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12208 A
RECORDATION NO. Filed 1425

No. 0-267A133
Date SEP 23 1980
Fee \$ 200.00
Washington, D.C.
12208 C

SEP 23 1980 -2 20 PM

INTERSTATE COMMERCE COMMISSION

LEON C. BAKER
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RECORDATION NO. Filed 1425

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INTERSTATE COMMERCE COMMISSION

12208
RECORDATION NO. Filed 1425

SEP 23 1980 -2 20 PM

September 23, 1980

INTERSTATE COMMERCE COMMISSION

12208 B
RECORDATION NO. Filed 1425

SEP 23 1980 -2 20 PM

INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Sir:

Enclosed for recordation under the provisions of 49 U.S.C. §11303(a) and the regulations thereunder are the original and two counterparts of each of the following documents: (i) Security Agreement dated September 23, 1980 between Funding Systems Railcars, Inc., as debtor, and U.S. Steel Credit Corporation, as secured party, (ii) Non-Negotiable Installment Promissory Note -- Security Agreement dated September 23, 1980 between Funding System Railcars, Inc., as secured party, and The Weiler-Arnov Investment Company, as debtor, (iii) Management and Maintenance Contract dated September 23, 1980 between The Weiler-Arnov Investment Company, as owner, and Wisconsin & Southern Railroad Co., as manager; and (iv) Transferee Agreement dated September 23, 1980 between The Weiler-Arnov Investment Company, as transferee, and U.S. Steel Credit Corporation, as secured party, (assigning an interest in the Management and Maintenance Contract), with the Consent and Agreement of the manager attached thereto.

A general description of the railroad equipment covered by the enclosed documents is as follows:

Handwritten signature: C. D. Konrad

SEP 23 2 13 PM '80
FEE COLLECTION CR.

One hundred (100) 52' 6" general purpose gondola cars bearing reporting marks and numbers WSOR 5164 through WSOR 5263, both inclusive.

The name and addresses of the parties to the enclosed documents are:

(i) Security Agreement

Secured Party: U.S. Steel Credit Corporation
600 Grant Street
Pittsburgh, Pennsylvania 15219

Debtor: Funding Systems Railcars, Inc.
c/o FSC Corporation
1000 RIDC Plaza
Pittsburgh, Pennsylvania 15238

(ii) Non-Negotiable Installment Promissory Note -- Security Agreement

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

Secured Party: Funding Systems Railcars, Inc.
c/o FSC Corporation
1000 RIDC Plaza
Pittsburgh, Pennsylvania 15238

(iii) Management and Maintenance Contract

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

Manager: Wisconsin & Southern Railroad Co.
c/o FSC Corporation
1000 RIDC Plaza
Pittsburgh, Pennsylvania 15238

Rec. No. _____

Rec. No. _____ -A

Rec. No. _____ -B

(iv) Transferee Agreement

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

Secured Party: U.S. Steel Credit Corporation
600 Grant Street
Pittsburgh, Pennsylvania 15219

Manager: Wisconsin & Southern Railroad Co.
c/o FSC Corporation
1000 RIDC Plaza
Pittsburgh, Pennsylvania 15238

The undersigned is attorney-in-fact for Wisconsin & Southern Railroad Co. and Funding Systems Railcars, Inc. mentioned in the enclosed documents and has knowledge of the matters set forth therein.

Please return the copies of the enclosed documents to Charles T. Kappler, Esq., Alvord and Alvord, 200 World Center Building, 918 Sixteenth Street, N.W., Washington, D.C. 20006, or to the bearer hereof.

Also enclosed is a remittance for the required recording fee.

Very truly yours,



C. Martin Goldenberg

Rec. No ^C

Interstate Commerce Commission
Washington, D.C. 20423

9/23/80

OFFICE OF THE SECRETARY

Charles T. Kappler, Esq.
Alvord & Alvord
200 World Center Building
918 16th Street, N.W.
Washington, D.C. 20006

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 **9/23/80** at **2:20pm**, and assigned re-
recording number(s). **12208, 12208-A, 12208-B, 12208-C**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

RECORDATION NO. 12208 Filed 1425

SEP 23 1980 -2 20 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of September 23, 1980

BETWEEN

FUNDING SYSTEMS RAILCARS, INC.

DEBTOR

AND

U. S. STEEL CREDIT CORPORATION

SECURED PARTY

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of September 23, 1980, (the Security Agreement) is made by and between FUNDING SYSTEMS RAILCARS, INC., a Delaware corporation (the Debtor), and U. S. STEEL CREDIT CORPORATION, a Delaware corporation (the Secured Party).

RECITALS:

A. The Debtor and the Secured Party have entered into a Loan Agreement dated as of the date hereof (the Loan Agreement) pursuant to which the Debtor has borrowed the sum not to exceed Three Million Dollars (\$3,000,000) principal amount from the Secured Party and the Debtor has issued its Note evidencing the obligation of the Debtor to repay the aforesaid sum to the Secured Party.

B. The Note and the principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Note, this Security Agreement or the Loan Agreement are hereafter sometimes referred to as "indebtedness hereby secured." Any capitalized term used herein and not otherwise defined herein shall have the meaning ascribed to it in the Loan Agreement.

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

Section 1. GRANT OF SECURITY.

The Debtor, in consideration of the premises and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, and intending to be legally bound hereby, and in order to secure the payment of the principal of and interest on the Note according to its tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Note and in this Security Agreement and in the Loan Agreement contained, does hereby convey, warrant, mortgage, pledge, assign, and grant to the Secured Party, its successors and assigns, a security interest in all and singular of the Debtor's right, title

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

1.1 Equipment Collateral. Collateral includes the railroad equipment described in Schedule I attached hereto and made a part hereof (collectively, the Equipment, and individually, an Item of Equipment), together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of, and additions, improvements, accessions and accumulations to, any and all of said Equipment, together with all the rents, issues, income, profits and avails therefrom.

1.2 Purchase Order Agreement Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor in, to and under the Purchase Order, but only insofar as it relates to the Equipment, and any and all other contracts and agreements relating to the Equipment or any rights or interests therein (other than the Loan Agreement) to which the Debtor is now or hereafter may be a party, together with all rights, powers, privileges, options and other benefits of the Debtor under the Purchase Order and each and every other such contract and agreement, it being the intent and purpose hereof that subject always to the exceptions, reservations and limitations contained in Section 1.5 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective immediately and operative immediately and shall continue in full force and effect until the indebtedness hereby secured has been fully paid and discharged.

1.3 Limitations to Security Interest. The security interest granted by Section 1 is subject to the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith and by appropriate legal or administrative proceedings and the nonpayment thereof does not, in the

reasonable opinion of the Secured Party, affect the properties, rights, interests and privileges of the Secured Party in or to the Equipment or otherwise under this Security Agreement.

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

1.5 Excepted Rights in Collateral. There are expressly excepted and reserved from the security interest and operation of this Security Agreement any rights or interests obtained by the Debtor pursuant to any transfer of its interest in the Equipment in accordance with Section 5 hereof, (herein sometimes referred to as the Excepted Rights in Collateral), and nothing herein shall constitute an assignment of the Excepted Rights in Collateral to the Secured Party; provided, nevertheless, that the Excepted Rights in Collateral shall at no time include any payments or proceeds received by the Debtor upon or following the occurrence of any Event of Default hereunder.

Section 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

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

herein and in the other Fundamental Agreements (as defined in the Loan Agreement) and no implied covenants or obligations are to be construed as part of this Security Agreement or any other of the Fundamental Agreements against the Debtor.

2.2 Warranty of Title. The Debtor has the full ownership of, and the complete right, power and authority to grant a first security interest in the Collateral to the Secured Party for the uses and purposes herein set forth, as contemplated hereby; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of all persons whatsoever except persons claiming by, through or under the Secured Party. The Debtor agrees to pay or discharge any and all claims, liens, charges or security interests claimed by any person (other than by, through or under the Secured Party), equal or superior to the Secured Party's security interest in the Collateral, which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Collateral, but the Debtor shall not be required to discharge such claim, lien, charge or security interest so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Secured Party, adversely affect the security interest of the Secured Party in or to the Collateral or any portion thereof.

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

2.4 After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5 Recordation and Filing. The Debtor will cause this Security Agreement and any supplements hereto, and all financing and continuation statements and similar

notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of any supplemental security agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for recording so as to make effective of record the security interest intended to be created hereby.

2.6 Power of Attorney in Respect of the Collateral.

Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution for it and in its name, place and stead to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Sections 1.1 and 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such sums and the security intended to be afforded hereby.

Section 3. POSSESSION AND USE OF PROPERTY.

3.1 Possession of Collateral. While the Debtor is not in default hereunder it, the Owner and/or the Manager shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement.

3.2 Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such

authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

Section 4. DEFAULTS AND OTHER PROVISIONS.

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

(a) Default in payment of any installment of the principal of, or interest on, the Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for five days after written notice from the Secured Party to the Debtor; or

(b) An Event of Default, as defined and set forth in Section 15 of the Management Agreement; or

(c) An Event of Default, as defined and set forth in Section 4 of the Transferee Agreement; or

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

(e) Any representation or warranty on the part of the Debtor, FSC or W&S made herein or in the Loan Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Management Agreement or the Loan Agreement, or the transactions contemplated herein or therein, shall prove to be false or misleading in any material respect when made; or

(f) Any claim, lien or charge (other than those permitted under Section 1.3 hereinabove or created pursuant to Section 5 hereinafter) shall be asserted against or levied or imposed upon the Equipment or any item of the Equipment, and such claim, lien or charge shall not be discharged or removed within 30 days after written notice from the Secured Party or the holder of any Note to the Debtor demanding the discharge or removal thereof; or

(g) The Debtor or FSC 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 any of its property; or in the absence of such application or acquiescence, a trustee or receiver is appointed for the Debtor or FSC, or for a substantial part of the property of the Debtor or FSC, under any bankruptcy, reorganization, debt arrangement or insolvency law (whether now or hereafter in effect) and such appointment shall not have been terminated within 30 days thereafter, or any dissolution or liquidation proceeding is instituted against the Debtor or FSC and such proceeding shall not have been terminated within 30 days thereafter or is consented to or acquiesced in by either of them; or the Debtor or FSC shall make an assignment for the benefit of creditors; or

(h) The Debtor or FSC terminates its corporate existence or shall commence to take action to wind up, liquidate or dissolve.

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

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

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

(c) The Secured Party may, if at the time such action may be lawful (subject to compliance with any

mandatory legal requirements), either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at public auction to the highest bidder or by private sale, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; provided, however, that any such sale should be held in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of the Note, or of any interest therein, or the Debtor may bid and become the purchaser at any such sale; and

(d) The Secured Party may proceed to protect and enforce this Security Agreement and said Note by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

4.3 Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Note, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Note and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Note, including principal and interest thereof, out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

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

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

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

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

(b) Second, to the payment to the holder of the Note of the amount then due, owing or unpaid on the Note for principal and interest; and in case more than one Note shall be outstanding and such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Note, then ratably according to the aggregate of such principal and the accrued and unpaid interest with application on such Note to be made, first to unpaid interest thereof, second, to unpaid premium, if any, and third, to unpaid principal thereon; such application upon presentation of the Note, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

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

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

4.8 Cumulative Remedies. No delay or omission of the Secured Party or of the holder of the Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Note, of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of the other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or

affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of the Note be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

Section 5. TRANSFER OF DEBTOR'S INTEREST.

The Secured Party agrees that the Debtor may transfer its interest in the Equipment pursuant to the terms and conditions hereinafter set forth and the Debtor agrees that it will not sell its interest in the Equipment, or any part thereof, unless the following conditions are met:

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

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

(c) Such transferee shall expressly acknowledge and agree in writing that the interest transferred to it by the Debtor is subject, and subordinate in all respects, to the security interest of the Secured Party in the Collateral under this Agreement;

(d) The Debtor shall expressly acknowledge and agree in writing that no such transfer shall in any way discharge or limit any of the Debtor's obligations under any of the Fundamental Agreements;

(e) The Debtor shall promptly furnish the Secured Party with copies of all documents relating to such transfer; and

(f) The transferee shall expressly agree in writing to pay or discharge any and all claims, liens,

charges or security interests claimed by any person whatsoever claiming by, through or under the transferee, equal or superior to the Secured Party's security interest in the Collateral which if unpaid might become a claim, lien, charge or security interest on or with respect to the Collateral, but the transferee shall not be required to discharge such claim, lien, charge or security interest so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Secured Party, adversely affect the security interest of the Secured Party in or to the Collateral or any portion thereof.

Section 6. CASUALTY LOSS.

6.1 Payment of Casualty Value. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Secured Party or W&S, irreparably damaged or (except for a requisition or taking which by its terms is for a stated period which does not exceed the lesser of one year or the remaining term of the Note) shall be requisitioned or taken over by any governmental authority for use (any such occurrence being hereinafter called a Casualty Occurrence), the Debtor shall promptly and fully inform the Secured Party in regard thereto and shall pay the Casualty Value (as hereinafter defined) of such Item of Equipment in accordance with the terms hereof.

6.2 Sum Payable for Casualty Loss. The Debtor shall, on the next Installment Payment Date (as defined in the Note) following a Casualty Occurrence with respect to any Item of Equipment, pay to the Secured Party any payment due on such Installment Payment Date plus a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment; provided, however, that the Casualty Value shall become payable immediately to the extent of the receipt by the Debtor of insurance or salvage proceeds relating to such Equipment.

6.3 Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is required to be paid as provided in this Section 6 (and not the date of the Casualty Occurrence) equal to the product of (a) the then outstanding principal sum under the Note, plus accrued interest thereon at the Actual Accrual Rate (as defined in the Note), multiplied by a fraction, the numerator of which shall be the

Purchase Price of such Item of Equipment and the denominator of which shall be the Purchase Price of all Items of Equipment then subject to the lien hereof. Upon the payment of the Casualty Value, or any portion thereof, each of the then remaining installments of interest or interest and principal under the Note shall be proportionately reduced.

Section 7. MISCELLANEOUS.

7.1 Execution of Note. The Note shall be signed on behalf of the Debtor by its President or any Vice President or any other officer of the Debtor who, at the date of the actual execution thereof, shall be a proper officer to execute the same.

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

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

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

7.5 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mails, certified mail, postage prepaid, addressed as follows:

If to the Debtor: Funding Systems Railcars, Inc.
c/o FSC Corporation
1000 RIDC Plaza
Pittsburgh, PA 15238
Attn: Paul M. Willard, Esq.

with a copy to:

C. Martin Goldenberg, Esq.
Gordon Hurwitz Butowsky Baker
Weitzen & Shalov
299 Park Avenue
New York, NY 10171

If to the Secured

Party: U.S. Steel Credit Corporation
600 Grant Street
Pittsburgh, PA 15230
Attn: Roger D. Crafe
Manager - Leasing

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

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

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

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

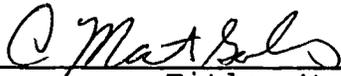
7.9 Table of Contents and Headings. The Table of Contents hereto and any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or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

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

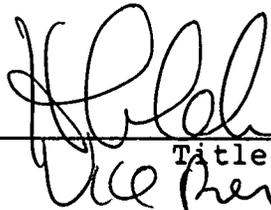
(CORPORATE SEAL)

FUNDING SYSTEMS RAILCARS, INC.

ATTEST:



Title *attorney in fact*

BY 

Title *Vice Pres + Treas.*

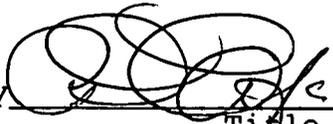
(CORPORATE SEAL)

U.S. STEEL CREDIT CORPORATION

ATTEST:



Title
ASST. SECRETARY

BY 

Title
ASST. TREASURER

COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF ALLEGHENY :

On this 22nd day of September, 1980, before me personally appeared Thomas G. Korman, to me personally known, who being by me duly sworn, says that he is Vice President of FUNDING SYSTEMS RAILCARS, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sandra L. Kropp
Notary Public

SANDRA L. KROPP, Notary Public
Pittsburgh, Allegheny County, Pa.
My Commission Expires June 27, 1981

(SEAL)
My Commission expires:

COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF ALLEGHENY :

On this 23rd day of September, 1980, before me personally appeared R. D. Crafe, to me personally known, who being by me duly sworn, says that he is the Asst. Treasurer of U.S. STEEL CREDIT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Delores R. Long
Notary Public

(SEAL)
My Commission expires:

DELORES R. LONG, NOTARY PUBLIC
PITTSBURGH, ALLEGHENY COUNTY
MY COMMISSION EXPIRES JUNE 27, 1983
Member, Pennsylvania Association of Notaries

SCHEDULE I

(To the Security Agreement)

DESCRIPTION OF EQUIPMENT

<u>Type</u>	<u>Builders Specifications</u>	<u>Quantity</u>	<u>Equipment Numbers (Inclusive)</u>	<u>Purchase Price Per Unit</u>	<u>Total Price</u>	<u>Delivery</u>
52' 6" 100-ton General Purpose Gondola Car	Thrall Car Manu- facturing Company GN-100-52-250	100	WSOR 5164- 5263	\$41,632.64	\$4,163,264	Griffith, Indiana