inc.

By its Special Counsel,

A handwritten signature in black ink, appearing to read "R. L. McCaffrey, Jr.", written in a cursive style.

R. Lawrence McCaffrey, Jr.
Witkowski, Weiner, McCaffrey
and Brodsky, P.C.

Suite 350
1575 Eye Street, N.W.
Washington, DC 20005

Interstate Commerce Commission
Washington, D.C. 20423

3/31/81

OFFICE OF THE SECRETARY

R. Lawrence McCaffrey, Jr.
Witkowski, Weiner, McCaffrey & Brodsky, P.C.
1575 Eye Street, N.W. Suite 350
Washington, D.C. 20005

Dear
Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/31/81 at 1:15pm, and assigned recordation number(s) 13029 & 13029-A.

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

MAR 31 1981 -1 15 PM

INTERSTATE COMMERCE COMMISSION

LOAN AGREEMENT

THIS AGREEMENT, made as of this 31st day of March, 1981, by and among FUNDING SYSTEMS RAILCARS, INC. ("Assignor", "Borrower" or "Railcars"), WISCONSIN & SOUTHERN RAILROAD COMPANY ("Wisconsin" or "Lessee"), FSC CORPORATION ("Guarantor") and GREYCAS, INC. ("Assignee", "Greycas" or "Lender").

WITNESSETH:

WHEREAS, American National Bank and Trust Company of Chicago ("ANB") loaned \$3,052,756.00 to Railcars under two Finance Agreements both dated December 22, 1980 (collectively referred to herein as the "Note Purchase Agreements") and, in connection therewith, received two Secured Notes both dated December 22, 1980, from Railcars each in the principal amount of \$1,526,378.00, for an aggregate amount of \$3,052,756.00 (the "Secured Notes"); and

WHEREAS, ANB and Railcars entered into Security Agreements dated as of December 22, 1980 (collectively referred to herein as the "Security Agreements"), under which Railcars granted to ANB a security interest in the Collateral (as defined in the Security Agreements) including, without limitation, the open-hopper railcars designated WSOR 300100 through WSOR 300199 (the "Hopper Cars") and the right, title, interest, claims and demands of Railcars in, to and under (i) the Purchase Order between Railcars and Thrall Car Manufacturing Company, relating to the Hopper Cars (the "Purchase Agreement"), set forth as Exhibit A to the Note Purchase Agreements and (ii) the two Lease and Management Agreements between Railcars and Wisconsin, dated as of December 22, 1980 in respect to the Hopper Cars (collectively herein referred to as the "Lease" or "Leases"); and

WHEREAS, in connection with the Note Purchase Agreements and the transactions contemplated thereby, ANB has also received a Continuing Guaranty dated as of December 22, 1980 (the "Continuing Guaranty") from FSC Corporation, of which Railcars is a wholly owned subsidiary, opinions from counsel to the various parties, and other certificates, instruments and documentation relating to the Note Purchase Agreements, the Secured Notes, the Security Agreements, the Purchase Agreements, the Leases, the Hopper Cars, and the Continuing Guaranty (all such agreements, documents, instruments and opinions hereinafter referred to collectively as the "Loan Documents"); and

WHEREAS, Railcars desires that Lender purchase, simulataneously herewith, from ANB the Secured Notes and in connection therewith accept an assignment dated the date hereof by ANB of all of its rights, title and interest in, to and under the Loan Documents ("Assignment and Agreement"); and

WHEREAS, Lender is willing to purchase the Secured Notes and accept said assignment upon the terms and conditions herein contained.

NOW THEREFORE, subject to the following terms and conditions, the parties hereto agree as follows:

Section 1. Take-Out Agreement and Substituted Note.

1.1 Subject to the terms and conditions of this Loan Agreement, Greycas agrees to lend to Railcars and Railcars agrees to borrow from Greycas an amount equal to the

remaining principal balance of the Secured Notes (not to exceed \$3,059,000.00) ("Loan") as of the Closing Date (defined below) by paying said amount directly to ANB as a refinancing of the debt owed by Railcars to ANB which is the subject of the Loan Documents ("Take-Out"). Take-Out by Greycas shall retire and surrender all of the ANB's rights and interests in the Loan Documents and in the debt they secure, and all other documents, certificates and instruments in relation thereto and to the Hopper Cars (all of which documents, certificates and instruments Railcars shall identify and deliver to Greycas prior to Take-Out) and Greycas shall succeed to all of ANB's rights and interests held by ANB prior to Take-Out in said debt, the Loan Documents and all other documents, certificates and instruments in relation thereto.

1.2 Notwithstanding anything to the contrary set forth in the Loan Documents, the Loan Documents shall remain in full force and effect until no further obligation remains due and owing to Greycas hereunder or to be fulfilled by Railcars or any other party to any of the Loan Documents.

1.3 All parties hereto agree that Greycas, as assignee of the Loan Documents shall possess, a first preferred and senior security interest ("Security Interest") in the Hopper Cars and all other liens, rights, titles, equities and interests in the Hopper Cars, whatsoever, shall be subject and subordinate to Greycas' Security Interest and the terms and conditions set forth in this Loan Agreement.

1.4 The terms and conditions of the Loan Documents shall be and are hereby amended in accordance with the terms and conditions of this Loan Agreement. Railcars shall execute and deliver a substitute promissory note ("Substituted Note") (as more fully defined below) to effectuate the terms and conditions, intents and purposes of this Loan Agreement.

1.5 Railcars acknowledges and agrees that upon consummation of the Loan and Take-Out, it shall be responsible only to Greycas, under the Loan Documents, Substituted Note and any other documents, certificates and instruments in relation thereto, and that it will make payments of principal and interest only to Greycas thereunder in accordance with the terms thereof, as same are amended in accordance with the provisions of this Loan Agreement.

Section. 2 Amendment of Assignment of Lease and Management Agreements.

2.1 The assignment of Rentals by Railcars ("Assignor" for the purposes of this Section 2) to ANB in connection with the Lease and Management Agreements ("Lease") contained in the Loan Documents ("Assignment") is hereby amended by adding the following provisions, thereto, which provisions shall control, notwithstanding any contrary provisions in the Loan Documents.

1. (a) Assignor will at all times for the duration of the Lease at its sole cost and expense: (i) remain fully obligated and liable under the Lease and faithfully abide by, perform and discharge each and every obligation, covenant, condition and agreement of the Lease; and (ii) use reasonable diligence to enforce or secure the performance of each and every obligation, covenant, condition and agreement of the Lease to be performed by Lessee.

(b) No payment under the Lease has been or will be forgiven, released, reduced or discounted, or otherwise discharged or compromised by Assignor.

(c) Assignor is as of this date entitled to receive rental and other payments, and to enjoy all the other rights and benefits mentioned in the Lease and the same have not been heretofore (other than that certain Collateral Assignment

of Leases from Assignor to Refco Rail Equipment, Ltd. ("Owner") which is expressly subject and subordinate to the rights of Assignee) nor will they be hereinafter granted, sold, transferred or assigned by Assignor and Assignor has the right to grant, sell, transfer and assign the same and to grant and confer upon Assignee the rights, interest, powers and/or authority herein granted and conferred.

(d) Assignor will not terminate, cancel, modify, alter or amend the Lease without the written consent of Assignee or its assigns thereto being first obtained.

(e) (i) Assignor has the full power and legal right to make this Assignment and all corporate proceedings necessary to authorize this Assignment have been taken; (ii) the Lease is in full force and effect and neither Assignor nor Lessee is in default thereunder; and (iii) the Lease is and will continue to be valid, binding and enforceable against Assignor and Lessee in accordance with its terms.

(f) Assignor will execute and deliver, immediately upon the request of Assignee or its assigns, all such further assurances of assignment of the Lease as Assignee or its assigns shall from time to time require, and will pay all recording and filing fees or other charges that may be incident to or may arise out of the recording of the same or of this Assignment. Assignor will execute upon request any and all instruments requested by Assignee to carry this Assignment into effect or to accomplish any other purposes deemed by Assignee or its assigns to be necessary or appropriate in connection with this Assignment and for these purposes hereby confers on Assignee or its assigns the power to execute in Assignor's name and stead all such instruments.

2. (a) It is the intention of the parties that this Assignment shall be a present assignment, it is expressly understood and agreed, anything in the Loan Documents or herein to the contrary notwithstanding, that Lessee shall make all rental payments and pay all other amounts due Assignor under the Lease directly to Assignee or its assigns, and providing an Event of Default shall not have occurred under this Agreement or under the Loan Documents, Assignee or its assigns shall account to Assignor for any excess of any such payments over the amounts due and payable by Assignor to Assignee or its assigns under the Substituted Note, the Loan Agreement and the Loan Documents.

(b) If an Event of Default shall occur under the Lease, this Agreement or there shall occur a default in the performance of any obligation, covenant, condition or agreement hereunder, not cured as provided herein and therein, Assignee or its assigns may, at its option, in addition to any other remedy it may possess in respect to the Hopper Cars, (i) enforce any and all of Assignee's rights and remedies under the Lease, and/or (ii) take such action it deems proper or necessary to collect the rental and other payments from Lessee and to retain use and enjoy same.

(c) Assignee in the exercise of the rights and powers conferred upon it by this Assignment shall have the full power to hold, use and apply all of the rental and other payments, to the payment of or on account of any sums due under the Lease and any cost and expense of collection, including reasonable attorneys' fees, all in such order as Assignee in its sole discretion may determine. The collection of such payments and the application thereof as aforesaid, shall not cure or waive any default or waive, modify or effect notice of default under the

Lease, the Loan Agreement or hereunder invalidate any act done pursuant to such notice.

(d) An Event of Default under the Lease shall constitute an Event of Default under the this Loan Agreement and Substituted Note.

3. This Assignment shall not operate to increase Assignee's obligations or liabilities or decrease Assignee's rights and remedies under the Lease. Assignee shall not be responsible for any loss, liability or damage under the Lease, or under or by reason of this Assignment. Should Assignee incur any such liability, loss or damage under the Lease or under or by reason of this Assignment, or in the defense of any claims or demands whatsoever asserted against Assignee under the Lease or under or by reason of this Assignment, the amount thereof, including costs, expenses and attorneys' fees, shall be so much additional sums secured hereby, shall bear interest at the rate specified in the Note and Assignor agrees that it shall reimburse Assignee therefor immediately upon demand.

4. Lessee is hereby authorized to recognize the claims of Assignee hereunder when made under the sole signature of Assignee, without investigating the reason for any action taken by Assignee, or the validity of the amounts due and owing to Assignee, or the application to be made by Assignee of any amount to be paid to Assignee. Checks for all or any part of the payments collected under this Assignment shall be drawn at Assignee's option to the exclusive order of Assignee.

5. The remedies herein set forth shall be deemed special remedies given to Assignee and shall not be deemed exclusive of any other remedies granted in the Loan Agreement, Loan Documents or by law, which shall be cumulative with the remedies herein granted. Any right or remedy exercised hereunder by Assignee including, without limitation, the collection of any payments under the Lease and the application thereof as aforesaid shall not, without the express written consent of Assignee, cure, modify or waive any default or any notice thereof under the Lease and/or Loan Documents or invalidate any act done pursuant to such notice. No delay or failure of Assignee to exercise any right or remedy hereunder or under the Loan Documents, or under the Lease, shall be deemed to be a waiver thereof and the single or partial exercise by Assignee of any right or remedy under this Agreement, the Lease or the Loan Documents shall not preclude other or further exercise thereof or the exercise of any other right of remedy at any time.

2.2 All of the parties hereto acknowledge and agree that all assignments of the Lease no matter when made and between whom made shall be subject and subordinate to the Assignment as amended herein and the assignment of the Assignment set forth in the Assignment and Agreement between ANB and Greycas. The parties hereto agree to execute and deliver to Greycas such UCC-1's and other documents or instruments as Greycas may reasonably require to assure its first perfected senior lien status in regard to the Assignment, and any rental or other payments, thereunder.

2.3 Wisconsin hereby acknowledges and consents to the assignment by ANB of the Assignment as set forth in the Assignment and Agreement in favor of Greycas and as herein amended and set forth, and recognizes the rental and other payments under the Lease shall be made directly to Greycas after consummation of the Loan. Wisconsin further agrees that all obligations of Railcars as lessor under the Lease shall be Railcar's and Wisconsin agrees to look solely to Railcars, and not Greycas, for the performance of such obligations.

Section 3. Subordination.

3.1 The parties hereto severally acknowledge and agree as to their own interests, rights, claims, equities or titles in and to the Hopper Cars, or the Lease, that notwithstanding said interests, rights, claims, equities or titles, Greycas' Security Interest in the Hopper Cars, Security Interest in the Lease and payments to be made thereunder pursuant to this Loan Agreement and all of Greycas' rights and remedies under the Loan Documents and hereunder and all other documents, certificates and instruments as amended, mentioned herein, shall be first, senior and preferred ("Greycas' Rights") and said parties' interests, rights, claims, equities or titles in and to the Hopper Cars or Lease or payments to be made thereunder are subordinate and subject to Greycas' Rights in all manner and respect, it being understood that in the event of any Event of Default under Lease, the Loan Documents or hereunder, Greycas may, but not by way of limitation, take immediate possession of the Hopper Cars under the terms of the Loan Documents, as amended hereby. The parties hereto represent as to themselves that they have not assigned, transferred or otherwise encumbered or disposed of any of their interests, rights, claims, equities or titles in and to the Hopper Cars or Lease or payments to be made hereunder, as the case may be, other than the sale by Railcars to Melopom Leasing Corp. ("Melopom") and the Agreement of Lease and Collateral Assignment of Lease between Railcars and Refco Rail Equipment, Inc. ("Owner"), which are subordinate to Greycas Rights.

Section 4. Terms and Conditions of Loan to Railcars ("Borrower") by Greycas ("Lender").

4.1 Any provision to the contrary in the Loan Documents notwithstanding, the following terms and conditions shall amend said Loan Documents and shall control in the event of any inconsistent provision of the Loan Documents.

4.2 To secure payment of the Substituted Note (as defined below) and the performance of Borrower's obligations hereunder and under the Loan Documents, Lender shall succeed to all of ANB's rights and interests in and under the Loan Documents.

4.3 As used herein, the following terms shall have the following meanings:

(a) "Casualty Value" shall mean Insured Value, as defined in Section 4.3(e), below.

(b) "Closing Date" shall be that date to be agreed on by Borrower and Lender at which time the Loan, the Assignment and Agreement and Take-Out shall be simultaneously consummated, which date shall not be later than March 31, 1981, unless otherwise extended by Greycas in its sole discretion. This Loan Agreement shall be signed and dated as of the Closing Date.

(c) "Collateral" shall mean the Hopper Cars, any and all additions, accessories, attachments, the Lease, proceeds from the Assignment thereof and the sale or other disposition of the Hopper Cars and all proceeds of insurance on the Hopper Cars.

(d) "Event of Default" shall have the meaning set forth in this Loan Agreement and the Loan Documents.

(e) "Insured Value" shall mean, when used in connection with the Collateral, the Casualty Value or, if greater, an amount equal to the the Loan disbursed hereunder multiplied by the percentage set forth on Exhibit "A" to the Substituted Note, which by this reference is made a part hereof, for the applicable term of this Agreement in which the calculation of the Insured Value is made. The Insured Value has been calculated on the premise that any and all installments due for the applicable term of this Agreement and all prior periods have been made by the Borrower on or before the dates dues.

(f) "Loan" shall mean the loan to Borrower by Lender of the sum actually disbursed to the ANB in accordance with the provisions of Section 6.1, hereof, which amount shall not exceed THREE MILLION FIFTY NINE THOUSAND DOLLARS (\$3,059,000.00) and shall be pursuant to the terms and conditions set forth herein.

(g) "Officer's Certificate" shall mean a certificate signed and sealed in the name of the Borrower by its President, any of its Vice Presidents, its Secretary or its Treasurer.

(h) "Overdue Rate" shall have the meaning specified in Section 5.4 hereof.

(i) "Substituted Note" shall mean the Promissory Note to be made and delivered by Borrower to Lender pursuant to this Loan Agreement and the Loan Documents and which is attached hereto as Exhibit A.

(j) "Unpaid Amount" shall have the meaning specified in Schedule 1 to the Substituted Note.

Section 5. The Loan and Substituted Note.

5.1 Lender hereby agrees to Take-Out the ANB and thereby lend to Borrower and Borrower agrees to borrow from Lender the amount of the Loan in accordance with the terms and conditions of this Agreement and the Substituted Note, which by this reference is made a part hereof as if set forth in its entirety herein.

5.2 On the Closing Date, Lender shall disburse the amount of the Loan to the ANB which shall constitute Take-Out of the ANB and also the consummation of the Loan and shall be evidenced and secured by the simultaneous execution and delivery by Borrower of the Substituted Note.

5.3 On the Closing Date, Borrower shall execute and deliver the Substituted Note dated the Closing Date signed in the name of Borrower by its President or other duly authorized officer and Lender shall deliver the Secured Notes to Borrower, marked "cancelled".

5.4 If any installment of principal and interest of the Substituted Note, as well as any other payment due hereunder or under the Loan Documents, is not paid when due, an additional fee for late payment shall be payable thereon from the due date of such installment to and including the date of payment in full in an amount equal to the lesser of (i) the maximum legal rate of interest permitted by applicable law; or (ii) five percent (5%) per annum above the base rate of interest charged by Citibank, N.A., on ninety (90) day loans to responsible and substantial commercial borrowers in effect from time to time (but not less than 17.36% per annum) (the "Overdue Rate") computed on the basis of the actual number of days elapsed using a 360-day year, payable on demand. The amounts due hereunder shall be due and owing, and accrue from, the date the delinquent installment was due until it is paid in full. This provision, or reliance thereon by Lender, shall not be deemed a waiver of any Event of Default as defined herein.

5.5 Payment of all principal and interest on the Substituted Note shall be made at the offices of Greycas, Inc., Greyhound Tower, Phoenix, Arizona 85077, unless and until Borrower is otherwise directed in writing by Lender.

5.6 Borrower's obligation to pay all installments of principal and interest under the Substituted Note and all other amounts payable hereunder and under the Documents shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstance of any character, including, but not limited to, (i) any set-off, counterclaim, recoupment, defense or other rights which Borrower may have against Lender, its successors and assigns, or anyone else for any reason whatsoever, (ii) any defect in the title, merchantability, condition, design, operation, or fitness for use of, or any damage to or loss or destruction of, the Hopper Cars, or any interruption or cessation in the use or possession thereof by Borrower for any reason whatsoever, and (iii) any insolvency, bankruptcy, reorganization or similar proceedings by or against Borrower. All installments of principal and interest under the Substituted Note and any and all other amounts payable by Borrower hereunder and under the Documents shall be paid without notice (except as otherwise expressly provided herein), demand, counterclaim, set-off, deduction, recoupment or defense, and without abatement, suspension, deferment, diminution or proration by reason of any circumstance or occurrence whatsoever. Each payment made by Borrower hereunder or under the Documents shall be final and Borrower will not seek to recover all or any part of such payment from Lender, or from whosoever may be entitled thereto, for any reason whatsoever.

5.7 All payments to be made by Borrower hereunder will be free of expense to Lender with respect to the amount of any taxes (other than any tax measured by net income payable by Lender to any state or political subdivision thereof or to the United States under Section 11 or Section 1201 of the Internal Revenue Code of 1954, as amended, in consequence of the receipt of payments provided for herein), license fees, assessments, charges, fines, penalties, property, excise or other taxes currently or hereafter levied or imposed by any state, local, Federal or foreign authority, (all such expenses, taxes, license fees, assessments, charges, fines, penalties, property or other taxes being hereinafter called "Impositions") on or in connection with or measured by this Loan Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms of the Security Agreement, all of which Impositions Borrower assumes and agrees to pay on demand in addition to the other payments to be made by it provided for herein. Borrower's obligation to pay Impositions shall likewise include the obligation to pay any increase to Lender in state, local, Federal or foreign income tax as a result of inclusion in income of Lender of any amount required by this paragraph to be paid to or for Lender.

5.8 Borrower agrees to duly and punctually pay, or cause to be paid, all amounts due and owing under the Documents at the times and places in the manner specified in such Documents, according to the terms thereof.

5.9 The parties hereto agree and recognize that each of the Sixty (60) Regular Quarterly Installments, as described in the Substituted Note, consists of two elements: (i) a portion allocable to principal and (ii) a portion allocable to interest. The parties hereto further agree that each of said Sixty (60) installments payable under the Loan shall be allocable between these two elements according to the following formula: (a) for the purpose of determining what portion is allocable to principal, the installment shall be multiplied by a fraction, the numerator being the original amount of the Loan, the denominator being the sum of all the payments due under the Loan (such payments to be based on an assumed Prime of 14.50%, for the entire term of the Loan for the purposes of this formula) and the product of such multiplication shall constitute the principal element of such installment, and (b) for purposes of determining what portion is allocable to interest, the balance of each installment remaining after deducting said product from the installment shall constitute the interest element of such installment.

Section 6. Prepayment of the Substituted Note.

6.1 There shall be no prepayment of the Substituted Note either in part or in whole except as specifically provided in Section 6.2 hereof or in connection with Casualty Value Payments made in accordance with the provisions of the Loan Documents.

6.2 Provided that (i) an Event of Default or (ii) an event or act which, with notice or lapse of time or both, would become an Event of Default, shall not have occurred and be then continuing and provided further that Borrower shall have paid all of the sums due and payable to Lender under this Loan Agreement, the Substituted Note, the Loan Documents and all other documents executed in relation thereto, Borrower shall have an option to accelerate payment ("Prepayment") of the Substituted Note in full, but not in part, on or after the third anniversary of the Substituted Note by paying to Lender a sum equal to the percentage of the Insured Value (defined in Section 4.3(e), herein) as determined in accordance with the following chart:

<u>Year</u>	<u>Percentage of Insured Value</u>
1-3	No Prepayment allowed
4-6	110%
7-8	108%
9-10	106%
11-15	104%

Section 7. Covenants with Respect to Collateral and Otherwise.

7.1 Until the happening of an Event of Default and subject to the provisions of this Loan Agreement, Wisconsin & Southern Railroad Company (the "Lessee") under the Lease shall, during the term of this Loan Agreement, shall apply all rents, earnings, surplus, profits, revenues and incomes due under the Lease in respect to the Hopper Cars in the manner set forth in the Loan Documents, as amended by this Loan Agreement.

7.2 During the term of this Loan Agreement, Lessee shall keep and maintain the Hopper Cars in the condition required by the Security Agreements and Lease. In addition, Borrower and Lessee agree to permit Lender to inspect and examine the Hopper Cars at any reasonable time, regardless of the location thereof, and further agrees to supply Lender with any information respecting the Hopper Cars that Lender may from time to time reasonably request.

7.3 During the term of this Loan Agreement and Substituted Note, Lessee and Borrower covenant that (except for the previous sale of the Hopper Cars to Melopom, the resale by Melopom to Owner, the subordinated lien of Melopom and the Agreement of Lease and Collateral Assignment between Railcar and Owner) neither will sell or encumber the Collateral, or any portion thereof, nor will it encumber the same or subject the same to any unpaid charges or claim of third parties, either voluntarily or involuntarily, without first obtaining the prior written consent of Lender to do so; and, if said parties should obtain Lender's prior consent as to any sale or encumbrance of the Collateral, or to the subjection of the same to any unpaid charge or claim of third party or parties, then such sale, encumbrance, subjection, charge or claim shall be only on the express terms and conditions contained in such consent of Lender.

7.4 At all times during the term hereof, Lessee and Borrower shall be responsible for keeping the Collateral insured against such perils, under such forms of policies, on such terms, in such amounts, for such period, and written by such companies or

underwriters, as Lender may require and in no event for coverage or amounts less than required by Lender, proceeds for losses thereunder to be payable directly to Lender. Borrower and Lessee shall provide Lender with notice of all insurance claims and account to Lender for the specific application of any insurance proceeds received by any party other than Lender in respect to the Hopper Cars. The minimum amount of insurance coverage required by Lender shall not, at any time, be less than the Insured Value. The policies of insurance (or certificates evidencing same) shall be delivered to Lender forthwith, shall provide for thirty (30) days written notice to Lender prior to the time any coverage is altered or canceled and shall insure the interests of Lender regardless of any breach or violation by Borrower or Lessee of any warranty, declaration or condition contained in such policies.

7.5 Borrower hereby agrees, at its sole cost and expense, to execute and re-execute and deliver and re-deliver any appropriate documents requested by Lender to enable Lender to perfect, preserve and protect its Security Interests and/or its lien in and on the Collateral and the Lease and rental or other payments therefrom, and does hereby authorize Lender to file and record any such documents for such purposes.

7.6 In case the Borrower or Lessee shall fail to pay all taxes, charges and assessments described herein, or to keep the Collateral insured as herein provided, Lender may, in the event that in its discretion it so elects, pay such taxes, charges or assessments and provide such insurance after five (5) days notice to the Borrower, and any money so paid by Lender, shall be a demand obligation owing by the Borrower and shall bear interest thereon at the Overdue Rate from the date Lender makes such payment until repaid by Borrower and shall be part of the indebtedness secured by the Security Agreement. The exercise by Lender of its rights under this Section 7.6 shall not operate as a waiver by Lender of the default hereunder by Borrower, and Lender may, in addition and in its sole discretion, exercise its rights under Section 6 hereof.

7.7 Borrower agrees that if it or Lessee fails to perform any act which it is required to perform under this Agreement, Lender, after fifteen (15) days notice to the Borrower, may, but shall not be obligated to, perform or cause to be performed such act and may pay such money, and any reasonable expense thereby incurred by Lender, and any money so paid by Lender, shall be a demand obligation owing by the Borrower and shall bear interest thereon at the Overdue Rate from the date Lender makes such payment until repaid by Borrower and shall be part of the indebtedness secured by the Security Agreements, and Lender shall be subrogated to all rights of the person receiving such payment. The exercise by Lender of its rights under this Section 7.7 shall not operate as a waiver by Lender of the default hereunder by Borrower or Lessee, and Lender may, in addition and in its sole discretion, exercise its rights under Section 9 hereof.

7.8 Borrower and Lessee hereby agree to (i) indemnify, reimburse and hold harmless Lender, its successors, assigns and shareholders (including corporate shareholders) and directors, officers, employees, agents and servants of the foregoing (each being hereinafter called an "Indemnitee") from and against any and all claims, losses, liabilities, demands, suits, judgments, causes of action and legal proceedings (whether civil or criminal), penalties, fines and other sanctions, and costs and expenses in connection therewith (including, without limitation, attorneys' fees), and (ii) waive and release any claim now or hereafter existing against each Indemnitee which (a) may result from or grow or arise in any manner out of the purchase, acquisition, delivery, management, control, leasing, condition, use, operation, destruction, damage, repossession, storage, surrender, sale or other disposition of the Hopper Cars, (b) may be attributable to any defect in the Hopper Cars arising from materials or any article used therein or in the design, testing or use thereof or from any maintenance, service, repair, overhaul, or testing of the Hopper Cars, regardless of when such defect shall be discovered, whether such Hopper Cars is or is not in the possession of Lessee and whether it is

within or without the United States, (c) arise out of or are in any way connected with the assertion of any claim or demand based on any infringement or alleged infringement of any patent, trademark or other right by or in respect of the Hopper Cars or (d) STRICT OR ABSOLUTE LIABILITY IN TORT. On written request by any Indemnatee, Lessee shall undertake, at its own cost and expense, the defense, on behalf of such Indemnatee, of any legal action or proceeding to which such Indemnatee shall be a party, provided that such action or proceeding shall result from, or grow or arise out of any of the events set forth in this Section 7.8.

7.9 Borrower will promptly pay and discharge all taxes, assessments and governmental charges lawfully levied or imposed on it, upon the Collateral, upon its other property, or any part thereof, upon its income or profits, or any money in possession of Lender pursuant to the provisions hereof, as well as all lawful claims for labor, materials and supplies, which, if unpaid, might by law or otherwise become a lien or charge upon its property.

7.10 Borrower and Lessee will, at all times, cause to be done all things necessary to maintain, preserve and renew their corporate existence, rights and franchises, and comply with all related laws applicable to the Borrower and/or Lessee in such manner as counsel shall advise; provided, however, that nothing contained in this Section 7.10 shall (i) require the Borrower or Lessee to comply with any law so long as the validity or applicability thereof shall be contested in good faith or (ii) require the Borrower or Lessee to maintain, preserve or renew any right or franchise not necessary or desirable in the conduct of the business of the Borrower or Lessee, respectively.

7.11 During the term of this Loan Agreement, under no circumstances will the Hopper Cars be used to hold and/or transport Salts. In addition, Borrower or Lessee will not knowingly allow the Hopper Cars to be used to hold and/or transport Fertilizer unless the Hopper Cars are properly lined.

Section 8. Representations and Warranties of Borrower.

The Borrower and Lessee as of the date hereof, represent and warrant as to themselves as follows:

8.1 Borrower and Lessee are each a duly organized, validly existing corporation in good standing under the laws of the states of their incorporation and in each jurisdiction in which they are doing business with corporate powers adequate for the making and performing of the Substituted Note (in the case of Borrower), for the making and performing of this Loan Agreement and for the carrying on of their businesses and of owning property. Borrower and Lessee are duly authorized and qualified under all applicable laws, regulations, ordinances and orders of public authorities to carry on each of their respective businesses.

8.2 There are no actions, suits or proceedings pending or, to the knowledge of any of the parties hereto threatened against or affecting any of Borrower's or Lessee's interests in to the Collateral as set forth in the the Loan Documents and this Loan Agreement, at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which would involve the probability of any judgment or liability not fully covered by insurance, or which might result in any materially adverse change in any of Borrower's or Lessee's interests or rights in and to the Collateral.

8.3 The making of this Loan has been duly authorized by all necessary corporate action required by Borrower's Articles of Incorporation and By-Laws and all other applicable laws.

8.4 Performance of this Loan Agreement and compliance with the provisions of the Loan Documents and Substituted Note will not violate any provision of any applicable law or of Borrower's or Lessee's Articles of Incorporation and By-Laws, and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the properties or assets of the Borrower or Lessee pursuant to the terms of any other indenture, contract, mortgage, deed of trust or other agreement or instrument to which the Borrower or Lessee is a party or by which it is bound.

8.5 All of the parties, hereto, are fully familiar with all of the terms, covenants, provisions and conditions of this Loan Agreement.

8.6 This Loan Agreement, the Substituted Note, the Lease and the Loan Documents constitute valid and legal obligations of the parties to each of said agreements and instruments which are binding and enforceable against it in accordance with the terms hereof and thereof.

8.7 All financial statements and returns that have heretofore been presented by Borrower to Lender in conjunction with the transaction which is the subject of this Loan, fairly and accurately present a true and correct picture of the financial conditions and income, of the subject of such statements and returns as of the date given and as of the date hereof; moreover, as of such dates, such financial statements and returns do not contain any untrue statement of a material fact, nor do they omit to state a material fact required to be stated therein or necessary in order to make such financial statements or returns not misleading; and there is no fact, situation or event which, in the opinion of its officers, materially adversely affects or, so far as they can now foresee, will materially adversely affect the properties, businesses, assets, income, prospects or condition (financial or otherwise) of Borrower or Lessee.

8.8 That the disbursement by Lender of the proceeds of the Loan to ANB, as authorized by Borrower herein, shall consummate the Loan and result in the valid assignment of the Loan Documents giving Lender a first, perfected and preferred security interest in the Collateral including the Lease and rents and other payments thereunder.

Section 9. Defaults and Remedies.

9.1 The occurrence of one or more of the following events (herein called "Events of Default"), shall constitute a default hereunder and under the Loan Documents:

(i) Borrower shall fail to pay any installment of principal and interest on the Substituted Note when and as the same shall become due and payable, as therein or herein expressed;

(ii) The occurrence of an event of default under the Lease or Security Agreements as defined therein;

(iii) Borrower shall fail to pay amounts due Lender under this Loan Agreement, other than those described in subparagraph (i) of this Section 9.1, at such time as the same shall be due and payable;

(iv) Lessee or Borrower becomes insolvent or admits in writing its inability to pay its debts as they mature, or applies for, consents to, or acquiesces in the appointment of a trustee or receiver for Borrower or any of its property; or, in the absence of such application, consent, or acquiescence, a trustee or receiver is appointed for Borrower; or

any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law, or any dissolution or liquidated proceeding is instituted by or against Borrower; or Borrower shall make an assignment for the benefit of creditors;

(v) If the entry of any order, decree or judgment approving any petition filed against Borrower or Lessee seeking any reorganization, arrangement, composition or similar relief under the present or any future federal bankruptcy law or other applicable law of the United States of America, or any state thereof, or the appointment, without the consent of the Borrower, of any receiver, trustee or liquidator of all or a substantial part of the property of the Borrower shall not be vacated, or shall not be stayed on appeal or otherwise, or shall not have otherwise ceased to continue in effect, within thirty (30) days;

(vi) Borrower and/or any other of the parties to this Loan Agreement shall fail to observe or perform any other of the covenants, conditions and agreements on their part contained in the Substituted Note, in this Loan Agreement or in Loan Documents and such failure shall not, within thirty (30) days after written notice thereof shall have been received by the defaulting party from Lender, have been remedied;

(vii) If any material representation or warranty made by any party to this Loan Agreement to Lender contained in any of the Loan Documents should prove untrue in any material respect or if any proceeding or action is taken or attempted by any of the parties hereto which are adverse Lender's Security Interest in the Collateral;

(viii) If proper insurance coverages pursuant to this Loan Agreement are not maintained by Borrower or Lessee;

(ix) If a default occurs under the Loan Documents.

9.2 On the occurrence of any Event of Default, and while such Event of Default shall continue, the Substituted Note and any other obligation of Borrower hereunder shall, at the option of the Lender, be immediately due and payable. This provision, however, is subject to the condition that if, at any time after the Substituted Note shall have thereby become due and payable, and before any notice of an Event of Default has been given by Lender in accordance with Section 9.1 above, the Borrower or Lessee shall pay to or shall deposit with Lender a sum sufficient to pay all arrearages of monthly installments due on the Substituted Note which are outstanding (together with interest thereon at the Overdue Rate) and all other sums payable under this Loan Agreement shall have been duly paid, and every other default in the performance of any covenant or provision of the Substituted Note, of this Loan Agreement or of the Security Agreement shall have been remedied to Lender's satisfaction or arrangements deemed by Lender to be adequate shall be made therefor, then Borrower shall no longer be in default, however, no such termination of default shall extend to or affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

9.3 In the case of the happening of any Event of Default and during the continuance thereof, then and in every such case Lender may in addition to those remedies provided for hereunder in the Substituted Note or in the Loan Documents: (i) enter into and take possession of the Collateral, or any part hereof, and collect and receive all rents, issues, income and profits therefrom and in the same manner as the Borrower might lawfully do; (ii) sell, to the extent permitted by law, the Collateral at such place or places and otherwise in such manner and on such notice as may be required by law, in order to collect the indebtedness of the Borrower under this Loan Agreement and the Substituted Note, and execute proper conveyances to the purchaser or purchasers or (iii) proceed by a suit or suits in equity or at law to protect and enforce Lender's rights hereunder, whether for the specific performance of any

covenant, condition, agreement or undertaking herein contained, or in aid of the execution of any power herein granted or for the foreclosure of the Security Interest and sale of the Collateral under the judgment or decree of any court of competent jurisdiction, or for the appointment of a receiver or receivers, or for the enforcement of such other appropriate legal or equitable remedy as may in the opinion of Lender's counsel be most effectual to protect and enforce the rights aforesaid.

9.4 If an Event of Default shall have occurred and Lender shall elect to take possession of the Collateral pursuant to clause (i) of Section 9.3 hereof, then, Lender, by its attorneys or agents, may enter into and take possession of all the Collateral and each and every part thereof and exclude the Borrower and its agents, servants and employees wholly therefrom, and have, hold, use, operate, manage and control the same and each and every part thereof, and in the name of the Borrower, or otherwise as Lender shall deem best, use all of the then existing Collateral materials, current supplies, stores and assets for that purpose, and at the expense of the Collateral and its income from time to time, maintain, restore, insure and keep insured the Collateral, and likewise from time to time, at the expense of the Collateral, make all such necessary or proper repairs, renewals and replacements and all such useful alterations, additions, betterments and improvements as to it may seem judicious, and collect and receive all earnings, income, rents, issues, profits and revenues of the same and of every party thereof, and after deducting therefrom the expenses of operation and all expenses incurred hereunder and all other proper outlays herein authorized, and all payments which may be made as just and reasonable compensation for its own services, and for the service of its attorneys, agents and assistants, Lender shall apply the rest and residue of the monies received by it in the following order:

First, to the payment of the installments in default on the Substituted Note in order of the maturity of the installments, with interest at the Overdue Rate on each overdue installment;

Second, to the payment of the Unpaid Amount of the Collateral then due on the Substituted Note as of the date of the Event of Default;

Third, to the repayment of any other amounts due under this Loan Agreement;

Fourth, after all remaining outstanding amounts due on the Substituted Note and interest charges thereon, to any other costs and expenses incurred in the collection of said balance as authorized by this Section 9.4; and

Fifth, any residue shall be paid to Borrower and Owner, jointly, forthwith.

9.5 If an Event of Default shall have occurred and Lender shall elect to sell the Collateral, or any part thereof, pursuant to Section 9.5(ii), then Lender may proceed to sell such Collateral, or any part thereof, in a commercially reasonable manner in accordance with applicable law and the proceeds of any such sale shall be applied in accordance with this Loan Agreement.

9.6 No remedy herein or in the Loan Documents conferred on or reserved to Lender is intended to be exclusive of any remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, under the Loan Documents or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

9.7 In case of any sale of the Collateral, Lender may bid for and purchase such property and, on compliance with the terms of sale, may hold, retain, possess and dispose of such property in its own absolute right, without further accountability.

9.8 On any sale, whether made under the power of sale hereby given or by virtue of judicial proceedings, the receipt of Lender, or of the officer making a sale under judicial proceedings, shall be a sufficient discharge to the purchaser or purchasers, and his or their assigns or personal representatives, who shall not, after paying such purchase money and receiving such receipt of Lender or of such officer therefor, be obliged to see to the application of such purchase price, or be in anywise answerable for any loss, misapplication or non-application thereof.

9.9 The Borrower and Lessee for themselves and for all who may claim through or under them, hereby expressly waive and release all rights to have the Collateral, or any part thereof or any other of its property, marshalled on any foreclosure, sale or other enforcement hereof, and Lender, or any court in which the foreclosure of the Security Interest is sought, shall have the right as aforesaid to sell the Collateral as an entirety in a single parcel.

9.10 If an Event of Default shall have occurred, Borrower and/or Lessee shall, on the request of Lender, assemble the Collateral and make it available to Lender at a time and place reasonably convenient to Lender.

9.11 In the event that Lender incurs any expenses and attorneys' fees in enforcing any of its rights under this Loan Agreement the Loan Documents and/or the Substituted Note, Lender may recover from Borrower the expenses (including attorneys' fees) so incurred.

Section 10. Closing Details and Conditions.

10.1 Notwithstanding anything contained herein to the contrary, Lender's obligation to make the Loan on the Closing Date (and to thereby Take-Out Assignor) shall be and is expressly conditioned on (as conditions precedent) the Borrower, at its sole cost and expense, delivering to Lender the following documents in form, content and substance satisfactory to Lender in its sole and absolute discretion:

- (a) The original Secured Notes duly and properly endorsed;
- (b) The original Loan Documents in favor of Lender duly and properly executed, filed and recorded with the Interstate Commerce Commission ("ICC");
- (c) The Substituted Note duly and properly executed;
- (d) Certified copies of resolutions of each of the parties' Board of Directors authorizing each party, hereunder to enter into and perform under this Agreement and to execute and deliver and honor or perform, as the case may be, the Loan
- (e) A favorable opinion of Borrower's independent (outside) legal counsel to the effect that: (i) Borrower is a corporation duly organized, in good standing under the laws of the State of Delaware and is duly qualified as a foreign corporation and is in good standing in each state or county wherein the nature of the business conducted by it makes such qualification necessary; (ii) Borrower has and had the full power, authority and legal right to execute, deliver and perform the terms of this Agreement, the Loan Documents, the Substituted Note, and such documents have been duly authorized by all necessary corporate and stockholder action of the Borrower and constitute legal, valid and binding obligations on

the part of the Borrower and are enforceable in accordance with their respective terms; (iii) there is no law, no provision in the Articles of Incorporation or By-Laws of Borrower and no provision in any existing mortgage, indenture, contract or agreement that is binding on Borrower which would be contravened by the execution, delivery or performance of this Agreement and the Substituted Note by Borrower; (iv) all consents of the shareholders or the trustee or the holder of any indebtedness of Borrower required as a condition to the validity of this Agreement and the Substituted Note have been duly and properly obtained; (v) no registration with or approval of any governmental agency or commission is necessary for the execution or delivery of this Agreement, the assignment of the Security Agreements and Secured Notes, the assignment of Assignment of Lease and the Substituted Note by the Borrower, for the validity and enforceability thereof, for Borrower's performance thereunder, or with respect to the obligations of Borrower hereunder or thereunder insofar as Borrower is concerned (or, if required, all such registrations and approvals have been or will be duly made or obtained and certified copies thereof shall be delivered to the Lender); (vi) there is no action or proceeding pending or insofar as Borrower's counsel knows threatened against the Borrower before any court or administrative agency, which in counsel's opinion might have any material, adverse effect on the business, condition or operations of the Borrower; (vii) Neither the Secured Notes, the Substituted Note, this Agreement nor the transaction contemplated herein or therein violates the usury laws of the State of Pennsylvania; (viii) To counsel's knowledge Borrower had good and marketable title to all of the Collateral when the Security Agreements were executed and filed with the ICC and the assignments thereof to Lender pursuant to this Agreement will give unto Lender a first, senior, preferred lien and Security Interest in the Collateral superior to all other interests; (ix) the Guaranty of FSC Corporation continues in full force and effect in favor of Lender, as the Assignee thereof; and (xiii) the Leases are binding and enforceable obligations of Wisconsin and Southern Railroad Company;

(f) An insurance certificate certifying that the Borrower or Lessee has procured all of the insurance coverage required under this Loan Agreement in amounts satisfactory to Lender from insurers satisfactory to Lender;

(g) This Loan Agreement duly executed and dated as of the Closing Date by all the parties to this Agreement;

(h) Certificates of Resolutions and of Incumbency of Borrower and Lessee;

(i) An Officer's Certificate of Borrower and Lessee dated as of the Closing Date to the effect that Borrower is not aware of any default by it under the Loan Documents and that the representations and warranties contained in Sections 7 and 8 of this Loan Agreement are true on and as of the Closing Date;

(j) A true original or certified copy of the Loan Documents and all the documents, instruments and certificates mentioned therein, which must be in form and substance acceptable to Lender;

(k) Such other agreements, certificates, financing statements, financial reports, or other instruments in writing as shall be deemed by Lender or its counsel necessary or desirable in order to more fully and completely service, protect, perfect or preserve Lender's interests in and to the Collateral and to carry out the interests and purposes of this Agreement;

(l) UCC-1 Financing Statements and UCC-3 assignments of security interest as Lender may require including UCC-3 assignments of security interest covering the assignment of the Assignment of Lease;

(m) Certificates from Refco Rail Equipment, Ltd. and Melopom Leasing Corp. in form and substance satisfactory to Lender to the effect that their interests in the Collateral are subject and subordinate to Lender's Security Interests therein and such parties will not foreclose or take any similar action against the Collateral without the prior written consent of Lender.

(n) The favorable opinion of ICC legal counsel chosen by Lender as to the transaction, the filing and recording of the Assignment and Agreement by and between Lender from ANB, this Loan Agreement and such other certificates, documents or instruments as Lender may deem proper with the ICC (which said counsel shall supervise) and the first, preferred and senior lien in the Collateral and Lease and the rentals and other payments under the Loan Documents, which opinion must be in form and substance acceptable to Lender.

(o) The Assignment and Agreement dated the date of this Loan Agreement executed by ANB together with a Certificate of Resolutions and Incumbency Certificate from ANB, all in form and substance satisfactory to Lender.

Section 11. Miscellaneous Provisions.

11.1 It is hereby understood by and between Borrower and Lender that Borrower shall pay all expenses incident to the closing of this Loan, which expenses shall include, but shall not be limited to, the costs payable upon the filing and recording of any of the instruments referred to and described herein, recordation taxes, transfer taxes and fees of all counsel.

11.2 The terms and conditions of this Loan Agreement shall be binding on and inure to the benefit of all of the parties hereto and their respective successors and assigns.

11.3 Unless otherwise expressly provided, any order, notice, request, certificate or statement required or permitted to be made or given under any provision hereof shall be sufficient if signed by the President, any of its Vice Presidents, its Secretary or its Treasurer.

11.4 Any notice, demand or any other instruments authorized by this Loan Agreement to be served on or given shall be sufficiently served or given for all purposes (i) when personally delivered to any officer of the party to whom it is addressed (or otherwise delivered as may be specifically set forth in any of the provisions of this Agreement) or (ii) if sent by certified or registered mail, postage prepaid, addressed to each party as set forth in the Loan Documents and as follows:

To Lender:

GREYCAS, INC.
Greyhound Tower
Phoenix, Arizona 85077
Attention: Vice President-Operations

To Borrower:

FUNDING SYSTEMS RAILCARS, INC.
1000 RIDC Plaza; Suite 401
Pittsburgh, Pennsylvania 15238
Attention: H. L. Lehman, Vice President

and

FUNDING SYSTEMS RAILCARS, INC.
2215 Sanders Road; Suite 370
Northbrook, Illinois 60062
Attention: James B. Shein, President

To Lessee:

WISCONSIN & SOUTHERN RAILROAD COMPANY
P.O. Box 404
Conshohocken, Pennsylvania 19428
Attention: President

or at such other address as has been furnished in writing by each party to the other. The effective date of any notice shall be the date of receipt thereof by the party to whom such notice is addressed. Any time periods in connection with notices to be given herein shall be counted in calendar days.

11.5 This Loan Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

11.6 This Loan Agreement is executed under and shall be governed by and construed in accordance with the laws of the state of Arizona.

11.7 This Loan Agreement may be amended, modified, renewed or extended only by written instrument, executed in the manner of the execution of this Agreement.

11.8 Time is of the essence of this Loan Agreement.

11.9 The parties to this Loan Agreement shall, from time to time, do and perform such other and further acts and execute and deliver any and all such other and further instruments as may be required or reasonably requested by the other party to establish, maintain and protect the respective rights and remedies of the other and to carry out and effect the intents and purposes of this Loan Agreement.

11.10 This Loan Agreement, the Substituted Note, the Security Agreements and the Loan Documents delivered pursuant to Sections 10.1 hereof shall constitute the entire agreement between the parties hereto with respect to the Loan and Take-Out and shall supersede all other agreements written or oral, respect thereto.

11.11 As additional consideration for Lender's execution of this Loan Agreement, and its commitment hereunder, Borrower agrees to pay Lender a fee (the "Commitment Fee") computed at the rate of one-half of one percent (0.5%) per annum on the sum of \$3,059,000.00 from January 8, 1981 through and including the Closing Date or March 31, 1981, whichever is earlier, or any extended commitment date agreed to by Lender in its sole discretion. The Commitment Fee is payable on the Closing Date or upon five days written notice by Lender if the Loan is not consummated for whatever reason. The Commitment fee shall not be in any event refundable to Borrower. If Borrower shall fail to pay the Commitment Fee when due and such failure shall continue for more than five (5) days of any such due date Borrower may, at its option, in addition to all rights available to it, terminate its obligations and commitment hereunder; provided, however that no such termination shall relieve Borrower from any of the obligations to Lender.

11.12 Borrower has paid to the Lender a performance deposit of Ten Thousand Dollars (\$10,000.0) to assure Borrower's performance hereunder. If Borrower fails to

consummate the transactions described herein, Lender shall keep the performance fee as compensation for its costs in preparation of this transaction. If the transactions described herein are consummated in accordance with the terms and conditions herein contained, the performance fee shall be applied first to reimbursable expenses of Borrower hereunder and then to Borrower's first installment of the Substituted Note.

Section 12. Financial Reports.

12.1 During the term of this Loan Agreement Borrower shall furnish to Lender within forty-five (45) days after the end of each of its fiscal quarters, a statement of profit and loss and of surplus for the quarter then ended and a balance sheet as at the end of such quarter, all in reasonable detail and certified by its principal financial officer, and within ninety (90) days after the end of each respective fiscal year, a statement of profit and loss and of surplus for such fiscal year-end and a balance sheet as at the end of such year, prepared in accordance with generally accepted accounting principles all in reasonable detail and certified by independent certified public accountants acceptable to Lender. Accompanying each annual statement will be a certificate from the independent public accountants who audited the statements certifying that in making the examination necessary for the audit of such financial statements they obtained no knowledge of any default by Borrower in the observance, performance or fulfillment of any of the covenants contained in either this Agreement or the Loan Documents or if they shall have obtained knowledge of any default, specifying the same. Borrower shall furnish or cause to be furnished to Lender such other financial and business information about the Guarantor, FSC Corporation, as Lender may from time to time reasonably request.

Section 13. Guarantee.

13.1 By its signature below, FSC Corporation, as Guarantor, acknowledges and agrees that the "Continuing Guaranty" which is a part of the Loan Documents has been assigned to Lender under the Assignment and Agreement, and hereunder and that notwithstanding any provision of the Continuing Guaranty to the contrary, such Guaranty shall inure to the full benefit of Lender, hereunder, in accordance with its terms as if Lender was the Lender defined in said Continuing Guaranty. FSC Corporation further acknowledges and agrees that said Guaranty shall apply to the Substituted Note and this Loan Agreement and remain in full force and effect so long as any obligation is due and owing to Lender hereunder and under the Substituted Note.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the date and year first written above.

FUNDING SYSTEMS RAILCARS,
INC., "Borrower"

By James B. Shein
Its: PRESIDENT

By Howard L. Sheffer
Its: SECRETARY

FSC CORPORATION,
"Guarantor"

By James B. Shein
Its: VICE PRESIDENT

By Howard L. Sheffer
Its: SECRETARY

GREYCAS, INC.

"Lender" or "Greycas" or "Assignee"

By Fred Long
Vice President

ATTEST:

By John A. Sullivan
Assistant Secretary

WISCONSIN & SOUTHERN
RAILROAD COMPANY, "Lessee"

By James B. Shein
Its: CHAIRMAN & CHIEF EXEC. OFFICER

By Howard L. Sheffer
Its: SECRETARY

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

On this 30 day of MARCH, 1981, before me personally appeared Fred Pink to me personally known, who being by me duly sworn says that he is a Vice President of GREYCAS, INC. that said instrument was signed 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.

Jeanne A. Jones
Notary Public

My Commission Expires:

My Commission Expires Oct. 7, 1984

STATE OF Illinois)
) ss:
COUNTY OF Cook)

On this 26th day of March, 1981, before me personally appeared James B. Shain to me personally known, who being by me duly sworn says that he is a President of FUNDING SYSTEMS RAILCARS, INC. that said instrument was signed 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.

Carmen Montagano
Notary Public

My Commission Expires:

My Commission Expires October 20, 1984

STATE OF Illinois)
) ss:
COUNTY OF Cook)

On this 26th day of March, 1981, before me personally appeared James B. Shein to me personally known, who being by me duly sworn says that he is a Vice President of FSC CORPORATION that said instrument was signed 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.

Carmen Montaganaro
Notary Public

My Commission Expires:

~~My Commission Expires October 20, 1984~~

STATE OF Illinois)
) ss:
COUNTY OF Cook)

On this 26th day of March, 1981, before me personally appeared James B. Shein to me personally known, who being by me duly sworn says that he is a Chairman & Chief Exec. Off. of WISCONSIN & SOUTHERN RAILROAD COMPANY that said instrument was signed 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.

Carmen Montaganaro
Notary Public

My Commission Expires:

~~My Commission Expires October 20, 1984~~

EXHIBIT A

PROMISSORY NOTE

\$3,052,756.00

Pittsburgh, Pennsylvania

_____, 1981

FOR VALUE RECEIVED, Funding Systems Railcars, Inc. ("Borrower") a Delaware corporation, hereby promises to pay to the order of Greycas, Inc. ("Lender") an Arizona corporation, at its principal offices at Greyhound Tower, Phoenix, Arizona 85077, the principal sum of \$3,052,756.00 ("Loan") which Loan was made under and pursuant to the Assignment and Agreement ("Loan Agreement") dated as of the date hereof between, among others, Borrower and Lender, together with interest thereon computed from the date hereof in 60 quarterly installments, the first installment being due and payable Ninety (90) days after the date hereof ("Initial Installment Date") and the next 59 installments thereafter being due and payable quarterly on the corresponding date of each successive quarter thereafter. Each of the 60 quarterly installments shall be calculated and adjusted in accordance with the following paragraphs.

Unless otherwise defined herein, terms used herein shall have the meanings set forth in the Loan Agreement. The term "Prime Change Date" shall mean the first day of the months of March, June, September and December provided, however, that if March 1, June 1, September 1 or December 1 should fall on a day which is not a Banking Day, the Prime Change Date shall be the first Banking Day thereafter of Citibank, N.A. The term "Index Installment Payment" shall mean a sum of money equal to the Loan multiplied by the percentage 4.7088%. The term "Unpaid Amount" shall mean an amount determined in accordance with Schedule I annexed hereto and made a part hereof.

(a) Each of the 60 quarterly installments payable by Borrower under the terms of the Note shall equal a sum of money equal to the Loan (i.e., \$3,052,756.00) multiplied by the percentage 4.7088%, except to the extent each of such installments shall be calculated or adjusted in accordance with the following:

(i) The installments shall be subject to variation and modification at the commencement of and during the Term to reflect changes in Prime, in accordance with the formula set forth in paragraph (ii) below. The Prime on which the Index Installment Payment, as a percentage of Cost, is predicated is 14.50%. A change in Prime will be recognized only on Prime Change Dates. On each Prime Change Date the Prime will be compared to the Prime which was in effect on the immediately preceding Prime Change Date (except that Prime on the Initial Prime Change Date will be compared to the Prime 14.50%) and if a change in Prime did in fact occur, said change will be recognized.

(ii) If, on the Initial Installment Date or at any time during the Term, there should be a change in Prime and, if on such date or at any such time an increase or decrease in Prime is recognized as herein provided, then the installments shall be set or adjusted in the following manner:

(A) (1) In the case of the recognition of an increase in Prime on the Initial Installment Date the installment due on such date, and all installments due thereafter until the next adjustment of installment as herein provided, shall be set by adding to the Index Installment Payment or

(2) In the case of the recognition of an increase in Prime on any date subsequent to the Initial Installment Date, each installment due at any time on or subsequent to the first day of the month following the month of the Prime Change Date on which said increase was recognized shall be increased by adding to the installment amount in effect immediately prior to such adjustment

a sum of money in an amount equal to seventy-five percent (75%) of the Insured Value applicable on the Prime Change Date on which said increase was recognized multiplied by a fraction the numerator of which is the percentage point increase in Prime, expressed as a decimal, and the denominator of which is four (4).

(B) (1) In the case of the recognition of a decrease in Prime on the Initial Installment Date the installment due on such date, and all installments due thereafter until the next adjustment of installment as herein provided, shall be set by subtracting from the Index Installment Payment or

(2) In the case of the recognition of a decrease in Prime on any date subsequent to the Initial Installment Date, each installment due at any time on or subsequent to the first day of the month following the month of the Prime Change Date on which said decrease was recognized shall be decreased by subtracting from the installment in effect immediately prior to such adjustment

a sum on money in an amount equal to seventy-five percent (75%) of the Insured Value applicable on the Prime Change Date on which said decrease was recognized multiplied by a fraction the numerator of which is the percentage point increase in Prime expressed as a decimal, and the denominator of which is four (4).

(iii) In the event more than one change in Prime is recognized during the Term, the resulting adjustment to the installment shall be cumulative; i.e., the first time a change in Prime is recognized, the increase or decrease in the installment payments shall be added to or subtracted from the Index Installment Payment and all increases or decreases in the installment resulting from subsequent changes in Prime shall be added to or subtracted from the installment amount in effect immediately prior to such subsequent change in Prime.

The principal of and interest on this Promissory Note shall be payable in lawful money of the United States of America and without set-off or counterclaim, free and clear of and without deduction for any present or future taxes, restrictions or conditions of any nature. If Borrower is required to make any such deduction or withholding from any such payment, Borrower shall pay such additional amounts as are provided in the Loan Agreement.

If all or any portion of any installment is not paid when due, Borrower shall pay interest on such amount from the due date of such installment to and including the date of payment in full at the Overdue Rate computed on the basis of the actual number of days lapsed using a 360-day year, payable on demand. In no event shall any amount due hereunder be deemed to bear interest at an amount greater than the maximum amount permitted by applicable law.

This Promissory Note is secured by certain security interests granted to Lender in the Loan Agreement and in the Security Agreements referred to therein.

Upon default in the prompt and full payment of any installment or upon the occurrence of any Event of Default or upon the occurrence of a Casualty Occurrence in connection with all of the Hopper Cars, Lender may, at its option, declare this Promissory Note to be immediately due and payable, whereupon this Promissory Note shall become immediately due and payable and Borrower shall immediately pay to Lender the "Unpaid Amount" of this Promissory Note calculated in accordance with Schedule I hereto plus all expenses, including reasonable attorneys' fees, suffered or incurred in connection with the enforcement of Lender's rights under this Promissory Note or said Loan Agreement.

This Promissory Note is made pursuant to the provisions of the Loan Agreement and is in substitution of those certain two Secured Notes dated December 22, 1980 in the aggregate amount of \$3,052,756.00, referred to in the Loan Agreement, which Secured Notes have been assigned and negotiated to the order of Lender in accordance with the Loan Agreement.

This Promissory Note may be prepaid, but only in accordance with the provisions of Section 6 of the Loan Agreement.

Borrower hereby waives diligence, presentment, demand, protest and notice of any kind whatsoever. The non-exercise by the holder of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

This Promissory Note shall be governed by and construed in accordance with the laws of the State of Arizona.

FUNDING SYSTEMS RAILCARS, INC.

By _____
Name (President)

By _____
Name (Secretary)

SCHEDULE I TO
PROMISSORY NOTE
FUNDING SYSTEMS RAILCARS, INC.

The Unpaid Amount payable under the Promissory Note by Borrower shall be an amount equal to the sum of the following:

A. All installments of principal and interest due and payable but not yet paid under the Promissory Note prior to the date on which the Promissory Note is declared to be due and payable; plus

B. Accrued and unpaid interest due under the Promissory Note at the Overdue Rate on any previous installments not paid when due thereunder from the due date thereof to the date on which the Promissory Note is declared to be due and payable; plus

C. A Stipulated Amount determined as follows:

(i) if the date on which the Promissory Note is declared to be due and payable is not an Installment Date (as defined in Exhibit "A" annexed hereto and made a part hereof), an amount determined by multiplying the amount of the Loan by the percentage set forth in the column in Exhibit "A" opposite the Installment Date next following the date on which the Promissory Note is declared to be due and payable; or

(ii) if the date on which the Promissory Note is declared to be due and payable is on an Installment Date, an amount determined by multiplying the amount of the Loan by the percentage set forth in the column in Exhibit "A" opposite such Installment Date which is the Installment Date; plus

D. To the extent permitted by the law governing the Promissory Note, interest at the Overdue Rate set forth in the Promissory Note on the aggregate amounts set forth in Paragraphs A, B and C above calculated from the date on which the Promissory Note is declared due and payable to and including the date of payment of all such amounts in full.

<u>Quarter</u>	<u>Percentage</u>
37	72.37
38	70.60
39	68.75
40	66.82
41	64.81
42	62.70
43	60.51
44	58.23
45	55.84
46	53.35
47	50.75
48	48.04
49	45.22
50	42.27
51	39.19
52	35.97
53	32.62
54	29.13
55	25.48
56	21.67
57	17.70
58	13.55
59	9.23
60	4.71
Thereafter	-0-

LENDER
BORROWER

ick

EXHIBIT A TO PROMISSORY NOTE
 FUNDING SYSTEMS RAILCARS, INC., BORROWER AND MAKER

INSURED VALUE

(14.50% Prime)

<u>Installment Date (Qtrs) from the Date Hereof</u>	<u>Percentage</u>
1	104.35
2	103.96
3	103.56
4	103.14
5	102.71
6	102.25
7	101.78
8	101.28
9	100.77
10	100.23
11	99.66
12	99.08
13	98.47
14	97.83
15	97.16
16	96.46
17	95.74
18	94.98
19	94.19
20	93.37
21	92.51
22	91.61
23	90.67
24	89.69
25	88.67
26	87.61
27	86.50
28	85.34
29	84.13
30	82.87
31	81.55
32	80.18
33	78.75
34	77.25
35	75.69
36	74.07

