

E.A. LEASING CORPORATION  
1351 Washington Boulevard  
Stamford, Connecticut 06902

3-045A063

February 1, 1983

REGISTERED MAIL  
RETURN RECEIPT REQUESTED

RECORDATION NO. 11964-C Filed 1425

No. FEB 14 1983  
Date.....

Fee \$ 70.00

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ICC Washington, D. C.

Ms. Agatha L. Mergenovich  
Secretary of the Interstate  
Commerce Commission  
Washington, D.C. 20423  
INTERSTATE COMMERCE COMMISSION

Dear Ms. Mergenovich:

Enclosed please find, for filing and recordation pursuant to Section 11303 of Title 49 of the United States Code, one (1) original and two (2) executed counterparts of a Security Agreement entered into on February 1, 1983, between E.A. Leasing Corporation, with offices at 1351 Washington Boulevard, Stamford, Connecticut 06902 ("Debtor"), and Gustavus J. Esselen, residing at 66 Salem Straits, Darien, Connecticut 06820, Charles E. Waggoner, residing at 30 Shipway Road, Darien, Connecticut 06902, Marjorie B. Esselen, residing at 66 Salem Straits, Darien Connecticut 06902, Jane E. Blocker, residing at 18 Tomney Road, Greenwich, Connecticut 06830, Gustavus J. Esselen IV, residing at 30 Agawam Road, Acton, Massachusetts 01720 and Joan E. Foot, residing at 1831 Woodland Drive, Red Wing, Minnesota 55066 ("Secured Parties").

The property covered by this Security Agreement is set forth on Schedule A annexed hereto.

Kindly return the recorded original Security Agreement to Shapiro, Mortman & Schwartz, P.C., 800 Third Avenue, New York, New York 10022, Attention: Harvey Schwartz, Esq.

Thank you for your cooperation in this matter.

Very truly yours,

E.A. LEASING CORPORATION

By: Gustavus J. Esselen  
President

RECEIVED  
FEB 14 11 51 AM '83  
FEE OPERATION BR.  
I.C.C.

SCHEDULE A

<u>Quantity</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>Chicago, Milwaukee, St. Paul and Pacific Railroad Company Road Numbers (Inclusive)</u>	<u>St. Maries River Railroad Company Road Numbers (Inclusive)</u>
196	F191	High-Stake Log Flat Cars	58495-58496 58498-58499 58505-58567 58569-58655 58657-58662 58663-58699	As set forth on Schedule 1 hereto

SCHEDULE 1

MILW CAR NO.	STMA CAR NO.										
58495	<u>300</u>	58535	<u>334</u>	58570	<u>368</u>	58604	<u>402</u>	58638	<u>436</u>	58674	<u>470</u>
58496	<u>301</u>	58536	<u>335</u>	58571	<u>369</u>	58605	<u>403</u>	58639	<u>437</u>	58675	<u>471</u>
58498	<u>302</u>	58537	<u>336</u>	58572	<u>370</u>	58606	<u>404</u>	58640	<u>438</u>	58676	<u>472</u>
58499	<u>303</u>	58538	<u>337</u>	58573	<u>371</u>	58607	<u>405</u>	58641	<u>439</u>	58677	<u>473</u>
58505	<u>304</u>	58539	<u>338</u>	58574	<u>372</u>	58608	<u>406</u>	58642	<u>440</u>	58678	<u>474</u>
58506	<u>305</u>	58540	<u>339</u>	58575	<u>373</u>	58609	<u>407</u>	58643	<u>441</u>	58679	<u>475</u>
58507	<u>306</u>	58541	<u>340</u>	58576	<u>374</u>	58610	<u>408</u>	58644	<u>442</u>	58680	<u>476</u>
58508	<u>307</u>	58542	<u>341</u>	58577	<u>375</u>	58611	<u>409</u>	58645	<u>443</u>	58681	<u>477</u>
58509	<u>308</u>	58543	<u>342</u>	58578	<u>376</u>	58612	<u>410</u>	58646	<u>444</u>	58682	<u>478</u>
58510	<u>309</u>	58544	<u>343</u>	58579	<u>377</u>	58613	<u>411</u>	58647	<u>445</u>	58683	<u>479</u>
58511	<u>310</u>	58545	<u>344</u>	58580	<u>378</u>	58614	<u>412</u>	58648	<u>446</u>	58684	<u>480</u>
58512	<u>311</u>	58546	<u>345</u>	58581	<u>379</u>	58615	<u>413</u>	58649	<u>447</u>	58685	<u>481</u>
58513	<u>312</u>	58547	<u>346</u>	58582	<u>380</u>	58616	<u>414</u>	58650	<u>448</u>	58686	<u>482</u>
58514	<u>313</u>	58548	<u>347</u>	58583	<u>381</u>	58617	<u>415</u>	58651	<u>449</u>	58687	<u>483</u>
58515	<u>314</u>	58549	<u>348</u>	58584	<u>382</u>	58618	<u>416</u>	58652	<u>450</u>	58688	<u>484</u>
58516	<u>315</u>	58550	<u>349</u>	58585	<u>383</u>	58619	<u>417</u>	58653	<u>451</u>	58689	<u>485</u>
58517	<u>316</u>	58551	<u>350</u>	58586	<u>384</u>	58620	<u>418</u>	58654	<u>452</u>	58690	<u>486</u>
58518	<u>317</u>	58552	<u>351</u>	58587	<u>385</u>	58621	<u>419</u>	58655	<u>453</u>	58691	<u>487</u>
58519	<u>318</u>	58553	<u>352</u>	58588	<u>386</u>	58622	<u>420</u>	58657	<u>454</u>	58692	<u>488</u>
58520	<u>319</u>	58554	<u>353</u>	58589	<u>387</u>	58623	<u>421</u>	58658	<u>455</u>	58693	<u>489</u>
58521	<u>320</u>	58555	<u>354</u>	58590	<u>388</u>	58624	<u>422</u>	58659	<u>456</u>	58694	<u>490</u>
58522	<u>321</u>	58556	<u>355</u>	58591	<u>389</u>	58625	<u>423</u>	58660	<u>457</u>	58695	<u>491</u>
58523	<u>322</u>	58557	<u>356</u>	58592	<u>390</u>	58626	<u>424</u>	58661	<u>458</u>	58696	<u>492</u>
58524	<u>323</u>	58558	<u>357</u>	58593	<u>391</u>	58627	<u>425</u>	58662	<u>459</u>	58697	<u>493</u>
58525	<u>324</u>	58559	<u>358</u>	58594	<u>392</u>	58628	<u>426</u>	58664	<u>460</u>	58698	<u>494</u>
58526	<u>325</u>	58560	<u>359</u>	58595	<u>393</u>	58629	<u>427</u>	58665	<u>461</u>	58699	<u>495</u>
58527	<u>326</u>	58561	<u>360</u>	58596	<u>394</u>	58630	<u>428</u>	58666	<u>462</u>		
58528	<u>327</u>	58562	<u>361</u>	58597	<u>395</u>	58631	<u>429</u>	58667	<u>463</u>	(196	
58529	<u>328</u>	58563	<u>362</u>	58598	<u>396</u>	58632	<u>430</u>	58668	<u>464</u>		
58530	<u>329</u>	58564	<u>363</u>	58599	<u>397</u>	58633	<u>431</u>	58669	<u>465</u>		
58531	<u>330</u>	58565	<u>364</u>	58600	<u>398</u>	58634	<u>432</u>	58670	<u>466</u>		
58532	<u>331</u>	58566	<u>365</u>	58601	<u>399</u>	58635	<u>433</u>	58671	<u>467</u>		
58533	<u>332</u>	58567	<u>366</u>	58602	<u>400</u>	58636	<u>434</u>	58672	<u>468</u>		
58534	<u>333</u>	58569	<u>367</u>	58603	<u>401</u>	58637	<u>435</u>	58673	<u>469</u>		

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SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

POTLATCH

THIS AGREEMENT made this 1<sup>st</sup> day of January, 1983, by and between E.A. LEASING CORPORATION, a Connecticut corporation, with its principal place of business at 1351 Washington Boulevard, Stamford, Connecticut 06902 (hereinafter "Debtor") and GUSTAVUS J. ESSELEN, residing at 66 Salem Straits, Darien, Connecticut 06820, CHARLES E. WAGGNER, residing at 30 Shipway Road, Darien, Connecticut 06820, MARJORIE B. ESSELEN, residing at 66 Salem Straits, Darien, Connecticut 06820, JANE E. BLOCKER, residing at 18 Tomney Road, Greenwich, Connecticut 06830, GUSTAVUS J. ESSELEN, IV, residing at 30 Agawam Road, Acton, Massachusetts 01720 and JOAN E. FOOT, residing at 1831 Woodland Drive, Red Wing, Minnesota 55066 (hereinafter referred to individually as "Secured Party" and collectively as the "Secured Parties").

## W I T N E S S E T H:

WHEREAS, the Secured Parties have this day sold to STEVEN INVESTMENTS, INC. ("SII") all of the issued and outstanding shares of stock (the "Stock") of ESSELEN ASSOCIATES, INC. ("EAI"), all as more particularly set forth in the Purchase Agreement dated as of January 31, 1983 between SII and the Secured Parties, among others, (hereinafter called the "Purchase Agreement"); and

WHEREAS, Debtor is a wholly owned subsidiary of EAI;  
and

WHEREAS, SII is indebted to the Secured Parties in a sum (the "Obligations") constituting an amount equal to eighty-five percent (85%) of all revenues to be received by Debtor from the equipment set forth in Exhibit B to the Purchase Agreement in excess of (i) the sum of "Net Rentals", as defined in the Purchase Agreement, (ii) Two Hundred Thousand and 00/100 Dollars (\$200,000.00), (iii) all reasonable expenses incurred by Debtor to maintain and administer such equipment, protect title thereto and to enforce the rights of Debtor therein and in any leases thereof, (iv) all taxes, franchise fees, assessments and governmental charges or levies (other than federal income taxes) imposed upon E.A. Leasing or such equipment, such sum being a portion of the unpaid balance of the purchase price for the Stock and (v) any amounts due by Debtor to third parties on the Closing Date (as defined in the Purchase Agreement); and

WHEREAS, the Secured Parties would not have made such sale upon such agreed terms unless SII had caused the Debtor to grant the Secured Parties a Security Interest in all the equipment set forth in Exhibit A hereto (together with all replacements and substitutions thereof and the proceeds thereof, including, without limitation, all proceeds of any insurance covering the aforesaid property, the "Collateral").

NOW, THEREFORE, in consideration of the premises and of the mutual promises herein contained, it is hereby agreed as follows:

1. Grant of Security Interest. As security for the performance by SII of its obligations under the Purchase Agreement and for the due payment of the Obligations, the Debtor hereby assigns and grants to the Secured Parties a continuing security interest in and to the Collateral.

2. Continuing Obligation. As long as any Obligations are outstanding, Debtor shall execute and deliver such financing statements and other instruments and documents as Secured Parties may request in order to perfect their security interest in the Collateral. Until all Obligations are fully paid and satisfied, Debtor shall promptly, on demand of Secured Parties, furnish further assurance of title and, do, make, execute, deliver, record, register or file all such financing statements and other instruments, things, deeds, assurances, acts, pledges, assignments and transfers (or cause the same to be done) and will deliver to the Secured Parties such instruments constituting or evidencing the Collateral as the Secured Parties may request, better to assure the Secured Parties with respect to the security interest in the Collateral granted to them pursuant to this Agreement and to effectuate the purposes of this Agreement. To the extent permitted by applicable law, Debtor hereby constitutes each of the Secured Parties as Debtor's attorney-in-fact to perform all things and to execute and file, in the name of Debtor or otherwise, financing statements and such other documents and instruments which the Secured Parties, in their sole discre-

tion, deem necessary to further perfect or continue the security interest granted under this Agreement. All acts of said attorneys are hereby ratified and approved, and said attorneys shall not be liable for any acts of commission or omission, nor for any error of judgment or mistake of fact or law. This power, being coupled with an interest, is irrevocable while any of the Obligations shall remain unpaid and unsatisfied. The Secured Parties will retain their security interest in all the Collateral until all Obligations have been fully paid and satisfied. Upon termination of this Agreement and repayment in full of all Obligations, the Secured Parties will deliver termination statements, duly executed by the Secured Parties, and such other documents as shall be necessary to terminate their security interest in the Collateral.

3. Administration of the Collateral. Debtor shall use its best efforts to cause the Collateral to be kept in a good state of repair and in good and efficient working order and will not waste or destroy the Collateral, or any part thereof, or be negligent in the care and use thereof. In the event that Secured Parties or any other party having a security interest in the Collateral shall give notice to Debtor of a failure to maintain or insure the Collateral, Debtor shall not be deemed to be in default hereunder so long as Debtor promptly takes reasonable action to cause the lessee of such Collateral to cure such failure. Until the satisfaction in full of the Obligations, the Secured Parties shall

have, at any time when an Event of Default has occurred, (a) the right to hold, at Debtor's sole expense, all Collateral subject to their continuing security interest and (b) the right, at Debtor's sole expense, to take possession of the Collateral or any part thereof and, at Debtor's sole expense, to remove any or all of the Collateral to such other place or places as the Secured Parties desire in their sole discretion. If the Secured Parties exercise their right to take possession of the Collateral, Debtor, upon the Secured Parties' demand, shall assemble the Collateral and make it available to the Secured Parties, at Debtor's sole expense, at the place and at the time designated by Secured Parties.

4. No Liabilities. Secured Parties do not, by anything contained herein or in any assignment or otherwise, assume any obligation of Debtor under any contract, lease or agreement assigned to Secured Parties, and Secured Parties shall not be responsible in any way for the performance by Debtor of any of the terms and conditions thereof.

5. Affirmative Covenants. Debtor covenants and agrees that, so long as any of the Obligations remain unpaid, it will:

(i) Maintenance of Properties; Insurance. Keep the Collateral or cause it to be kept in good working order and condition, free and clear of all liens, claims, charges, taxes, assessments, security interests and encumbrances other than the security interest hereunder, except for

such which shall be in existence on the date hereof; and use its best efforts to cause all of the Collateral to be insured against loss or damage by fire with extended coverage, theft, burglary, pilferage, loss in transit and such other hazards as Secured Parties may specify, in such amounts, under such policies and from such insurers as are reasonably acceptable to Secured Parties. Until all the Obligations have been satisfied in full, all insurance policies shall be endorsed in favor of Secured Parties and contain a loss payable rider, in form and substance satisfactory to Secured Parties, providing that any proceeds payable thereunder will be paid to Secured Parties as their interest may appear. Such endorsement shall provide that such policy may not be cancelled as against Secured Parties without thirty (30) days' prior written notice to Secured Parties. From time to time, as Secured Parties may request, Debtor will deliver to Secured Parties all such policies or a certificate of insurance describing the coverage so maintained.

(ii) Notice of Default; Litigation. Forthwith upon any of its officers obtaining knowledge thereof, give notice in writing to Secured Parties of: (a) the occurrence of any Event of Default or any event which, with the giving of notice or lapse of time or both, would constitute an Event of Default; or (b) the commencement of any material litigation or proceeding affecting Debtor or any dispute between Debtor and any governmental regulatory body or any other party, if such

litigation, proceeding or dispute might adversely affect the business, operations, affairs, condition, properties or assets of Debtor or the security interest granted to Secured Parties hereunder.

(iii) Taxes and Claims. Pay and discharge all taxes, franchise fees, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any property belonging to it, including, without limitation, the Collateral, prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a lien or charge upon such property and provide Secured Parties monthly with proof of payment of all such items; provided, that Debtor shall not be required by this paragraph to pay any such tax, fee, assessment, charge, levy or claim the payment of which is being contested in good faith and by proper proceedings diligently pursued.

(iv) Right of Inspection. Grant to Secured Parties and their authorized representatives, agents, attorneys and accountants access at any time to inspect the Collateral, wherever located, and to inspect, audit and make extracts from all of its records, files and books of account.

(v) Compliance with Leases and Applicable Law. Comply with the terms and conditions of any leases covering the Collateral or to which the Collateral may be subject, and any orders, ordinances, laws or statutes of any city, state or

other governmental department having jurisdiction with respect to the Collateral.

(vi) Defense of Collateral. Defend the Collateral against all claims and demands of all third parties at any time claiming the same or any interest therein.

(vii) Notice of Change in Location. Immediately give notice to Secured Parties of any change in or discontinuance of its place of business as set forth above.

6. Negative Covenants. Debtor covenants and agrees that, so long as any of the Obligations remain unpaid, it will not, without the Secured Parties' prior written consent:

(i) Limitation on Liens. Create, assume or suffer to exist any mortgage, lien, pledge, charge, assignment, security interest or encumbrance of any kind (herein collectively called "Liens") on any of the Collateral, except for: (a) Liens for taxes not yet payable or being contested in good faith and by proper proceedings diligently pursued, provided that a reserve or other appropriate provision, if any, as shall be required by generally accepted accounting principles, shall have been made therefor, (b) Liens in favor of the Secured Parties and (c) Liens on any of the Collateral existing on the date hereof.

(ii) Disposition of Collateral. Sell, assign, lease or otherwise dispose of any of the Collateral, modify, amend, extend or renew any existing lease for or with respect

to any of the Collateral or move or change the location of any of the Collateral without the prior written consent of the Secured Parties, unless such action is required under the terms of a lease in existence on the date hereof for any of the Collateral.

7. Right to Cure. So long as any of the Obligations remain unpaid or unsatisfied, Secured Parties may, at their option, pay any insurance premium for insurance on the Collateral, discharge any taxes, liens, security interests or other encumbrances at any time levied or placed upon the Collateral and incur any other costs and expenses which Secured Parties consider necessary or desirable for the maintenance and preservation of the Collateral and Secured Parties. Any payment made and costs and expenses incurred by Secured Parties pursuant to this paragraph, including, without limitation, reasonable attorney's fees, shall be repaid by Debtor to the Secured Parties upon demand. If the Secured Parties take any action pursuant to this paragraph on any one occasion, such action will not obligate the Secured Parties in any way to take such action on any other occasion. Any action taken pursuant to this paragraph shall not be deemed a waiver of any Event of Default.

8. Events of Default and Remedies. Upon the occurrence of any of the following events (an "Event of Default"):

(a) Debtor shall fail to pay any of the Obligations when due, whether upon demand, on acceleration or otherwise which failure shall continue for ten (10) days after the giving of notice thereof by Secured Parties to Debtor;

(b) Debtor shall fail to perform any other term, condition or requirement contained herein, which failure shall continue for ten (10) days after the giving of notice thereof to Debtor by Secured Parties;

(c) any representation or warranty made by Debtor or SII in this Agreement, the Purchase Agreement, any document or agreement contemplated in the Purchase Agreement or in any certificate or financial or other written statement furnished by Debtor at any time to Secured Parties shall prove to be untrue in any material respect as of the date on which made;

(d) Debtor or SII shall materially breach any representation, warranty or covenant contained herein, in the Purchase Agreement or in any document or agreement contemplated in the Purchase Agreement or in any financial or other written statement furnished by SII or North American Capital Corporation, a Delaware Corporation and parent of SII ("NAC") at any time to any of the Secured Parties, which breach shall not be cured within ten (10) days after the giving of notice thereof by Secured Parties to Debtor;

(e) Any party other than any of the Secured Parties shall default in the observance or performance of any

of the duties, obligations, covenants and agreements contained in this Agreement, the Purchase Agreement or any document or agreement contemplated in the Purchase Agreement, other than certain Notes made by SII to Secured Parties in the aggregate principal amount of \$3,250,000.00 dated the date hereof, or in any other written document or instrument furnished by SII or NAC at any time to any of the Secured Parties, which default shall not be cured within ten (10) days after the giving of notice thereof by Secured Parties to Debtor;

(f) Debtor, SII or NAC shall (i) file a voluntary petition or order for relief in bankruptcy or a voluntary petition or an answer seeking reorganization, arrangement or readjustment of its debts or for any other relief under the United States Bankruptcy Code, as amended, or under any other insolvency act or law, state or federal, now or hereafter existing; (ii) consent to, approve of, or acquiesce in, any such petition or proceeding; (iii) make any transfer which constitutes a fraudulent transfer under the United States Bankruptcy Code, as amended; (iv) apply for or acquiesce in the appointment of a receiver, custodian or trustee for it or for all or a substantial part of its property; (v) suspend business; (vi) call a meeting of its creditors; (vii) send any notice of a proposed bulk transfer; (viii) make an assignment for the benefit of creditors; or (ix) generally not pay its debts as they become due;

(g) An involuntary petition or order for relief shall be filed against Debtor, SII or NAC in bankruptcy or seeking reorganization, arrangement or readjustment of its debts or for any other relief under the United States Bankruptcy Code, as amended, or under any other insolvency act or law, state or federal, now or hereafter existing and remains undismissed for forty-five (45) days; or a receiver, custodian or trustee for Debtor, SII or NAC or for all or a substantial part of its property shall be appointed involuntarily; or a warrant of attachment, execution or similar process shall be issued against any substantial part of the property of Debtor, SII or NAC;

(h) Debtor, SII or NAC shall file a certificate of dissolution under applicable state law or shall be liquidated or commence or have commenced against it any action or proceeding for dissolution or liquidation;

(i) After ten (10) days' notice thereof, a tax lien by or in favor of any federal, state or municipal authority shall be filed or shall attach against Debtor, SII or NAC or any of their respective properties and assets, other than liens being contested in good faith by appropriate proceedings diligently pursued and where a stay of execution is in effect;

(j) One or more final judgments for the payment of money in the total amount of Fifty Thousand and 00/100 Dollars (\$50,000.00) or more shall be rendered against Debtor,

SII or NAC, and such party shall fail to discharge the same within thirty (30) days from the date of notice of entry thereof or to appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment was granted, based or entered and has secured a stay of execution pending such appeal;

(k) A sale, assignment or transfer shall be made of (i) fifty (50%) percent or more of the outstanding voting securities of Debtor, SII or NAC (other than to a member of the immediate family of any present shareholder thereof, or a trust for the benefit of such shareholder or member of such family), or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of Debtor, SII or NAC; or

(l) A default shall occur and continue beyond any applicable grace period under either this Agreement, the Purchase Agreement, or any of the Pledge and Escrow Agreements and Security Agreements made and executed thereunder; then, and in any such event, Secured Parties may declare all the Obligations not otherwise due to be forthwith due and payable, whereupon the unpaid amount of the Obligations shall become immediately due and payable without notice of any kind, which is hereby expressly waived, anything contained in this Agreement or in the Purchase Agreement or any of the documents or agreements contemplated therein to the contrary notwithstanding. In addition to all other rights provided herein or

at law, Secured Parties shall have all of the rights and remedies of a secured party under Section 11303 of Title 49 of the United States Code (formerly Section 20c of the Interstate Commerce Act) and the Uniform Commercial Code (or any successor statute) of the State of New York, or of any other state the laws of which are required by Section 9-103 of the Uniform Commercial Code of New York to be applied on the issue of perfection of security interests ("UCC") with respect to repossession, retention and sale of the Collateral and disposition of the proceeds therefrom. At any time when an Event of Default has occurred and is continuing, the Secured Parties may enter any premises where the Collateral or any records, files or books of account relating thereto is located and (i) remove all records, files and books of account relating to the Collateral, (ii) take physical possession of the Collateral or any part thereof and (iii) maintain such possession on Debtor's premises or remove any or all of the Collateral to such other place or places as Secured Parties may desire in their sole discretion. If Secured Parties exercise their right to take possession of the Collateral upon an Event of Default, Debtor, upon Secured Parties' demand and at Debtor's sole expense, shall forthwith assemble the Collateral and make it available to Secured Parties at the place and at the time designated by Secured Parties. Secured Parties, or their nominee or agent, may, at any time or times after an Event of Default has occurred, take such actions which they, in their

sole discretion, deem appropriate in order to collect any or all amounts due under the Collateral or the proceeds thereof and sell and deliver any or all of the Collateral at public or private sale (and any of the Secured Parties may be a purchaser at such sale), for cash, upon credit or otherwise, at such prices and upon such terms as Secured Parties, in their sole discretion, deem advisable, or transfer, compromise, discharge or extend the whole or any part of the Collateral or its proceeds, and to apply the proceeds to the Obligations, all in accordance with the applicable provisions of the UCC or Section 11303 of Title 49 of the United States Code (formerly Section 20c of the Interstate Commerce Act). The requirement of reasonable notice with respect to a disposition of the Collateral shall be met if such notice is mailed postage prepaid to Debtor at its address as set forth above at least ten (10) days before the time of the event of which notice is being given. The proceeds of any sale of any of the Collateral shall be applied first to all costs and expenses of sale, including, without limitation, attorneys' fees, and second to the payment (in whatever order Secured Parties elect) of all of the Obligations. Secured Parties shall return any excess proceeds to Debtor, subject to the claims of any other parties with an interest in the Collateral or the proceeds thereof, and Debtor shall remain liable to Secured Parties for any deficiency. If any Collateral is sold by Secured Parties upon credit or for future delivery, Secured Parties shall not be

liable for the failure of the purchaser to pay for such Collateral, and, in such event, Secured Parties may resell such Collateral.

9. No Waiver. Any failure or delay by the Secured Parties to require strict performance by Debtor of any of the provisions, warranties, terms and conditions contained herein or in any other agreement, document or instrument, shall not affect the Secured Parties' right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto and whether of the same or of a different type. None of the warranties, conditions, provisions and terms contained herein or in any other agreement, document or instrument shall be deemed to have been waived by any act or knowledge of Secured Parties, their agents, officers or employees, but only by an instrument in writing, signed by an officer of Secured Parties and directed to Debtor specifying such waiver.

10. Term. The term of this Agreement shall commence on the date hereof, and this Agreement shall continue in full force and effect and be binding upon Debtor until all of the Obligations shall have been paid in full.

11. Survival. All agreements, representations and warranties contained herein and in the Purchase Agreement or made in writing by or on behalf of Debtor in connection with the transactions contemplated herein and in the Purchase

Agreement shall survive the execution and delivery of this Agreement, notwithstanding any investigation at any time made by Secured Parties.

12. No Discharge. The obligations of Debtor under this Agreement, the Purchase Agreement and any document or instrument contemplated thereunder or hereunder shall be absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by: (a) any exercise or nonexercise of any right, remedy, power or privilege under or in respect of such agreements and instruments or applicable law, or any waiver, consent, extension, indulgence or other action or inaction in respect of any thereof; (b) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceeding of or affecting Debtor; or (c) any other act or thing which may or might in any manner or to any extent operate as a discharge of Debtor as a matter of law.

13. Waiver of Notices. Unless otherwise expressly provided herein, Debtor hereby waives presentment, protest and notice of demand and protest as to any instrument, as well as any and all other notices to which it might otherwise be entitled.

14. Cumulative Remedies. The rights and remedies provided to Secured Parties herein or by any other agreement, instrument, document or paper are cumulative and not exclusive

of any other rights or remedies provided by law, and may be exercised singularly or concurrently.

15. Amendments and Waivers. This Agreement may not be modified, supplemented or amended, or any of its provisions waived at the request of Debtor, without the prior written consent of Secured Parties.

16. Waiver of Jury Trial. Each of the parties hereto waives trial by jury and any right thereto in any action or proceeding in any court arising on, out of, under or by virtue of or in any way relating to this Agreement, the Obligations, the Purchase Agreement or any transactions contemplated by such agreements and instruments.

17. Assignment. The provisions of this Agreement shall be binding upon and inure to the benefit of the respective heirs, administrators, legal representatives, successors and assigns of the parties hereto, provided, however, that no interest herein may be assigned by Debtor without the prior written consent of Secured Parties.

18. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken collectively shall constitute one agreement.

19. Waiver of Rights. No course of dealing between or among any parties to this Agreement or any failure or delay on the part of any such party in exercising any rights or remedies hereunder shall operate as a waiver of any rights or

remedies of such party or any other party, and no single or partial exercise of any rights or remedies hereunder shall operate as a waiver or preclude the exercise of any rights or remedies of such party or any other party. No waiver by Secured Parties of any breach or default by Debtor on any one or more occasions shall be deemed a waiver of any other previous breach or default or of any breach or default occurring thereafter, or be construed as a bar to or waiver of any right or remedy on any future occasion.

20. Captions. The captions of the paragraphs of this Agreement are for the purpose of convenience only, are not intended to be a part of this Agreement and shall not be deemed to modify, explain, enlarge or restrict any of its provisions.

21. Severability. If any clause or provision of this Agreement shall be held invalid or unenforceable, in whole or in part, in any jurisdiction, such invalidity or unenforceability shall attach only to such clause or provision or part thereof and shall not in any manner affect any other clause or provision in any jurisdiction.

22. Nominee of Certain Secured Parties. Marjorie B. Esselen, Jane E. Blocker, Gustavus J. Esselen IV and Joan E. Foot hereby designate and appoint Gustavus J. Esselen ("Esselen") as their nominee and attorney-in-fact, with full power and authority to act for and on behalf of such Secured Parties with respect to the transaction contemplated hereby,

with full power, to execute any and all documents necessary to the consummation of the transaction contemplated hereby, to receive all necessary communications and otherwise to act for and on behalf of all of such Secured Parties. Any and all communications, disclosures or deliveries made by Debtor to Esselen shall be deemed conclusively to have been made to such Secured Parties, and Esselen hereby undertakes and agrees that he will take all requisite and appropriate action, as attorney-in-fact for such Secured Parties, to provide for the appropriate communication or delivery to such Secured Parties.

23. Notices. All notices and other communications required or permitted to be given hereunder or in connection herewith shall be in writing and shall be deemed to have been duly given if delivered personally, sent by telex or prepaid telegram, or when mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Secured Parties, at the addresses set forth above or at such other address as Secured Parties may have furnished Debtor in writing, with a copy to:

Shapiro, Mortman & Schwartz, P.C.  
800 Third Avenue  
New York, New York 10022

If to Debtor, at its address set forth above or at such other address as it may have furnished Secured Parties in writing, with a copy to:

Olshan, Grundman & Frome  
505 Park Avenue  
New York, New York 10022  
Attention: Morris Orens, Esq.

Any notice shall be deemed given two (2) days after deposit into the United States mails in a properly addressed envelope, with correct postage prepaid.

24. Governing Law. This Agreement shall be governed by, construed, applied and enforced in accordance with the laws of the State of New York, except that no doctrine of choice of law shall be used to apply any law other than that of New York, and no defense, counterclaim or right of set-off given or allowed by the laws of any other state or jurisdiction or arising out of the enactment, modification or repeal of any law, regulation, ordinance or decree of any foreign jurisdiction shall be interposed in any action hereon, provided, however, that the parties shall be entitled to all rights conferred by Section 11303 of Title 49 of the United States Code (formerly Section 20c of the Interstate Commerce Act) and such additional rights arising out of the filing, recording or deposit hereof, if any.

25. Cross Default. Any default hereunder continuing beyond any grace period applicable thereto shall be deemed an Event of Default under each of the Purchase Agreement, the Pledge and Escrow Agreements and the Security Agreements made and executed thereunder and the Promissory Notes made by SII to Secured Parties thereunder (the "Notes"), and any default under either the Purchase Agreement or the Pledge and Escrow

Agreement and the Security Agreements made and executed thereunder (excluding any default under the Notes) continuing beyond any grace period applicable thereto shall be deemed an Event of Default under this Agreement.

26. Indemnification. Debtor will, at all times now and hereafter, indemnify and save Secured Parties harmless from and against all loss or damage to them arising in connection with this Agreement and against all claims, liabilities, demands, actions or suits, whether groundless or otherwise, and all liabilities, payments, costs, charges and expenses, including attorneys' fees and expenses incurred by Secured Parties in respect thereof. Debtor hereby releases Secured Parties from all claims for loss or damage caused by any failure to collect or enforce any Collateral or by any act or omission on the part of any Secured Party.

27. Successors and Assigns. This Agreement shall inure to the benefit of each of the Secured Parties and their respective heirs, administrators, legal representatives, successors and assigns and shall be binding upon Debtor, its successors and assigns. Each of the Secured Parties shall have the right to assign and transfer this Agreement and the Collateral and his respective interest therein, and any assignee or transferee shall become vested with all the rights, title and interest of the assigning and transferring Secured Party herein and such Secured Party shall thereupon be relieved and discharged from any liability or responsibility hereunder.

IN WITNESS WHEREOF, the parties have entered into

this Agreement as of the date first above written.

E. A. LEASING CORPORATION

BY *G. Esselen - President*

*G. Esselen*  
Gustavus J. Esselen

*Charles E. Wagner*  
Charles E. Wagner

*G. Esselen Attorney In Fact*  
Marjorie B. Esselen

*G. Esselen Attorney In Fact*  
Jane E. Blocker

*G. Esselen Attorney In Fact*  
Gustavus J. Esselen, Jr.

*G. Esselen Attorney In Fact*  
Joan E. Foot



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

On this *15<sup>th</sup>* day of *January* 1983, before me personally appeared CHARLES E. WAGGNER, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

(seal)

HARVEY SCHWARTZ  
Notary Public, State of New York  
No. 30-4626440  
Qualified in Nassau County *84*  
Commission Expires March 30, 19  
My commission expires \_\_\_\_\_



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

On this *1<sup>st</sup>* day of *January* 1983, before me, a Notary Public within and for said county, personally appeared GUSTAVUS S. ESSELEN, to me personally known to be the person described and appointed attorney-in-fact in and by certain powers of attorney executed by each of MARJORIE B. ESSELEN, JANE E. BLOCKER, GUSTAVUS J. ESSELEN, IV AND JOAN E. FOOT, which powers of attorney are held by said Gustavus S. Esselen, at 66 Salem Straits, Darien Connecticut 06820, and acknowledged to me that he had executed the foregoing instrument as the act of the said parties.

  
\_\_\_\_\_  
NOTARY PUBLIC

HARVEY SCHWARTZ  
Notary Public, State of New York  
No. 30-4626440  
Qualified in Nassau County *et*  
Commission Expires March 30, 19*84*

EXHIBIT A

<u>Quantity</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>Chicago, Milwaukee, St. Paul and Pacific Railroad Company Road Numbers (Inclusive)</u>	<u>St. Maries River Railroad Company Road Numbers (Inclusive)</u>
196	F191	High-Stake Log Flat Cars	58495-58496 58498-58499 58505-58567 58569-58655 58657-58662 58663-58699	As set forth on Schedule 1 hereto

SCHEDULE 1

MILW CAR NO.	STMA CAR NO.										
58495	<u>300</u>	58535	<u>334</u>	58570	<u>368</u>	58604	<u>402</u>	58638	<u>436</u>	58674	<u>470</u>
58496	<u>301</u>	58536	<u>335</u>	58571	<u>369</u>	58605	<u>403</u>	58639	<u>437</u>	58675	<u>471</u>
58498	<u>302</u>	58537	<u>336</u>	58572	<u>370</u>	58606	<u>404</u>	58640	<u>438</u>	58676	<u>472</u>
58499	<u>303</u>	58538	<u>337</u>	58573	<u>371</u>	58607	<u>405</u>	58641	<u>439</u>	58677	<u>473</u>
58505	<u>304</u>	58539	<u>338</u>	58574	<u>372</u>	58608	<u>406</u>	58642	<u>440</u>	58678	<u>474</u>
58506	<u>305</u>	58540	<u>339</u>	58575	<u>373</u>	58609	<u>407</u>	58643	<u>441</u>	58679	<u>475</u>
58507	<u>306</u>	58541	<u>340</u>	58576	<u>374</u>	58610	<u>408</u>	58644	<u>442</u>	58680	<u>476</u>
58508	<u>307</u>	58542	<u>341</u>	58577	<u>375</u>	58611	<u>409</u>	58645	<u>443</u>	58681	<u>477</u>
58509	<u>308</u>	58543	<u>342</u>	58578	<u>376</u>	58612	<u>410</u>	58646	<u>444</u>	58682	<u>478</u>
58510	<u>309</u>	58544	<u>343</u>	58579	<u>377</u>	58613	<u>411</u>	58647	<u>445</u>	58683	<u>479</u>
58511	<u>310</u>	58545	<u>344</u>	58580	<u>378</u>	58614	<u>412</u>	58648	<u>446</u>	58684	<u>480</u>
58512	<u>311</u>	58546	<u>345</u>	58581	<u>379</u>	58615	<u>413</u>	58649	<u>447</u>	58685	<u>481</u>
58513	<u>312</u>	58547	<u>346</u>	58582	<u>380</u>	58616	<u>414</u>	58650	<u>448</u>	58686	<u>482</u>
58514	<u>313</u>	58548	<u>347</u>	58583	<u>381</u>	58617	<u>415</u>	58651	<u>449</u>	58687	<u>483</u>
58515	<u>314</u>	58549	<u>348</u>	58584	<u>382</u>	58618	<u>416</u>	58652	<u>450</u>	58688	<u>484</u>
58516	<u>315</u>	58550	<u>349</u>	58585	<u>383</u>	58619	<u>417</u>	58653	<u>451</u>	58689	<u>485</u>
58517	<u>316</u>	58551	<u>350</u>	58586	<u>384</u>	58620	<u>418</u>	58654	<u>452</u>	58690	<u>486</u>
58518	<u>317</u>	58552	<u>351</u>	58587	<u>385</u>	58621	<u>419</u>	58655	<u>453</u>	58691	<u>487</u>
58519	<u>318</u>	58553	<u>352</u>	58588	<u>386</u>	58622	<u>420</u>	58657	<u>454</u>	58692	<u>488</u>
58520	<u>319</u>	58554	<u>353</u>	58589	<u>387</u>	58623	<u>421</u>	58658	<u>455</u>	58693	<u>489</u>
58521	<u>320</u>	58555	<u>354</u>	58590	<u>388</u>	58624	<u>422</u>	58659	<u>456</u>	58694	<u>490</u>
58522	<u>321</u>	58556	<u>355</u>	58591	<u>389</u>	58625	<u>423</u>	58660	<u>457</u>	58695	<u>491</u>
58523	<u>322</u>	58557	<u>356</u>	58592	<u>390</u>	58626	<u>424</u>	58661	<u>458</u>	58696	<u>492</u>
58524	<u>323</u>	58558	<u>357</u>	58593	<u>391</u>	58627	<u>425</u>	58662	<u>459</u>	58697	<u>493</u>
58525	<u>324</u>	58559	<u>358</u>	58594	<u>392</u>	58628	<u>426</u>	58664	<u>460</u>	58698	<u>494</u>
58526	<u>325</u>	58560	<u>359</u>	58595	<u>393</u>	58629	<u>427</u>	58665	<u>461</u>	58699	<u>495</u>
58527	<u>326</u>	58561	<u>360</u>	58596	<u>394</u>	58630	<u>428</u>	58666	<u>462</u>		
58528	<u>327</u>	58562	<u>361</u>	58597	<u>395</u>	58631	<u>429</u>	58667	<u>463</u>	(196	
58529	<u>328</u>	58563	<u>362</u>	58598	<u>396</u>	58632	<u>430</u>	58668	<u>464</u>		
58530	<u>329</u>	58564	<u>363</u>	58599	<u>397</u>	58633	<u>431</u>	58669	<u>465</u>		
58531	<u>330</u>	58565	<u>364</u>	58600	<u>398</u>	58634	<u>432</u>	58670	<u>466</u>		
58532	<u>331</u>	58566	<u>365</u>	58601	<u>399</u>	58635	<u>433</u>	58671	<u>467</u>		
58533	<u>332</u>	58567	<u>366</u>	58602	<u>400</u>	58636	<u>434</u>	58672	<u>468</u>		
58534	<u>333</u>	58569	<u>367</u>	58603	<u>401</u>	58637	<u>435</u>	58673	<u>469</u>		