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ALVORD AND ALVORD
ATTORNEYS AT LAW
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SUITE 200
WASHINGTON, D.C.

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

20006-2973

OF COUNSEL
URBAN A. LESTER

(202) 393-2266

FAX (202) 393-2156

19805

1995

December 13, 1995

Mr. Vernon A. Williams
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) copies of a Memorandum of Security Agreement, dated December 1, 1995, a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed document are:

Borrowers: Southern Illinois Railcar Company
Southern Illinois Railcar Company, L.L.C.
One Mark Twain Bank Plaza, Suite 225
Edwardsville, Illinois 62025

Banc One Capital Partners II, Ltd.
90 North High Street
Columbus, Ohio 43215

Secured Party: Bank One, Springfield
One East Old State Capital Plaza
Springfield, Illinois 62701

A description of the railroad equipment covered by the enclosed document is attached as Exhibits A and B to the Memorandum .

Counterparts

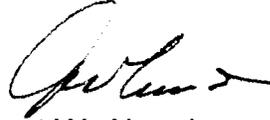
Vertical stamp or mark

Mr. Vernon A. Williams
December 13, 1995
Page 2

Also enclosed is a check in the amount of \$21.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert W. Alvord".

Robert W. Alvord

RWA/bg
Enclosures



Interstate Commerce Commission
Washington, D.C. 20423-0001

12/13/95

Office Of The Secretary

Robert W. Alvord
Alvord And Alvord
918 Sixteenth Avenue, NW., Ste. 200
Washington, DC., 20006-2973

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 12/13/95 at 12:55PM, and assigned recordation number(s). 19805, 19674-B and 19718-A.

Sincerely yours,

Vernon A. Williams
Secretary

Enclosure(s)

(0100889020)
(0100889021)

\$ 63.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature

19805

1995 PM

MEMORANDUM OF SECURITY AGREEMENT

THIS MEMORANDUM OF SECURITY AGREEMENT (this "Memorandum") dated as of December 1, 1995, is made by and between BANK ONE, SPRINGFIELD, an Illinois banking corporation, with an office at One East Old State Capitol Plaza, Springfield, Illinois 62701 (the "Bank"), BANC ONE CAPITAL PARTNERS II, LTD., an Ohio limited liability company ("BOCP II"), SOUTHERN ILLINOIS RAILCAR COMPANY, an Illinois corporation, with its chief executive office and principal place of business at One Mark Twain Bank Plaza, Suite 225, Edwardsville, Illinois 62025 and SOUTHERN ILLINOIS RAILCAR COMPANY, L.L.C., an Illinois limited liability company, with its chief executive office and principal place of business at One Mark Twain Plaza, Suite 225, Edwardsville, Illinois 62025 (collectively, the "Borrowers").

Borrowers and Bank hereby state the following:

1. Borrowers and Bank are parties to that certain Loan Agreement dated as of December 1, 1995 (the "Loan Agreement"), whereby Bank has agreed to loan Borrowers certain funds to facilitate the purchase of the covered hopper and other types of railcars set forth on Exhibit A hereto (the "Exhibit A Railcars").

2. Borrowers and BOCP II are parties to that certain Senior Subordinated Note Purchase Agreement dated as of December 1, 1995 whereby BOCP II has agreed to loan Borrowers certain funds to facilitate the purchase of the Exhibit A Railcars.

3. To secure the payment and performance of any and all of Borrowers' obligations to Bank and BOCP II, Borrowers have, pursuant to that certain Security Agreement - Railcars dated as of December 1, 1995 (capitalized terms used herein and not otherwise defined shall have the meaning given them in the Security Agreement - Railcars), granted to Bank, as agent for Bank and BOCP II, a continuing, first priority security interest in, and lien on, all of the Borrowers' right, title and interest in and to certain collateral including, without limitation, the Exhibit A Railcars and the covered hopper and other types of railcars set forth on Exhibit B hereto (together with the Exhibit A Railcars, the "Railcars") (the "Collateral"), to have and to hold all and every part of the Collateral unto the Bank, its successors and assigns, for its and their own use and benefit forever; such Collateral includes but is not limited to:

- (a) the Railcars;
- (b) all improvements, additions, modifications, accessions, equipment, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired, and all substitutions and replacements of the Railcars described above;

(c) all proceeds, casualty value payments or proceeds, settlement payments and requisition compensation from the sale, loss or other disposition of the Railcars;

(d) all rights, claims and causes of action, if any, that the Borrowers may have now or in the future against any seller of the Railcars under the applicable Purchase Agreement or any manufacturer or re-builder of the Railcars (or any component thereof) or any other party, by Contract or otherwise, in respect of any defect in the Railcars or any part thereof;

(e) all damages from time to time payable to or receivable by Borrower in respect of the Railcars;

(f) all products or proceeds (cash and non-cash) of any of the foregoing; and

(g) all books and records relating to any of the foregoing.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

WITNESS:

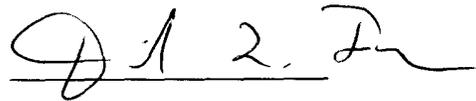
SOUTHERN ILLINOIS RAILCAR COMPANY



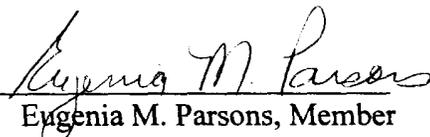
By: 
Fred L. Parsons
President

WITNESS:

SOUTHERN ILLINOIS RAILCAR COMPANY, L.L.C.



By: 
Fred L. Parsons, Member

By: 
Eugenia M. Parsons, Member

By: 
Gary J. Goodman, Member

WITNESS:

J. A. 2. Jr.

BANK ONE, SPRINGFIELD

By: R. Todd Hovermale
R. Todd Hovermale
Assistant Vice President

WITNESS:

J. A. 2. Jr.

BANC ONE CAPITAL
PARTNERS II, LTD.

By: BOCF Holdings Corporation,
Manager

By: James H. Wolfe
James H. Wolfe
Authorized Signer

STATE OF Missouri)
) SS:
COUNTY OF St. Louis)

On this 5th day of December, 1995, before me, a Notary Public of the County and State aforesaid, personally appeared Fred L. Parsons, to me personally known, who being by me duly sworn, says that he is the President of Southern Illinois Railcar Company, an Illinois 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.

WITNESS my hand and notarial seal.

BRENDA K. WORATSCHKA
NOTARY PUBLIC, STATE OF MISSOURI
ST. LOUIS COUNTY
MY COMMISSION EXPIRES 11/9/96

Brenda K Woratschka
Notary Public

STATE OF Missouri)
) SS:
COUNTY OF St. Louis)

On this 5th day of December, 1995, before me, a Notary Public of the County and State aforesaid, personally appeared Fred L. Parsons, to me personally known, who being by me duly sworn, says that he is a manager of Southern Illinois Railcar Company, L.L.C., an Illinois limited liability company, that said instrument was signed on behalf of said company by authority of its managers, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal

BRENDA K. WORATSCHKA
NOTARY PUBLIC, STATE OF MISSOURI
ST. LOUIS COUNTY
MY COMMISSION EXPIRES 11/9/96

Brenda K Woratschka
Notary Public

STATE OF Missouri)
)
COUNTY OF St. Louis) SS:

On this 5th day of December, 1995, before me, a Notary Public of the County and State aforesaid, personally appeared Eugenia M. Parsons, to me personally known, who being by me duly sworn, says that she is a manager of Southern Illinois Railcar Company, L.L.C., an Illinois limited liability company, that said instrument was signed on behalf of said company by authority of its managers, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal
BRENDA K. WORATSCHKA
NOTARY PUBLIC, STATE OF MISSOURI
ST. LOUIS COUNTY
MY COMMISSION EXPIRES 11/9/96

Brenda K Woratschka
Notary Public

STATE OF Missouri)
)
COUNTY OF St. Louis) SS:

On this 5th day of December, 1995, before me, a Notary Public of the County and State aforesaid, personally appeared Gary J. Goodman, to me personally known, who being by me duly sworn, says that he is a manager of Southern Illinois Railcar Company, L.L.C., an Illinois limited liability company, that said instrument was signed on behalf of said company by authority of its managers, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal

BRENDA K. WORATSCHKA
NOTARY PUBLIC, STATE OF MISSOURI
ST. LOUIS COUNTY
MY COMMISSION EXPIRES 11/9/96

Brenda K Woratschka
Notary Public

STATE OF Missouri)
) SS:
COUNTY OF St. Louis)

On this 5th day of December, 1995, before me a Notary Public of the County and State aforesaid, personally appeared R. Todd Hovermale, to me personally known, who being by me duly sworn, says that he is Assistant Vice President of Bank One, Springfield, an Illinois banking 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.

AS WITNESS my hand and notarial seal

BRENDA K. WORATSKHA
NOTARY PUBLIC, STATE OF MISSOURI
ST. LOUIS COUNTY
MY COMMISSION EXPIRES 11/9/96

Brenda K. Worsatschka

Notary Public

STATE OF MISSOURI)
) SS:
CITY)
COUNTY OF ST. LOUIS)

On this 5th day of December, 1995, before me a Notary Public of the County and State aforesaid, personally appeared James H. Wolfe, to me personally known, who being by me duly sworn, says that he is an authorized signer of BOCF Holdings Corporation, which is the managing member of Banc One Capital Partners II, Ltd., that said instrument was signed on behalf of said limited liability company by authority of its managing member and he acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

AS WITNESS my hand and notarial seal

Patricia A. Sertl

Notary Public

PATRICIA A. SERTL
Notary Public -- Notary Seal
STATE OF MISSOURI
Jefferson County
My Commission Expires: May 15, 1998

EXHIBIT A

RAILCARS

SEE THE LISTS OF RAILCARS ATTACHED HERETO

Description of the Units:

Two Hundred (200) 4,000 cubic foot, 100-ton capacity, trough hatch covered hopper railcars manufactured by Magor Car Corporation in 1966 and 1967.

Units' Reporting Mark: SOU

Unit Numbers:

96009, 96010, 96025, 96049, 96052, 96056, 96058, 96078, 96094, 96095,
96104, 96105, 96115, 96116, 96125, 96136, 96144, 96164, 96200, 96220,
96223, 96230, 96241, 96243, 96246, 96247, 96263, 96279, 96299, 96307,
96322, 96336, 96338, 96340, 96357, 96360, 96368, 96385, 96399, 96402,
96409, 96412, 96415, 96430, 96439, 96445, 96449, 96454, 96455, 96460,
96467, 96477, 96482, 96499, 96525, 96549, 96552, 96555, 96600, 96607,
96609, 96614, 96621, 96623, 96635, 96656, 96657, 96689, 96691, 96694,
96715, 96717, 96719, 96721, 96725, 96727, 96756, 96761, 96763, 96785,
96794, 96811, 96812, 96813, 96821, 96823, 96833, 96835, 96843, 96848,
96869, 96886, 96895, 96907, 96908, 96911, 96913, 96918, 96923, 96931,
96954, 96959, 96964, 96975, 96990, 97003, 97006, 97017, 97024, 97025,
97026, 97032, 97042, 97043, 97049, 97050, 97062, 97068, 97070, 97081,
97102, 97104, 97117, 97121, 97125, 97146, 97152, 97155, 97157, 97163,
97169, 97171, 97175, 97178, 97179, 97180, 97186, 97188, 97200, 97225,
97244, 97254, 97261, 97265, 97271, 97272, 97276, 97280, 97282, 97290,
97294, 97298, 97300, 97306, 97313, 97318, 97319, 97321, 97327, 97330,
97332, 97335, 97361, 97366, 97370, 97374, 97394, 97405, 97426, 97431,
97433, 97443, 97447, 97450, 97462, 97468, 97473, 97475, 97497, 97509,
97511, 97513, 97524, 97531, 97533, 97535, 97536, 97579, 97589, 97591,
97592, 97643, 97648, 97658, 97666, 97677, 97683, 97688, 97689, 97697.

5250 C.F. ROUND HATCH-OFFSET COVERED HOPPER CARS-
 SERIES NW 171500 - 171699

BILLING INSTRUCTION ON 88 CARS TO:
 FREIGHT CAR SERVERS
 DANVILLE IL
 NS-DANVILLE, CSX DELIVERY

NW 171500	NW 171563	NW 171627
NW 171501	NW 171565	NW 171628
NW 171502	NW 171567	NW 171629
NW 171503	NW 171568	NW 171634
NW 171504	NW 171569	NW 171635
NW 171505	NW 171570	NW 171636
NW 171507	NW 171572	
NW 171508	NW 171574	
NW 171509	NW 171575	
NW 171510	NW 171577	
NW 171511	NW 171579	
NW 171512	NW 171581	
NW 171513	NW 171582	
NW 171515	NW 171584	
NW 171516	NW 171585	
NW 171518	NW 171586	
NW 171519	NW 171587	
NW 171520	NW 171590	
NW 171521	NW 171591	
NW 171522	NW 171593	
NW 171524	NW 171594	
NW 171527	NW 171595	
NW 171528	NW 171596	
NW 171529	NW 171599	
NW 171530	NW 171600	
NW 171532	NW 171603	
NW 171533	NW 171606	
NW 171534	NW 171607	
NW 171536	NW 171609	
NW 171537	NW 171610	
NW 171538	NW 171615	
NW 171539	NW 171616	
NW 171540	NW 171618	
NW 171541	NW 171619	
NW 171547	NW 171620	
NW 171549	NW 171621	
NW 171550	NW 171622	
NW 171551	NW 171623	
NW 171553	NW 171624	
NW 171555	NW 171626	
NW 171556		
NW 171562		

5250 C.F. ROUND HATCH-OFFSET COVERED HOPPER CARS-
SERIES NW 171500 - 171699

BILLING INSTRUCTIONS ON 39 CARS TO:
METRO EAST IND.
ALORTON, IL
MS-EAST ST. LOUIS, ALS DELIVERY

NW 171638
NW 171639
NW 171641
NW 171642
NW 171643
NW 171646
NW 171647
NW 171648
NW 171651
NW 171653
NW 171654
NW 171655
NW 171658
NW 171659
NW 171660
NW 171662
NW 171665
NW 171666
NW 171667
NW 171668
NW 171670
NW 171671
NW 171672
NW 171673
NW 171674
NW 171677
NW 171679
NW 171681
NW 171682
NW 171684
NW 171685
NW 171686
NW 171687
NW 171689
NW 171691
NW 171693
NW 171694
NW 171695
NW 171697

5200 C.F. ROUND HATCH-OFFSET COVERED HOPPER CARS-
SERIES NW 71700 - 71750

BILLING INSTRUCTIONS ON 41 CARS TO:
THE ANDERSONS \ HUGO YARD
FORT WAYNE, IN
NS-DELIVERY

NW 71700	NW 172976
NW 71701	NW 172977
NW 71706	NW 172979
NW 71708	NW 172981
NW 71709	NW 172986
NW 71712	NW 172987
NW 71714	NW 172993
NW 71715	NW 172996
NW 71717	NW 172998
NW 71719	NW 172999
NW 71720	
NW 71722	
NW 71723	
NW 71724	
NW 71725	
NW 71726	
NW 71727	
NW 71729	
NW 71730	
NW 71732	
NW 71735	
NW 71736	
NW 71737	
NW 71738	
NW 71743	
NW 71744	
NW 71745	
NW 71746	
NW 71747	
NW 71748	
NW 71749	

5200 C.F. ROUND HATCH-OFFSET COVERED HOPPER CARS-
SERIES NW 172000 - 172999

BILLING INSTRUCTIONS ON 65 CARS TO:
THE ANDERSONS
MAUMEE, OH
NS-DELIVERY

NW 172785	
NW 172806	NW 172899
NW 172808	NW 172902
NW 172810	NW 172907
NW 172815	NW 172909
NW 172816	NW 172910
NW 172819	NW 172912
NW 172820	NW 172916
NW 172821	NW 172922
NW 172822	NW 172924
NW 172825	NW 172926
NW 172827	NW 172929
NW 172831	NW 172930
NW 172833	NW 172939
NW 172834	NW 172942
NW 172836	NW 172949
NW 172837	NW 172955
NW 172840	NW 172958
NW 172843	NW 172962
NW 172844	NW 172965
NW 172845	NW 172966
NW 172849	NW 172967
NW 172850	NW 172971
NW 172853	NW 172972
NW 172858	NW 172974
NW 172859	
NW 172860	
NW 172861	
NW 172866	
NW 172868	
NW 172869	
NW 172870	
NW 172873	
NW 172876	
NW 172877	
NW 172885	
NW 172886	
NW 172887	
NW 172888	
NW 172895	
NW 172897	

5200 C.F. TROUGH HATCH COVERED HOPPER CARS-
SERIES NW 172000 - 172799

BILLING INSTRUCTIONS ON 15 CARS TO:

BUNGE
DECATUR, AL
NS-DECATUR, CSX DELIVERY

NW 172231
NW 172372
NW 172451
NW 172769
NW 172771
NW 172772
NW 172779
NW 172787
NW 172790
NW 172791
NW 172793
NW 172794
NW 172795
NW 172796
NW 172799

EXHIBIT B

RAILCARS

SEE THE LIST OF RAILCARS ATTACHED HERETO

Exhibit B Railcars

CAR NUMBER	ORIGINAL CAR NUMBER	CUBIC CAPACITY	BUILT DATE
1	MCPX004048	4000	11/62
2	SIRX004000	MCPX004000	4000 11/62
3	SIRX004001	MCPX..	4000 11/62
4	SIRX004014	MCPX..	4000 11/62
5	SIRX004022	MCPX..	4000 11/62
6	SIRX004030	MCPX..	4000 11/62
7	SIRX004032	MCPX..	4000 11/62
8	SIRX004036	MCPX..	4000 11/62
9	SIRX004038	MCPX..	4000 11/62
10	SIRX004039	MCPX..	4000 11/62
11	SIRX004042	MCPX..	4000 11/62
12	SIRX004046	MCPX..	4000 11/62
13	SIRX004050	MCPX..	4000 11/62
14	SIRX004062	MCPX..	4000 1/64
15	SIRX004069	MCPX..	4000 1/64
16	SIRX005008	LUCX005008	4600 6/78
17	SIRX005014	LUCX005014	4600 6/78
18	SIRX005015	LUCX005015	4600 6/78
19	SIRX005016	LUCX005016	4600 6/78
20	SIRX005026	LUCX005026	4600 6/78
21	SIRX005040	LUCX005040	4600 6/78
22	SIRX006050	RCMX006050	4600 5/78
23	SIRX006057	RCMX006057	4600 6/78
24	SIRX006059	RCMX006059	4600 6/78
25	SIRX006060	RCMX006060	4600 6/78
26	SIRX009323	RUSX009323	2600 7/68
27	SIRX165006	ATSF165006	7526 5/75
28	SIRX290014	ATSF301410	2900 8/62
29	SIRX290015	ATSF301483	2900 9/62
30	WE 005019	LUCX005019	4600 6/78
31	WE 006055	RCMX006055	4600 6/78
32	WE 006056	RCMX006056	4600 6/78
33	WE 006058	RCMX006058	4600 6/78
34	WE 050221	LUCX005022	4600 6/78