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OCT 2 1995

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OF COUNSEL
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October 20, 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 Security Agreement-Chattel Mortgage, dated as of October 6, 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:

Debtor: Southern Illinois Railcar Company
One Mark Twain Plaza, Suite 225
Edwardsville, Illinois 62025

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

A description of the railroad equipment covered by the enclosed document is:

Two hundred (200) covered hoppers within the series SOU 96009 - SOU 97697

Counted parts - Qtr.



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

10/23/95

Office Of The Secretary

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

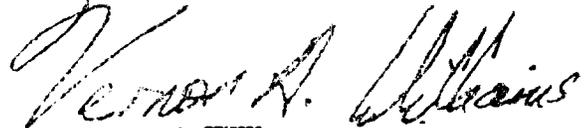
Dear

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 _____ at _____, and
assigned recordation number(s). 10/23/95 9:30AM

19674.

Sincerely yours.

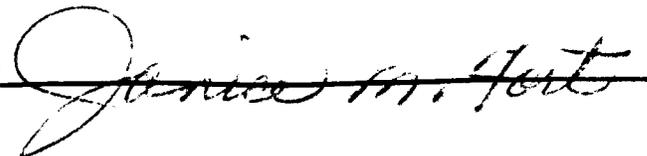

Vernon A. Williams
Secretary

Enclosure(s)

(0100824001)

\$ _____ The amount indicated at the left has been received in payment of a fee in connection with
document filed on the date shown. This receipt is issued for the amount paid and in no way indicate
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 a
opportunity to examine your document.

Signature



19674

SECURITY AGREEMENT - CHATTEL MORTGAGE

THIS SECURITY AGREEMENT - CHATTEL MORTGAGE dated as of October 6, 1995 (the "Security Agreement") between **Southern Illinois Railcar Company**, an Illinois corporation (the "Debtor"), and **Banc One Capital Partners II, Ltd.**, an Ohio limited liability company (the "Lender").

RECITALS

A. The Lender has agreed to make a loan to the Debtor in the aggregate principal amount of **Two Million One Hundred Seventy Dollars (\$2,170,000)** (the "Secured Loan") evidenced by a bridge demand promissory note executed by the Debtor in favor of the Lender of its registered assigns (the "Note").

B. The principal of and interest on the Secured Loan 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 and this Security Agreement are hereinafter sometimes referred to as "indebtedness hereby secured."

Section 1. DEFINITIONS.

1.1 Terms defined in the preamble hereof shall have their respective meanings when used herein and as used herein, the following terms shall have the meanings herein specified unless the context otherwise requires. Defined terms in this Security Agreement shall include in the singular number the plural and in the plural number the singular.

"AAR" shall mean the Association of American Railroads.

"AAR Value" shall mean, with respect to any railcar included in the Equipment or any proposed Replacement Unit, the settlement value of such railcar as determined in accordance with Rule 107 -- Damaged and/or Destroyed Cars (or any successor rule) of the AAR as published in the most recent edition of the Field Manual of the A.A.R. Interchange Rules (or a successor publication).

"Casualty Date" shall have the meaning specified in Section 5.2(a) hereof.

"Casualty Loss" shall have the meaning specified in Section 5.2(a) hereof.

"Casualty Loss Proceeds" shall have the meaning specified in Section 5.2(a) hereof.

"Casualty Payments" shall have the meaning specified in Section 5.2(a) hereof.

"Casualty Total Date" shall have the meaning specified in Section 5.2(a) hereof.

"Closing Date" shall mean October 6, 1995.

"Collateral" shall have the meaning specified in Section 2 hereof.

"Default" shall mean the failure of Debtor to pay when due any amounts owed under the terms of the Note.

"Equipment" shall have the meaning specified in Section 2.2 hereof.

"Equipment Casualty Loss" shall have the meaning specified in Section 5.2(a) hereof.

"Equipment Leases" shall have the meaning specified in Section 2.3 hereof.

"Equipment Lessees" shall mean the lessees, as lessees under the Equipment Leases.

"Equipment Lease Proceeds" shall have the meaning specified in Section 2.3 hereof.

"Expired Date" shall have the meaning specified in Section 5.2(a) hereof.

"Expired Lease" shall have the meaning specified in Section 5.2(a) hereof.

"ICA" shall mean the Interstate Commerce Act, as amended, and the regulations and rulings promulgated thereunder.

"Items of Equipment" shall have the meaning specified in Section 2.2 hereof.

"Lien" shall have the meaning specified in Section 3.3 hereof.

"Original Lease" shall have the meaning specified in the definition of "Replacement Lease" in this Section 1.

"Permitted Lien" shall have the meaning specified in Section 3.3 hereof.

"Person" shall mean and include any individual, business trust, partnership, limited liability company, limited liability partnership, joint venture, firm, corporation, association, joint stock company, trust or other enterprise or any government of political sub-division or agency, department or instrumentality thereof.

"Replacement Lease" shall mean a lease entered into by the Debtor in an arms-length transaction that imposes no additional material obligations on the Debtor than those imposed by the Expired Lease or the Equipment Lease to which the original Item of Equipment being replaced was subject (such lease being the "Original Lease"), as the case may be, and is with

a lessee that the Lender reasonably determine is comparable in creditworthiness to the lessee under the Expired Lease or the Original Lease, as applicable, and which is otherwise in form and substance reasonably acceptable to the Lender.

"Replacement Unit" shall mean a replacement unit of Rolling Stock that is reasonably acceptable to the Lender.

"Responsible Officer" shall mean the President, the Chief Financial Officer, Senior Vice President Finance, the Treasurer, the Assistant Treasurer or any Person instructed by the Borrower to have responsibility of and to administer this transaction.

"Rolling Stock" shall mean standard gauge railroad rolling stock, other than passenger equipment or work equipment, used or intended for use in connection with interstate commerce; excluding however, railroad rolling stock scrapped or intended to be scrapped.

"Secured Loan" shall have the meaning specified in the first recital hereof.

"Security Agreement" shall mean this Security Agreement as specified in the first paragraph hereof.

"UCC" shall mean the Uniform Commercial Code as in effect in the State of Ohio unless otherwise specified, as amended.

Section 2. SECURITY

2.1 Grant of Security. The Debtor, in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Lender and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, and in order to secure the due payment of the principal of and interest on the Note according to its tenor and effect, this Security Agreement and the Note (sometimes referred to herein collectively as the "Obligations"), does hereby assign, mortgage, pledge, hypothecate, transfer and set over to the Lender and grant the Lender a first priority lien on and security interest in all of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Section 2.2 and 2.3 hereof (all of which properties are hereinafter collectively referred to as the "Collateral").

2.2 Equipment Collateral. The Collateral includes certain railroad covered hopper cars which cars are more fully described in Schedule A hereto (collectively, the "Equipment" or "Items of Equipment" and individually, an "Item of Equipment") together with all accessories, equipment, parts and appurtenances appertaining or attached to such Equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to or proceeds of any and all of said Equipment, together with all the records, rents, mileage credits earned, issues, income, profits, avails and other proceeds (including insurance proceeds) therefrom.

2.3 Rental Collateral.

(a) The Collateral also includes, all right, title, interest, claims and demands of the Debtor in, to and under each and every lease (whether or not such lease is in writing or is for a term certain, including, without limitation, per diem leases) now or hereafter entered into relating to the Equipment but to and only to the extent relating to the Equipment (each such portion of such lease being an "Equipment Lease"), including any extensions of the term of every Equipment Lease, all of Debtor's rights under any Equipment Lease to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, waiver or approval together with full power and authority with respect to any Equipment Lease to demand, receive, enforce, collect or give receipt for any of the foregoing rights or any property which is the subject of any of the Equipment Leases, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action which (in the opinion of the Lender may be necessary or advisable in connection with any of the foregoing insofar, but only insofar, as such rights relate to the Equipment which is subject to such Equipment Leases, all records related to the Equipment Leases and all payments due and to become due under any Equipment Lease, whether as contractual obligations, damages, casualty payments, insurance proceeds or otherwise to the extent such payments are derived from the Equipment (the "Equipment Lease Proceeds").

(b) It is expressly agreed that anything herein contained to the contrary notwithstanding, the Debtor shall remain liable under the Equipment Leases to perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and the Lender shall have no obligation or liability under the Equipment Lease by reason of or arising out of the assignment hereunder, nor shall the Lender be required or obligated in any manner to perform or fulfill any obligations of the Debtor under or pursuant to the Equipment Leases or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(c) The Lender shall be entitled to collect and receive the Equipment Lease Proceeds only upon the occurrence of and during the continuance of a Default.

(d) Lender acknowledges that as of the date hereof, none of the Equipment is leased by Debtor under an Equipment Lease and that Equipment is in the process of being repaired.

Section 3. COVENANTS AND WARRANTIES OF DEBTOR

The Debtor covenants, warrants and agrees with Lender that until the Obligations are paid in full that:

3.1 Maintenance of Equipment. The Debtor shall maintain and keep, or cause to be maintained and kept, at its or the Equipment Lessees' own cost and expense, each Item of Equipment in good order and repair in compliance with all AAR mechanical regulations and industrial commercial acceptance standards for revenue interchange loading, unless and until it becomes worn out, unsuitable for use, lost or destroyed; provided that any such Item of Equipment so worn out, obsolete, lost or destroyed shall be replaced with a Replacement Unit which is subject to a Replacement Lease in accordance with the provisions of Section 5.2 hereof.

3.2 Insurance.

(a) The Debtor shall maintain, or cause to be maintained at its own expense, with responsible insurance companies acceptable to the Lender, property, liability and other insurance, on such of its properties, in such amounts, against such risks and in such form as is customarily maintained by similar businesses, and, in any event, with respect to liability insurance, in an amount not less than \$5 million, which insurance shall at all times include coverage for all liabilities covered under, and shall not include, any exclusions other than those set forth in the Debtor's policies of insurance as in effect on the Closing Date.

(b) For purposes of this Section 3.2, liability insurance may include a program of self-insurance for up to Five Million Dollars (\$5,000,000) of liability exposures; provided that under any such program of self-insurance the Debtor shall maintain, or cause to be maintained, adequate reserves on its books in accordance with GAAP, if applicable, to cover all risks not otherwise insured by an insurance company, and the Debtor shall, within thirty (30) days after the end of each of its fiscal quarters, deliver to the Lender a certificate of a Responsible Officer setting forth evidence of the maintenance of such sufficient reserves as required herein and any other financial statements or records as the Lender may require or request with respect to such program of self-insurance.

(c) The Debtor shall cause the Lender to be named as an additional insured and loss payee under all policies of insurance maintained pursuant to the provisions of this Section 3.2 and shall deliver to the Lender (x) on the Closing Date, evidence in a form and substance satisfactory to the Lender of such insurance policies and (y) thereafter, thirty (30) days prior written notice before any cancellation, expiration, cessation, reduction in amount or change in coverage thereof shall become effective.

3.3 Preservation of Collateral.

(a) The Debtor will warrant and defend the title to the Collateral against all claims and demands of all Persons except Persons claiming, by through or under the Lender. The Debtor will not assign, sell, lease, or permit any of the same to occur with respect to the

Collateral except as provided in Section 5.2(b). The Debtor will not create, assume or suffer to exist any Lien on the Collateral other than Permitted Liens (as hereinafter defined) and the Debtor shall pay or discharge, at its own cost and expense, any and all claims, liens or charges other than Permitted Liens. As used herein, "Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind. As used herein, "Permitted Liens" shall mean:

(i) the Liens created by this Security Agreement and by the Equipment Leases;

(ii) the Liens arising from taxes, assessments or governmental charges or levies either not yet assessed or, if assessed not yet due or contested in good faith by appropriate proceedings (and for which adequate reserves have been made in the Debtor's books in accordance with GAAP consistently applied);

(iii) mechanics', materialmen's, suppliers', warehousemen's, workmen's, repairmen's, employees', or other like Liens arising by operation of law in the ordinary course of business for amounts which are either not yet due or are not yet overdue for more than 15 days or are being contested in good faith by appropriate proceedings (and for which adequate reserves have been made in the Debtor's books in accordance with GAAP consistently applied or when required in order to pursue such proceedings, an adequate bond has been obtained) so long as such proceedings do not involve any danger of sale, forfeiture or loss, of Equipment; and

(iv) Liens arising out of judgments or awards against the Debtor which are being contested in good faith by appropriate proceedings (and for the payment of which an adequate bond has been obtained) and with respect to which there shall have been secured a stay of execution pending such appeal or proceedings for review, so long as such proceedings, in the judgment of the Lender, do not involve any danger of sale, forfeiture or loss, of Equipment.

(b) The Debtor shall advise the Lender promptly, in reasonable detail, of any Lien or claim made or asserted against any of the Collateral and of any event affecting the Lender's security interest in the Collateral.

3.4 Further Assurances. The Debtor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary for the perfection and maintenance of the perfection of the security interests in the Collateral, whether now owned or hereafter acquired, with the ICC, pursuant to the UCC and ICA, and with the Registrar General of Canada pursuant to the Railway Act (Canada) and as the Lender may consider necessary or desirable.

3.5 Recordation and Filing.

(a) The Debtor will (x) cause this Security Agreement and any supplements hereto at all times to be executed, recorded and filed, at no expense to the Lender with the ICC and with the Registrar General of Canada, and all financing and continuation statements to be filed with the Secretary of State of the State of Illinois and with the County Clerk in Madison County, Illinois, and cause such documents and all similar notices required by applicable law to be filed in such other jurisdictions and with such other federal, state, provincial or local government or agency thereof where the Lender deems it necessary or desirable to perfect, protect, or preserve its lien on the Collateral, in order to fully preserve and protect the rights of the Lender hereunder, and (y) at its own expense, furnish to the Lender promptly after the execution and delivery of any supplement to this Security Agreement, opinions of counsel as the Lender may reasonably request, and shall otherwise be in form and substance reasonably satisfactory to the Lender.

(b) The Debtor hereby authorizes the Lender to take all action (including, without limitation, the filing of this Security Agreement and any supplements thereto and any Uniform Commercial Code Financing Statements or amendments thereto without the signature of the Debtor) which the Lender may deem necessary to perfect, protect, or preserve the liens and security interests created hereunder and to obtain the benefits of this Security Agreement.

3.6 Power of Attorney.

(a) The Debtor does hereby irrevocably constitute and appoint the Lender and its successors and assigns, upon the occurrence and during the continuance of a Default, its true and lawful attorney with full power of substitution for it and in its name, place and stead, to ask, demand, collect, receive, receive for and sue for any and all Equipment Lease Proceeds 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 instruments or 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 Lender may deem necessary in its reasonable discretion to perfect, protect and preserve the right, title and interest of the Lender in and to such Equipment Lease Proceeds and the security intended to be afforded hereby.

(b) The parties acknowledge that the powers conferred on the Lender hereunder are solely to protect its interest in the Collateral and that anything herein contained to the contrary notwithstanding, neither the Lender nor its successors or assigns shall have any duty, obligation or liability by reason of or arising out of this Security Agreement to make any inquiry as to the nature or sufficiency of, to present or file any claim with respect to, or to take any action to collect or enforce the payment of, any amounts to which it may be entitled at any time by virtue of this Security Agreement.

3.7 Chief Executive Office. The chief executive office of the Debtor is located at One Mark Twain Plaza, Suite #225, Edwardsville, Illinois 62025-1959 and all the records related to the Equipment and to the Equipment Leases are kept in said office. The Debtor shall give the Lender thirty (30) days advance written notice of any change of such office address.

3.8 Acquisition of Interest in the Equipment. The Debtor has acquired its interest in the Equipment for its own account and with its general corporate assets and no funds used to acquire any Item of Equipment have been furnished directly or indirectly out of the assets of or in connection with any employee benefit plan (or its related trust) or any separate account in which any employee benefit plan has any interest. As used in this paragraph, the terms "employee benefit plan" and "separate account" shall have the respective meanings assigned to them in ERISA.

3.9 Actions Under the Equipment Leases.

(a) All the Equipment Leases will be in substantially the form of Exhibit B hereto and the Debtor shall not enter into any agreement amending or supplementing any Equipment Lease in any material respect, execute any waiver or modification of, or consent to the non-compliance with, any material provision of any Equipment Lease, settle or compromise any material claim against any Equipment Lessee arising under any Equipment Lease, or submit or consent to the submission of any dispute difference or other matter arising under or in respect of any Equipment Lease to arbitration thereunder, in each instance, without the prior written consent of the Lender.

(b) The Debtor shall comply, and use its reasonable efforts to cause each of the Lessees to comply, in all material respects, with all acts, rules, regulations and orders of any legislative, administrative or judicial body or official applicable to the Collateral or any part hereof, or to the operation of the Debtor's business (including all laws of the jurisdictions in which operations involving the Equipment may extend the interchange rules of the Association of American Railroads and all rules of the Interstate Commerce Commission) and the Registrar General of Canada; provided, however, that the Debtor may contest any acts, rules, regulations, orders and directions of such bodies or officials in any reasonable manner which will not, in the sole opinion of the Lender materially adversely affect the Lender's rights or the priority of its security interest in the Collateral;

3.10 Right to Inspect the Collateral. The Debtor shall at any reasonable time, at the request of the Lender, cause the Collateral to be exhibited to the Lender (or persons designated by the Lender) for purposes of inspection, provided that the Equipment will not be made available for inspection at any Equipment Lessee's facility.

3.11 Reports. On or before October 1 in each year, commencing with the calendar year 1996, to furnish to the Lender an accurate statement (a) setting forth as at the preceding October 1st, the amount, description and numbers of all Items of Equipment then covered by an Equipment Lease, the amount, description and numbers of all Items of Equipment that have suffered a Casualty Loss

Canada (or any Province thereof), only upon lines of railroad owned or operated by a railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province thereof) or over lines upon which such railroad company or companies have trackage rights or rights for operation of their trains, and upon connecting with other carriers in the usual interchange of traffic in the continental United States and Canada, only upon and subject to all the terms and conditions of Equipment Leases.

Section 4. SPECIAL PROVISIONS CONCERNING LEASES

4.1 Debtor's Rights Under Equipment Leases. Until the occurrence and continuance of a Default, and subject to any limitations set forth herein, the Debtor may exercise all of the Debtor's rights, powers, privileges and remedies under the Equipment Leases, including, without limitation, the right to receive any and all monies due or to become due under the Equipment Leases, and to retain all copies (original or duplicates) of Equipment Leases.

4.2 Equipment Lease Location and Legend. The Debtor shall keep the original Equipment Leases at its chief executive offices and shall mark all Equipment Leases with language to the following effect, in a form reasonably satisfactory to the Lender:

The rights and interests of Southern Illinois Railcar Company under this Lease and all amendments, and riders hereto relating to certain railcars listed herein, and in such railcars, have been assigned to one or more financial institutions or banks listed on the page or pages at the end of this Lease and are subject to a first priority perfected security interest in favor of such financial institutions or banks. To the extent that this Lease constitutes chattel paper, no security interest in this Lease may be created or perfected through the transfer or possession of this counterpart.

The Lender shall have the right from time-to-time to require the Debtor to mark on the page or pages at the end of the Equipment Leases describing the Equipment in which the Lender has interests hereunder and require the Debtor to place notations of the Lender's interests in the Collateral. The Lender shall have the right from time-to-time to periodically audit the lease records of the Debtor as to the status of the Equipment and Equipment Leases.

Section 5. COLLATERAL

5.1 Possession of Collateral. So long as no Default has occurred and is continuing, the Debtor and each Equipment Lessee party to an Equipment Lease shall be suffered and permitted to remain in full possession, enjoyment and control of the Collateral, including without limitation the Equipment Leases and to manage, operate and use the Collateral and each part thereof with the rights and franchises pertaining to the Collateral; provided always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of this Security Agreement.

5.2 Casualty Loss; Insurance Proceeds; Cash Collateral Account.

(a) In the event and at such time as any Equipment Lease expires (the "Expiration Date") prior to the maturity of the Note (each, an "Expired Lease") or a Responsible Officer first has knowledge (a "Casualty Date") that any Item of Equipment, is destroyed, lost, stolen, irreparably damaged, or missing for a period in excess of thirty (30) days, taken by any governmental entity (including, without limitation, condemnation, confiscation, requisition, taking of title or use by any governmental entity) or otherwise becomes unusable in the business of the Debtor (such event or condition, a "Equipment Casualty Loss"), the Debtor shall promptly inform the Lender of the Equipment Casualty Loss or the expiration of the Expired Lease, as the case may be. If on any date (a "Casualty Total Date") that either (i) a Responsible Officer of Borrower has knowledge that an Equipment Casualty Loss has occurred with respect to one or more Items of Equipment, or (ii) one hundred twenty (120) days after an Expiration Date if neither the Expired Lease has been renewed nor the Item of Equipment covered by such Expired Lease has been made subject to a Replacement Lease (together with an Equipment Casualty Loss, a "Casualty Loss"), then, at the option of the Debtor, within ten (10) Business Days after such Casualty Total Date, either (i) the Debtor shall pay Lender for application to the principal amount due under the Loan (without prepayment penalty) an amount (the "Casualty Loss Proceeds") equal to the then outstanding principal amount of the Loan multiplied by the AAR Value of the Equipment subject to the Casualty Loss divided by the AAR Value of the Equipment immediately preceding the Casualty Loss (which shall include the AAR Value of the Equipment which suffered the Casualty Loss); or (ii) the Debtor shall pledge to the Lender such number of Replacement Units which are subject to Replacement Leases which have an aggregate AAR Value equal to or greater than the Equipment subject to the Casualty Loss. Upon the taking of the actions set forth in clauses (i) or (ii) above, (x) at the request of the Debtor, the Lender shall take such actions as may reasonably be requested by the Debtor in order to release such Items of Equipment which were subject to a Casualty Loss from the Lien of this Security Agreement, including the delivery to the Debtor of releases in recordable form with the ICC and the Registrar General (Canada) and UCC-3 Release Statements, all at the expense of the Debtor, (y) the Debtor shall be entitled to retain, free of the Lender's Lien hereunder, any insurance proceeds, lessee payments, railroad payments or other casualty recoveries ("Casualty Payments") received by the Debtor to the extent they relate to the Items of Equipment subject to such Casualty Loss, and (z) the Lender shall pay over to the Debtor any and all Casualty Payments received by the Lender relating to such Items of Equipment.

Section 6. SECURED PARTY'S RIGHTS

6.1 Secured Party's Rights. The Debtor agrees that when a Default has occurred and is continuing, the Lender 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 ICA and under the UCC (regardless of whether such UCC or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) as applicable, and the Lender shall have the following rights and remedies:

Canada (or any Province thereof), only upon lines of railroad owned or operated by a railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province thereof) or over lines upon which such railroad company or companies have trackage rights or rights for operation of their trains, and upon connecting with other carriers in the usual interchange of traffic in the continental United States and Canada, only upon and subject to all the terms and conditions of Equipment Leases.

Section 4. SPECIAL PROVISIONS CONCERNING LEASES

4.1 Debtor's Rights Under Equipment Leases. Until the occurrence and continuance of a Default, and subject to any limitations set forth herein, the Debtor may exercise all of the Debtor's rights, powers, privileges and remedies under the Equipment Leases, including, without limitation, the right to receive any and all monies due or to become due under the Equipment Leases, and to retain all copies (original or duplicates) of Equipment Leases.

4.2 Equipment Lease Location and Legend. The Debtor shall keep the original Equipment Leases at its chief executive offices and shall mark all Equipment Leases with language to the following effect, in a form reasonably satisfactory to the Lender:

The rights and interests of Southern Illinois Railcar Company under this Lease and all amendments, and riders hereto relating to certain railcars listed herein, and in such railcars, have been assigned to one or more financial institutions or banks listed on the page or pages at the end of this Lease and are subject to a first priority perfected security interest in favor of such financial institutions or banks. To the extent that this Lease constitutes chattel paper, no security interest in this Lease may be created or perfected through the transfer or possession of this counterpart.

The Lender shall have the right from time-to-time to require the Debtor to mark on the page or pages at the end of the Equipment Leases describing the Equipment in which the Lender has interests hereunder and require the Debtor to place notations of the Lender's interests in the Collateral. The Lender shall have the right from time-to-time to periodically audit the lease records of the Debtor as to the status of the Equipment and Equipment Leases.

Section 5. COLLATERAL

5.1 Possession of Collateral. So long as no Default has occurred and is continuing, the Debtor and each Equipment Lessee party to an Equipment Lease shall be suffered and permitted to remain in full possession, enjoyment and control of the Collateral, including without limitation the Equipment Leases and to manage, operate and use the Collateral and each part thereof with the rights and franchises pertaining to the Collateral; provided always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of this Security Agreement.

5.2 Casualty Loss; Insurance Proceeds; Cash Collateral Account.

(a) In the event and at such time as any Equipment Lease expires (the "Expiration Date") prior to the maturity of the Note (each, an "Expired Lease") or a Responsible Officer first has knowledge (a "Casualty Date") that any Item of Equipment, is destroyed, lost, stolen, irreparably damaged, or missing for a period in excess of thirty (30) days, taken by any governmental entity (including, without limitation, condemnation, confiscation, requisition, taking of title or use by any governmental entity) or otherwise becomes unusable in the business of the Debtor (such event or condition, a "Equipment Casualty Loss"), the Debtor shall promptly inform the Lender of the Equipment Casualty Loss or the expiration of the Expired Lease, as the case may be. If on any date (a "Casualty Total Date") that either (i) a Responsible Officer of Borrower has knowledge that an Equipment Casualty Loss has occurred with respect to one or more Items of Equipment, or (ii) one hundred twenty (120) days after an Expiration Date if neither the Expired Lease has been renewed nor the Item of Equipment covered by such Expired Lease has been made subject to a Replacement Lease (together with an Equipment Casualty Loss, a "Casualty Loss"), then, at the option of the Debtor, within ten (10) Business Days after such Casualty Total Date, either (i) the Debtor shall pay Lender for application to the principal amount due under the Loan (without prepayment penalty) an amount (the "Casualty Loss Proceeds") equal to the then outstanding principal amount of the Loan multiplied by the AAR Value of the Equipment subject to the Casualty Loss divided by the AAR Value of the Equipment immediately preceding the Casualty Loss (which shall include the AAR Value of the Equipment which suffered the Casualty Loss); or (ii) the Debtor shall pledge to the Lender such number of Replacement Units which are subject to Replacement Leases which have an aggregate AAR Value equal to or greater than the Equipment subject to the Casualty Loss. Upon the taking of the actions set forth in clauses (i) or (ii) above, (x) at the request of the Debtor, the Lender shall take such actions as may reasonably be requested by the Debtor in order to release such Items of Equipment which were subject to a Casualty Loss from the Lien of this Security Agreement, including the delivery to the Debtor of releases in recordable form with the ICC and the Registrar General (Canada) and UCC-3 Release Statements, all at the expense of the Debtor, (y) the Debtor shall be entitled to retain, free of the Lender's Lien hereunder, any insurance proceeds, lessee payments, railroad payments or other casualty recoveries ("Casualty Payments") received by the Debtor to the extent they relate to the Items of Equipment subject to such Casualty Loss, and (z) the Lender shall pay over to the Debtor any and all Casualty Payments received by the Lender relating to such Items of Equipment.

Section 6. SECURED PARTY'S RIGHTS

6.1 Secured Party's Rights. The Debtor agrees that when a Default has occurred and is continuing, the Lender 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 ICA and under the UCC (regardless of whether such UCC or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) as applicable, and the Lender shall have the following rights and remedies:

(a) The Lender shall have all the rights of a secured party under the ICA and under the UCC to enforce the security interests contained herein.

(b) The Lender personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the Collateral, or use and operate or lease the Collateral until sold, and the Debtor shall deliver, or cause to be delivered, possession of the Equipment to the Lender or its agents where the same may be found or at such place as the Lender may reasonably require. Notwithstanding anything hereunder to the contrary, so long as no Default has occurred and is continuing unremedied, the original Equipment Leases delivered to the Debtor shall remain at the chief executive offices of the Debtor; provided, however, that in the event a Default has occurred and is continuing, the Debtor shall provide to the Lender the original Equipment Leases or, in case originals are not available because one or more lenders have an interest in leases reflected in the same document as such Equipment Leases, duplicate copies of the Equipment Leases and the Equipment Schedules to master Equipment Leases and, in all cases, all relevant information that the Lender may request regarding all other leases and all other lenders, and if requested by all lenders with a security interest in any Equipment Lease, deliver such Equipment Leases to a trustee designated by the Lender and all other Lenders.

(c) Any Collateral repossessed by the Lender under or pursuant to this Section 6.1 may be sold, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Lender may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Any of the Collateral may be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by the Lender or after any overhaul or repair which the Lender shall determine to be commercially reasonable. Any such disposition which shall be a private sale or other private proceedings permitted by such requirements shall be made upon not less than 10 days' written notice to Debtor specifying the times at which such disposition is to be made and the intended sale price or other consideration therefor. Any such disposition which shall be a public sale permitted by such requirements shall be made upon not less than 10 days' written notice to Debtor specifying the time and place of such sale and, in the absence of applicable requirements of law, shall be by public auction after publication of notice of such auction not less than 10 days prior thereto in two newspapers in general circulation in the City of Columbus, Ohio. To the extent permitted by any such requirement of law, the Lender may itself bid for and become the purchaser of the Collateral or any time thereof, offered for sale in accordance with this Section without accountability to Debtor (except to the extent of

surplus money received as provided in Section 6.3). In the payment of the purchase price therefor, the Lender shall be entitled to have credit on account of the purchase price thereof of amounts owing to the Lender on account of the indebtedness hereby secured and the Lender may deliver the claims for interest on or principal of the Secured Loan or other indebtedness hereby secured in lieu of cash up to the amount which would, upon distribution of the net proceeds of such sale, be payable thereon. If, under mandatory requirements of applicable law, the Lender shall be required to make disposition of the Collateral within a period of time which does not permit the giving of notice to Debtor as hereinabove specified, the Lender need give Debtor only such notice of disposition as shall be reasonably practicable in view of such mandatory requirements of applicable law.

(d) The Lender may proceed to protect and enforce this Security Agreement 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 legal or equitable remedy available under applicable law.

6.2 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.

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

(a) First, to the payment of all costs and expenses including those of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and reasonable attorneys' fees, incurred or made hereunder or under the Note, by the Lender;

(b) Second, to the payment of the amounts then owing or unpaid in respect of the Note; and

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

6.4 Discontinuance of Remedies. In case the Lender 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 and the Lender shall be restored to their former respective positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

6.5 Cumulative Remedies. No delay or omission of the Lender to exercise any right or power arising from a 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 Lender 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 Lender may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing 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 Lender be required to first look to, enforce or exhaust such other additional security, collateral or guaranties.

6.6 Indemnity. The Debtor agrees to indemnify, protect and hold harmless the Lender, and its assigns, directors, officers, employees, agents or representatives (each an "Indemnified Party") from and against all losses, damages, injuries, liabilities, claims, suits, obligation, penalties, actions, judgments, costs, interest and demands of any kind or nature whatsoever (all the foregoing losses, damages, etc. are the "indemnified liabilities"), and expenses in connection therewith (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnified Party in connection with any investigative, administrative or judicial proceeding, whether or not such Indemnified Party shall be designated a party thereto, and the expenses of investigation by engineers, environmental consultants and similar technical personnel) arising out of, in connection with, or as the result of any claim for personal injury or property damage arising from the operation, use, condition, possession, storage or repossession of any of the Collateral, or any claim relating to any laws, rules or regulations, including, without limitation, environmental control, noise and pollution laws, rules or regulations or the entering into or performance of this Security Agreement and the Note, the enforcement of any rights thereunder, the retention by the Lender of a security interest in the Collateral, or arising during the period of any delivery, rejection, storage or repossession of any of the Equipment while a security interest therein remains in the Lender or during the period of the transfer of such security interest in the Collateral by the Lender pursuant to any of the provisions of this Security Agreement; provided, however, that the Debtor shall have no obligation to so indemnify any Indemnified Party for any indemnified liabilities arising solely from its willful misconduct or gross negligence. The foregoing indemnity shall survive the termination of this Security Agreement and and payment in full of the Obligations.

6.7 Costs and Expenses. Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses incurred by the Lender, in connection with the preparation of this Security Agreement and all other documents relating hereto and the

consummation of this transaction, the filing or recording of financing statements and other documents (including all taxes in connection with the filing and recording of such documents) in public offices, the payment or discharge of any taxes relating to the Collateral or imposed upon the Debtor, insurance premiums, encumbrances or otherwise protecting, maintaining or preserving the Collateral, or the enforcing, foreclosing, retaking, holding, storing, processing, selling or otherwise realizing upon the Collateral and the Lender's security interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or related to the transaction to which this Security Agreement relates, shall be borne and paid by the Debtor on demand by the Lender and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the default rate prescribed in the Note.

Section 7. MISCELLANEOUS

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

7.2 Entire Agreement. This Security Agreement, together with the Exhibits and the Note, constitute the entire understanding between the parties with respect to the subject matter hereof. All prior agreements, understandings, representations, warranties and negotiations, if any, are merged into this Security Agreement, and this Security Agreement is the entire agreement between the Debtor and the Lender relating to the subject matter hereto. This Security Agreement cannot be changed or terminated orally.

7.3 Partial Invalidation. 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.

7.4 Notices. Except as otherwise set forth in Section 3.7 above, notice or other communication required or permitted to be made or given under this Security Agreement, shall be in writing and shall be deemed to have been received by the party to whom it is addressed: (i) on the date indicated on the certified mail return receipt if sent by certified mail return receipt requested; (ii) on the date actually received if hand delivered or if transmitted by telefax (receipt of which is confirmed to sender); (iii) three business days after such notice was deposited in the United States Mail postage prepaid; or (iv) one business day after such notice was delivered to an overnight delivery service, addressed, delivered or transmitted in each case as follows:

Lender:

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

Columbus, Ohio 43215
ATTENTION: General Counsel
Telephone: (614) 227-7748
Telefax: (614) 227-7750

Debtor:

Southern Illinois Railcar Company
One Mark Twain Plaza, Suite 225
Edwardsville, IL 62025
ATTENTION: Fred Parsons
Telephone: (618) 656-2200
Telefax: (618) 656-2369

A party's address for notice may be changed from time to time only by written notice given of the other party in accordance with this Section.

7.5 Termination. This Security Agreement and the security interest granted hereby shall terminate when the Obligations have been fully paid or discharged, at which time the Lender shall, at the Debtor's expense, execute and deliver to the Debtor at its expense all Uniform Commercial Code termination statements and such similar documents or proper instrument or instruments which the Debtor shall reasonably request to evidence such termination and the release of Collateral including releases in recordable form under the ICA and the Railway Act (Canada).

7.6 GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE DEEMED TO HAVE BEEN MADE UNDER, CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF OHIO; PROVIDED, HOWEVER, THAT THE PARTIES SHALL BE ENTITLED TO ALL RIGHTS CONFERRED BY 49 U.S.C. SECTION 11303 AND SUCH ADDITIONAL RIGHTS, ARISING OUT OF THE FILING, RECORDING OR DEPOSIT HEREOF, IF ANY.

7.7 Jurisdiction and Venue. The parties hereto agree that exclusive jurisdiction and venue lies in a court of competent jurisdiction in Franklin County, Ohio, over any matters arising out of this Agreement, and that service of process in any such proceeding shall be effective if mailed to, and actually received by a party at its address described in the Notices section hereof.

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 constituting only one Security Agreement.

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

7.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT ANY RELATED INSTRUMENT OR AGREEMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS SECURITY AGREEMENT, OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EITHER OF THEM. NEITHER PARTY SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the day and year first above written.

SOUTHERN ILLINOIS RAILCAR COMPANY

By: 
Title: President

BANC ONE CAPITAL PARTNERS II, LTD.

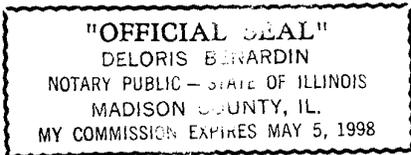
BY: BOCF Holdings Corporation, Manager

By: 
James H. Wolfe, Authorized Signer

NOTARY ACKNOWLEDGMENTS

STATE OF ILLINOIS)
)
COUNTY OF MADISON) ss:

On this 6TH day of OCTOBER, 1995, before me, personally appeared FRED L. PARSONS to me personally known, who being by me duly sworn, says that he resides at 2439 Riggins Rd Troy, IL 61294 and is PRESIDENT of Southern Illinois Railcar Company, that said instrument was signed on the date hereof 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.



Deloris Bernardin
Notary Public

NOTARY ACKNOWLEDGMENT

STATE OF OHIO)
)
COUNTY OF FRANKLIN) ss:

On this 16th day of October, 1995, before me personally appeared James H. Wolfe, to me personally known, who being by me duly sworn, says that he is the authorized signer of BOCF Holdings Corporation, which is the managing member of Banc One Capital Partners II, Ltd., that said instrument was signed and sealed 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.

Laura A. Hogan
Notary Public

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LAURA A. HOGAN
Notary Public, State of Ohio
My Commission Expires May 5, 1998

SCHEDULE A

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.

[FORM OF RAILCAR LEASE AGREEMENT]

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is made and entered as of the _____ day of _____, 19__, between SOUTHERN ILLINOIS RAILCAR COMPANY, an Illinois corporation (hereinafter called "Lessor"), and _____, a _____ corporation (hereinafter called "Lessee").

RECITALS

Lessee desires to lease from Lessor certain railroad cars, hereinafter specifically designated, all upon the rentals, terms and conditions set forth in this Lease.

AGREEMENT

It is agreed:

1. **Lease of Cars.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor _____ (____) Cars (the term "Cars" and other terms used herein are defined in Section 27 of this Lease). The Cars covered by this Lease are those which shall be delivered to and accepted by Lessee pursuant to Sections 2 and 3 of this Lease. This Lease shall become effective as to any Car immediately upon its acceptance pursuant to Section 3.

2. **Delivery of Cars.** Lessor shall deliver the Cars as promptly as is reasonably practicable but not later than _____, 19__. Lessor's obligations with respect to delivery of all or any of the Cars are hereby made expressly subject to, and Lessor shall not be responsible for, failure to deliver or delays in delivering Cars due to labor difficulties, fire, delays and defaults of carriers and material suppliers of Car manufacturers, acts of God, governmental acts, regulations and restrictions or any other causes, casualties or contingencies beyond Lessor's reasonable control; provided, however, that no such event existing on or before the date first shown above shall be deemed to excuse Lessor from performing any of its obligations under this Lease and any event described in this Section 2 as a reason for delaying delivery of the Cars shall not excuse Lessor from its obligations to deliver Cars pursuant to this Lease. The Cars shall be delivered to Lessee's designated point of delivery set forth on Schedule 1 hereto ("Delivery Point") at the expense of Lessor. Not less than _____ working days prior to delivery, Lessor will advise Lessee of the expected delivery of the Cars. Lessor will deliver the Cars to the Delivery Point in groups of not less than _____ Cars (or the balance of the Cars) per group. From and after acceptance of a Car, Lessee shall be liable for, and shall pay or reimburse Lessor for the payment of, all costs, charges and expenses of any

kind whatsoever on account of or relating to switching, demurrage, detention, storage, transportation or movement of a Car, including specifically, but not exclusively, freight and switching charges for movement at any time and from time to time and from car shops, storage or terminal facilities, provided, however, that Lessee will not be responsible for any such expenses that accrued prior to the acceptance of such Car in accordance with Section 3 of this Lease.

3. **Condition of Cars - Acceptance.** All cars delivered hereunder shall be in satisfactory condition for movement in the normal interchange of rail traffic and shall otherwise comply with the description and/or specifications contained in Exhibit D. Lessee may have its authorized representative inspect such Cars at the point of delivery and accept or reject them based on their compliance with the foregoing sentence. Lessee will have 10 business days to inspect each group of Cars delivered pursuant to Section 2 of this Lease. If such Cars are not so inspected by Lessee or not rejected by Lessee pursuant to the provisions of this Section 3 they will be deemed accepted within the meaning of this Section 3. If any of the Cars are rejected by Lessee, they shall be repaired by Lessor at its expense to the standards required under this Lease for delivery of the Cars and retendered to Lessee with notice as required under Section 2 of this Lease, except that retendered Cars need not be delivered in groups of _____. Upon such retender of any of the Cars, the provisions of this Section 3 applicable to inspection periods and acceptance will reapply. Lessee shall issue and deliver to Lessor with respect to all Cars accepted, a Certificate of Inspection and Acceptance in the form of Exhibit B. As to all Cars as to which such certificate is received, the same shall conclusively be deemed to have satisfied the criteria set forth in the first sentence of this Section and be accepted and subject to this Lease and to meet all requirements of this Lease. In all events (but subject to the provisions of Section 2 of this Lease as to the liability of Southern Illinois Railcar Company for any failure to deliver such _____ Cars), this Lease shall be fully effective with respect to that number of Cars so accepted by Lessee (even if less than _____ Cars are delivered and accepted), and Lessor shall not incur any liability by reason of failure to provide the full number of Cars set forth in Exhibit A, except as provided in Section 33 of this Lease as to _____ (and not as to any subsequent Lessor). Notwithstanding the commencement date of the term of this Lease with respect to any Car, Lessee agrees that all risk of loss with respect to any Car shall be on Lessee from and after acceptance of such Car by Lessee.

4. **Use and Possession.** Throughout the continuance of this Lease (including any renewal term of this Lease pursuant to Section 33 of this Lease) so long as Lessee is not in default hereunder, Lessee shall be entitled to possession of each Car from the date this Lease becomes effective as to such Car (a) on its own property or lines; or (b) upon the lines of any railroad or other person, firm or corporation in the usual interchange of traffic;

provided, however, that the Cars shall only be used (i) _____ in conformity with Interchange Rules and all applicable laws and Lessee shall indemnify and save harmless Lessor from any and all liabilities that may arise from any infringement or violation of any such laws or rules by Lessee, its agents, or any other person under the control or direction of Lessee; (ii) in compliance with the terms and provisions of this Lease; (iii) in a careful and prudent manner, solely in the use, service and manner for which they were designed; and (iv) only within the continental limits of the United States of America and incidental use in Mexico or Canada. In order to avoid recapture of any tax benefit claimed by Lessor with respect to the Cars, including, but not limited to, any deduction allowable under Section 168 and related sections of the Internal Revenue Code of 1986, as amended or any comparable successor law (the "Code"), Lessee shall use and shall cause third parties whose use Lessee can control, to use the Cars predominantly within the United States, in accordance with the Code. If any of the Cars are used outside the continental United States, Lessee shall indemnify and reimburse Lessor for any customs duties, taxes, loss of tax benefits, or other expenses resulting from such use. Lessee shall not use, or permit the use of, the Cars for loading, storage, or hauling any hazardous, toxic, corrosive or radioactive substances.

5. **Term.** This Lease shall commence with delivery and acceptance of the Cars pursuant to Sections 2 and 3 and continue for a term of _____ (____) years. The first day of the _____ (____) year term (the "Commencement Date") shall be the first day of the month following the month in which the Car designated by the Lessor as the last Car to be delivered or the _____ Car, whichever comes first, to be delivered is delivered and accepted hereunder pursuant to Sections 2 and 3. All of the terms and provisions of this Lease shall apply and be in full force and effect with respect to Cars delivered to Lessee and accepted or deemed to be accepted pursuant to Sections 2 and 3 prior to the Commencement Date.

6. **Rental.** Lessee shall pay to Lessor monthly rental for each Car accepted or deemed to be accepted hereunder at the monthly and daily rates per Car set forth in Exhibit E, commencing on the date on which Lessee accepts such Car or is deemed to have accepted such Car under this Lease and terminating upon the expiration of the _____ (____) Lease Year, or, if later, upon return of such Car in compliance with this Lease and acceptance by Lessor in accordance with the provisions of Section 17 of this Lease.

7. **Payment.** Lessee shall make payment of all sums (including rent) due hereunder to Lessor in U.S. Dollars at Lessor's address provided Section 21 of this Lease, or at such other place as Lessor may direct. The first day of the month following the Commencement Date shall be deemed as the "First Rent Payment Date". All rent accruing hereunder on or prior to the First Rent Payment Date shall be paid monthly in advance on or before the 1st day of each month

parts, mechanisms, devices and replacements shall immediately, without further act, become the property of Lessor and part of the Cars.

Lessee will not make or authorize any improvement, change, addition or alteration to the Cars (i) if such improvement, change, addition or alteration will impair the originally intended function or use of the Cars or impair the value of the Cars as it existed immediately prior to such improvement, change, addition or alteration; or (ii) if any parts installed in or attached to or otherwise becoming a part of the Cars as a result of any such improvement, change, addition or alteration shall not be readily removable without damage to the Cars. Any part which is added to the Cars without violating the provisions of the immediately preceding sentence and which is not a replacement or substitution for any property which was a part of the Cars, shall remain the property of Lessee and may be removed by Lessee at any time prior to the expiration or earlier termination of the term of this Lease. All such parts shall be and remain free and clear of any liens. Any such part which is not so removed prior to the expiration or earlier termination of this Lease shall, without further act, become the property of Lessor.

10. Substitution of Cars. Lessor may, within _____ months of a Casualty Occurrence (as hereinafter defined), replace any Casualty Cars with Replacement Cars and such Replacement Cars shall be deemed to be subject to all terms and conditions of this Lease as if the same had been originally delivered to Lessee at the time and in the place of the Cars for which they are substituted. The parties shall execute amendments to this Lease and such other or further documents as may reasonably be required by either party hereto to evidence the withdrawal from and termination of this Lease with respect to Casualty Cars, or to include any Replacement Cars within the terms and provisions of this Lease and of any other document under which Lessor has assigned its rights hereunder, as permitted in Section 19 of this Lease, provided that all such amendments or documents will reflect all those rights and obligations of the parties with respect to the Cars, as provided in this Lease.

11. No Abatement of Rent. This is a net lease. There is no rental abatement for any Car even though the Car is out of service for repair work, unless such Car becomes a Casualty Car.

12. Taxes and Insurance. Lessee shall pay, and shall indemnify and hold Lessor harmless from and against, on an after-tax basis, all fees, taxes (including without limitation all sale, use and gross receipts taxes, except income taxes and gross receipts taxes which are comparable to an income tax), withholdings, assessments and other governmental charges, however designated, together with any penalties, fines or interest, if any, thereon (collectively, the "Impositions"), accrued after any Car has been accepted pursuant to Section 3 of this Lease and

thereafter during the term of this Lease and until the Cars have been accepted by Lessor upon return by Lessee, which are at any time levied or imposed against Lessor, Lessee, this Lease, the Cars or any part thereof by any Federal, state, local or foreign government or taxing authority upon, with respect to, as a result of or measured by (i) the Cars (or any part thereof), or this Lease or the interest of the Lessor therein; or (ii) the purchase, ownership, delivery, leasing, possession, maintenance, use, operation, return, sale or other disposition of the Cars or any part thereof by Lessee; or (iii) the rentals, receipts or earnings payable under this Lease by Lessee or otherwise arising from the Cars or any part thereof. Notwithstanding the foregoing, Lessee shall not be responsible for or required to pay any income taxes, franchise taxes, privilege taxes, value added taxes, or any similar taxes (including gross receipts taxes which are comparable to an income tax), or any taxes upon sale of the Cars by Lessor (excluding any treatment by any tax authority of this Lease as a sale for tax purposes) in each case which are measured by reference to Lessor's income, capital, net worth, retained earnings or investments, in general, or any fines, penalties or interest thereon and shall not be responsible for the filing of any tax returns relative to any such taxes (and the same shall not be deemed to be Impositions for the purposes of this Lease). Lessor (a) shall pay, and promptly upon receipt of Lessor's invoice therefor Lessee shall reimburse Lessor for paying, any Impositions required by law to be paid by Lessor, and (b) in case any report or return is required to be filed with respect to any such Impositions, Lessor will make such report or return to show Lessor's ownership of the Cars, and Lessee will not be responsible for any taxes, fines, interest, or penalties of any nature resulting from Lessor's failure to so act if (a) Lessee has given Lessor notice of the need to make any such report, return or payment together with all facts necessary to form the basis thereof, or (b) Lessor otherwise has received such notice. Lessor and Lessee may agree in writing that Lessee will pay any Impositions directly or file any such reports or returns. Lessee's and Lessor's obligations under this Section 12 shall survive the expiration or termination of this Lease.

Lessee will, at all times prior to the return of the Cars to, and acceptance by, Lessor, at its expense cause to be carried and maintained with companies of reputable standing public liability insurance with respect to third party personal injury and property damage, against such risks and in such amounts as is consistent with prudent industry practice, as to which Lessor and any of Lessor's assignees will be named additional insured. Lessee shall maintain physical damage insurance covering the Cars in an amount not less than the Casualty Value (as hereinafter defined) thereof with companies of reputable standing, or in lieu thereof, maintain a program of self insurance. Lessee will provide to Lessor and to each assignee of Lessor, upon request, a statement of the insurance maintained pursuant to the insurance provisions of this Lease.

Any policies of insurance carried in accordance with this Section 12 shall (i) provide that, if any such insurance is canceled for any reason whatsoever, Lessor shall receive 30 days' prior notice of such cancellation; (ii) provide that in respect of the interest of Lessor in such policies, the insurance shall not be invalidated by any action or inaction of Lessee or any additional insured (other than such additional insured, as to such additional insured) and shall insure Lessor's interests as it appears, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee or any additional insured (other than such additional insured, as to such additional insured); (iii) provide that Lessor shall not have any obligation or liability for premiums, commissions, assessments or calls or advances in connection with such insurance; (iv) provide that the insurers shall waive (A) any rights of set-off, counterclaim or any other deduction, whether by attachment or otherwise, which they may have against Lessor, and (B) any rights of subrogation against Lessor; (v) be primary without right of contribution from any other insurance which may be carried by Lessor with respect to its interests as such in the Cars; and (vi) expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

Lessee shall cause the property insurance on the Cars to provide that the proceeds up to the amount of the Casualty Value, for any loss or damage to any Car, if any, shall be payable to Lessor. Lessee shall, with respect to any renewal policy or policies, furnish certificates or binders evidencing such renewal as soon as practicable, but in no event later than thirty (30) days after such renewal is effected or the expiration date of the original policy or policies.

13. Lessor's Title and Right of Inspection. Title to the Cars shall at all times remain with Lessor. Lessee will take no act, and will not permit any sublessee to take any act, which causes any impairment of Lessor's title in the Cars and will defend, at its own cost and expense, Lessor's title in the Cars from and against all claims, liens and legal processes which may be asserted against the Cars arising through Lessee or its agents or assigns, except for those arising by, through, against or under Lessor or its predecessors in title. Lessee's right to sublease or remark the Cars pursuant to Section 19 of this Lease will not be considered to impair Lessor's title to the Cars, so long as any such sublease is subject hereto.

Lessor shall have the right, from time to time during Lessee's normal business hours, upon reasonable notice to Lessee, and solely at Lessor's own risk and expense (a) to enter upon Lessee's premises, or upon the premises of any sublessee in possession of the Cars pursuant to Section 19 of this Lease, for the purposes of confirming the existence, condition, and proper maintenance of the Cars, and (b) during any period of storage of the Cars on Lessee's

premises or the premises of any such sublessee, to inspect and show the Cars to others, in all events subject to any applicable government laws, or government or industry regulation or rules concerning railroad security and safety. Lessee shall, upon request of Lessor, but not more than once every year, furnish to Lessor a certified inventory of all Cars then subject to this Lease. Lessee shall not be liable for any personal injury, property damage or wrongful death arising as a result of any inspection of the Cars by Lessor or its agents during or after the term of this Lease, and Lessor shall be fully responsible for its acts and the acts of its agents in connection with any such inspection, unless caused by Lessee's gross negligence or willful misconduct.

14. **Indemnity.** Lessee agrees that Lessor shall not be liable to Lessee for, and Lessee shall indemnify and hold Lessor harmless from and against, any liability, loss, damage, expense (including reasonable attorneys' fees), causes of action, suits, claims or judgments arising from or caused directly or indirectly by: (a) Lessee's failure to timely perform any of its obligations under this Lease; or (b) injury to persons or damage to property resulting from or based upon actual or alleged use, operation, delivery (excluding delivery by the Lessor to the Lessee) or transportation of any or all of the Cars or its or their location or locations or condition, during the Lease term; or (c) inadequacy of the Cars or any part thereof, for any purpose or the use or maintenance thereof or any repairs, servicing or adjustments thereto or any delay in providing or failure to provide any thereof or any interruption or loss of service or use thereof or any loss of business; and shall, at its own cost and expense, defend any and all suits which may be brought against Lessor, either alone or in conjunction with others upon any such liability or claim or claims and shall satisfy, pay and discharge any and all judgments and fines that may be recovered against Lessor in any such action or actions, provided, however, that Lessor shall give Lessee written notice (as soon as it is reasonably practicable after Lessor has notice thereof) of any event, claim, or action as to which Lessee's indemnity obligations run, and shall cooperate reasonably with Lessee in any defense which Lessee may make with respect to any such event, claim, or action. All indemnities contained in this Lease shall survive the termination of this Lease to the extent that the indemnity involves a matter which occurs after Lessee accepts the Cars pursuant to Section 3 of this Lease and thereafter during the term of this Lease and until the Cars are returned to and accepted by Lessor, or until the Cars are repossessed by Lessor following the occurrence of an Event of Default (as hereinafter defined). Notwithstanding the foregoing, Lessee does not hereby agree to indemnify Lessor for matters which are proximately caused by breach of Lessor's obligations under this Lease, or which occur prior to acceptance of the Cars by Lessee under Section 3 of this Lease or after the Cars have been returned to and accepted by Lessor pursuant to Section 17 of this Lease.

15. **Lettering.** Lessor will deliver the Cars stenciled, at Lessee's expense, with the reporting marks indicated on Exhibit A hereto and thereafter Lessee will cause each Car to be kept stenciled with such reporting marks at Lessee's expense in accordance with Interchange Rules. If Lessor desires that the Cars be stenciled with a legend indicating that the Cars have been leased and, if applicable, are subject to a security interest recorded with the Interstate Commerce Commission, Lessor shall, at its sole expense, so stencil the Cars at or before the time of delivery pursuant to Section 2 of this Lease. Thereafter, Lessee, at its expense, will maintain such legend, in letters not less than one inch in height. If Lessor desires that changes be made to such reporting marks or legend Lessee will, upon receipt of written notice from Lessor, cause such changes to be made at the earliest practicable time, but at Lessor's expense. If Lessee desires to change the reporting marks of the Cars pursuant to Section 19 of this Lease, Lessee will do so at its expense upon not less than 10 days prior written notice to Lessor. Lessee will, at the earliest possible opportunity and at its expense, replace any such marks or legends which may be removed, defaced, or destroyed by causes other than the direction of Lessor.

16. **Loss, Theft, or Destruction of Cars.** In the event any Car is lost, stolen, destroyed or damaged beyond economic repair, or taken by government action, Lessee shall, by notice, promptly and fully advise Lessor of such occurrence (each, a "Casualty Occurrence"). Lessee shall, within ___ days after demand by Lessor, promptly make payment to Lessor in the same amount as is prescribed in the schedule attached hereto as Exhibit C and made a part of this Lease for the loss of such Car (the "Casualty Value"), plus rent on such Car to the date of such payment. This Lease shall terminate with respect to a Casualty Car on the date Lessor shall receive such payment with respect to such Casualty Car, and thereafter Lessee shall have no further liability to Lessor hereunder with respect to such Casualty Car, except for those provisions of this Lease which expressly survive the terms of this Lease. Lessor shall, upon request of Lessee, deliver to Lessee a bill of sale (without warranty) for such Car, provided that if Lessee receives any proceeds from disposal of a Car in excess of the amount set forth on Exhibit C therefor, it shall pay such excess to Lessor.

17. **Return of Cars.** Upon the expiration or upon the termination of this Lease with respect to any Car (other than pursuant to Section 16 of this Lease), Lessee shall at its sole cost and expense forthwith surrender possession of such Car to Lessor by delivering same to Lessor at such shop, storage or terminal facility as designated by Lessor. Such shop, storage, or terminal facility shall be designated not less than ___ days prior to the expiration of this Lease or any extension thereof, or concurrently with termination of the Lease for any reason, other than its expiration or the destruction and casualty loss of a Car. In the event Lessor fails to designate such a facility within the

time specified in this Section 17, Lessee may place the Cars in storage at any shop, storage, or terminal facility within 100 miles of _____ and Lessee thereupon shall immediately notify Lessor of the location of such facility. When delivered to any shop, storage, or terminal facility determined pursuant to this Section 17 (the "Redelivery Point"), (a) the Cars shall be in the condition required to comply with the provisions of Section 9 of this Lease, and shall be free and clear of all accumulations or deposits from commodities transported in or on the Cars, and (b) Lessor shall have ___ business days from the completion of delivery of the first ___ cars (or such lesser number as is the total number of Cars) to inspect such Cars in order to determine whether they are in such condition, and an additional ___ business days upon completion of the delivery of the remaining Cars in order to determine whether such Cars are in such condition. If Lessor does not reject the Cars for non-compliance with the provisions of Section 9 of this Lease or fails to inspect the Cars within the time provided therefor in this Section 17, the Cars will be deemed accepted by Lessor. Until acceptance of the Cars by Lessor pursuant to this Section 17, Lessee shall continue to be liable for and shall pay rental at the rate being paid immediately prior to termination or expiration, and Lessee shall in addition make all payments and keep all obligations and undertakings required of Lessee under any and all provisions of this Lease as though such termination or expiration had not occurred. Lessee shall, at its cost, provide storage of the Cars returned to and accepted by Lessor in accordance with the foregoing provisions of this Section 17 (such storage to occur at the Redelivery Point unless another location is mutually agreed to by Lessor and Lessee) until 60 days after the last of the Cars is returned to and accepted by Lessor. During any period of storage of the Cars at Lessee's expense, Lessee shall have all risk of loss with respect thereto. Lessee shall not be liable for damages incurred as a result of Lessor's or its agents' inspection of the Cars during any such storage period. Lessee shall bear the costs to remark the Car to its original Car initial and number at termination of this Lease.

18. **Default.** An Event of Default shall occur if: (a) Lessee fails to pay when due any installment of rent and such failure continues for a period of 5 days after Lessee has received notice in writing from Lessor asserting the existence of such failure; (b) Lessee shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it hereunder for 20 days after Lessee has received notice in writing from Lessor asserting the existence of such failure; (c) Lessee ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or an insolvent, files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or files an answer admitting the material allegations of a petition filed against it

in any such proceeding, consents to or acquiesces in the appointment of a trustee, receiver, or liquidator of it or of all or any substantial part of its assets or properties, or if it or its shareholders shall take any action looking to its dissolution or liquidation; (d) within 30 days after the commencement of any proceedings against Lessee seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed, or if within 30 days after the appointment without Lessee's consent or acquiescence of any trustee, receiver or liquidator of it or of all or any substantial part of its assets and properties, such appointment shall not be vacated; (e) Lessee attempts to sell, transfer, encumber, or sublet the Cars or any thereof (except as expressly permitted by Section 19 of this Lease); or (f) any warranty, representation or statement made or furnished to Lessor by or on behalf of Lessee in or in connection with this Lease proves to have been false in any material respect when made or furnished.

Upon the occurrence of an Event of Default, Lessor shall have all the rights and remedies provided by applicable law and by this Lease. Notwithstanding that this Lease is a lease and title to the Cars is at all time in Lessor, Lessor may nevertheless at its option choose those rights and remedies of a secured party under the Uniform Commercial Code. In addition, Lessor, at its option, may take any one or more of the following actions: (a) cancel this Lease by written notice to such effect, and retake the Cars and thereafter recover as liquidated damages (and not as a penalty), it being acknowledged by the parties that actual damages are difficult or impossible to estimate, any and all costs and expenses of termination, retaking and reselling or re-leasing (including, without limitation, reasonable attorneys' fees) in addition to the present value (using a discount rate of ____ percent (____%)) of all rental for the unexpired balance of the Lease term unpaid as of said date of termination, provided that to the extent that Lessor relets the Cars and the proceeds of such reletting are not applied to expenses as hereinafter expressly permitted under this Lease, Lessor shall refund the amount of remaining rent so paid by Lessee to the extent and when the same is received by Lessor during the remaining term of this Lease as a result of any reletting of the Cars, provided that in any event after retaking possession of the Cars Lessor may sell the Cars at public or private sale, with or without notice, advertisement, or publication, as Lessor may determine, or otherwise dispose of, hold, use, operate, or lease to others the Cars as Lessor in its sole discretion may determine, all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to any such action or for any proceeds with respect thereto; or (b) proceed by appropriate court action or actions or other proceedings either at law or equity to enforce performance by Lessee of any and all covenants of this Lease and to recover damages for the breach thereof; or (c) Lessor and/or its agents may, with reasonable notice or legal process, enter into any premises of or under control or jurisdiction of

Lessee or any agent of Lessee where the Cars may be or by Lessor is believed to be, and repossess all or any thereof and using all force necessary or permitted by applicable law so to do, Lessee hereby expressly waiving all further rights to possession of the Cars and claims for injuries suffered through or loss caused by such repossession or demand that Lessee deliver the Cars forthwith to Lessor at Lessee's expense at such place as Lessor may designate. In no event shall Lessee upon demand by Lessor for payment hereunder or otherwise be obligated to pay any amount in excess of that permitted by law. The waiver by Lessor of any breach of any obligation of Lessee shall not be deemed a waiver of any future breach of the same or any other obligation. No remedy of Lessor hereunder shall be exclusive of any remedy herein or by law provided, but each shall be cumulative and in addition to every other remedy.

The proceeds of any reletting shall first be applied to the expenses (including reasonable attorneys' fees) of retaking and reletting of the Cars and delivery to the new lessee and then to the payment of rent due under this Lease. Lessee shall pay any deficiency remaining due after so applying the proceeds as the same accrue. The election of Lessor to relet the Cars and the acceptance of a new lessee shall not operate to release Lessee from liability for any existing or future default in any other covenant or promise herein contained.

The obligation to pay any deficiency or any sum or sums due and unpaid or any damages suffered by reason of Lessee's default hereunder shall survive the termination of this Lease and the retaking of the Cars.

Without limiting Lessor's rights hereunder upon an Event of Default, in the event that the Lessee shall fail duly and promptly to perform any of its obligations under this Lease, Lessor may, at its option, perform the same for the account of Lessee without thereby waiving such default, and any amount paid or expense (including reasonable attorneys' fees), penalty or other liability incurred by Lessor in such performance, together with interest at the rate of _____% per month thereon (but in no event greater than the highest rate permitted by relevant law) until paid by Lessee to Lessor, shall be payable by Lessee upon demand as additional rent for the Cars.

19. Sublease and Assignment. Lessee shall not assign this Lease or otherwise lease or dispose of the Cars, except that Lessee may sublease or remark (subject to the provisions of Section 15 of this Lease as to notice of remarking) the Cars provided that the following conditions are satisfied:

(i) Lessee will not sublease the Cars beyond the term of this Lease, including any extended term of this Lease.

(ii) Lessee will promptly give Lessor written notice of Lessee's intent to sublease and provide Lessor with a copy of such sublease;

(iii) No such sublease shall in any event impair, or conflict with the rights of Lessor hereunder, including without limitation the rights of Lessor upon the occurrence of an Event of Default; and

(iv) Solely at its own expense, Lessee may remark the Cars provided that Lessee advises Lessor in writing of such remarking on or before the date when such remarking occurs and furnishes to Lessor such documentation as Lessor reasonably may request in connection therewith.

At Lessor's request, Lessee will record appropriate documentation reflecting such remarkings with the Interstate Commerce Commission, solely at Lessee's expense. At Lessor's request in writing, Lessee will on or before return of the Cars to Lessor pursuant to Section 17 of this Lease and solely at Lessee's expense, replace any remarkings which Lessee has caused to be placed on the Cars with revised markings of Lessor's choosing. The making of a sublease by Lessee or an assignment by Lessor shall not serve to relieve Lessee or Lessor of any liability or undertaking hereunder.

20. Opinion of Counsel. Upon the request at closing or within a reasonable period of time after completion of acceptance of the Cars, Lessee will deliver to Lessor a favorable opinion of counsel for Lessee, addressed to Lessor, in form and substance satisfactory to counsel for Lessor or its assignee, which opinion shall be to the effect that:

(a) Lessee is a corporation duly organized and validly existing in good standing under the laws of the state of its incorporation, and has taken all corporate action necessary validly to enter into this Lease and carry out its obligations hereunder,

(b) this Lease has been duly executed on behalf of Lessee and constitutes the legal, valid and binding obligation of Lessee, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally and the exercise of judicial discretion in accordance with general principles of equity.

(c) to the knowledge of such counsel, the Cars which are then subject to this Lease are held by Lessee under and subject to the provisions of this Lease prior to any lien, charge or encumbrance in favor of anyone claiming against the Cars by, through or under Lessee; and

(d) no governmental, administrative or judicial authorization, permission, consent or approval is necessary on the part of Lessee in connection with this Lease or any action contemplated on its part thereunder.

21. **Notice.** Any notice required or permitted to be given pursuant to the terms of this Lease shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Lessor at: Southern Illinois Railcar Co., Inc.
1 Mark Twain Plaza
Suite 225
Edwardsville, IL 62025

Lessee at: _____

or at such address as either party may from time to time designate by such notice in writing to the other.

22. **Warranties - Representations.** Lessee represents that all of the matters set forth in Section 20(a) through and including (d) are true and correct as of the date of this Lease. Lessee shall notify Lessor in writing upon the occurrence of any event or the existence of any facts or circumstances which render such matters not true and correct during the term of this Lease. Lessee warrants and covenants that it will not take any action, or permit any sublessee to take any action that will cause any Car to cease to be eligible for depreciation deductions determined by using the method specified in Section 168(b)(i) of the Code.

As of the date of this Lease, Lessor warrants that:

(a) Lessor is a corporation duly organized and validly existing in good standing under the laws of its state of incorporation, and has taken all corporate action necessary validly to enter into this Lease and carry out its obligations hereunder.

(b) This Lease has been duly executed on behalf of Lessor and constitutes the legal, valid and binding obligation of Lessor, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally and the exercise of judicial discretion in accordance with general principles of equity.

(c) Lessor requires no governmental, administrative or judicial authorization, permission, consent, or approval in order to enter into this Lease.

(d) There are no actual or potential liens, encumbrances, or impediments of any nature whatsoever on Lessor's title to the Cars or its rights to lease the Cars to Lessee which would interfere with Lessee's possession, use or enjoyment of the Cars pursuant to this Lease.

Lessor warrants that it will not, by act or omission, take any steps which result in any third party, including any assignee of Lessor, depriving, or attempting to deprive, Lessee of that use and enjoyment of the Cars to which Lessee is entitled so long as it is not in default under this Lease.

23. Governing Law - Writing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws (as compared to conflicts of law provisions) of the State of _____. The terms of this Lease and the rights and obligations of the parties hereto may be changed or terminated only by agreement in writing signed by the party against whom enforcement of such change or termination is sought.

24. Counterparts. This Lease may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which may be evidenced by any such signed counterpart.

25. Severability - Waiver. If any term or provision of this Lease or the application thereof to any persons or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law. Failure of Lessor to exercise any rights hereunder shall not constitute a waiver of any such right upon the continuation or recurrence of the situation or contingency giving rise to such right.

26. Past Due Payments. Any nonpayment of rentals within _____ (___) days from due date or other sums due hereunder, whether during the period within which a default may be cured or for a longer period, and whether or not deemed a default or violation of this Lease, shall result in the obligation on the part of the Lessee to pay also an amount of interest equal to _____ percent (___%) per annum (or if such rate may not lawfully be charged, then the highest rate which may be lawfully charged) of such overdue sum for the period of time such sum is overdue and unpaid.

27. Definitions. For all purposes of this Lease the following terms shall have the following meaning:

(a) "Cars" -- railroad cars described in Exhibit A, and bearing the reporting marks listed thereon, attached hereto and made a part of this Lease or such other reporting marks as may be substituted therefor pursuant to the provisions of Section 19 of this Lease.

(b) "Interchange Rules" -- all codes, rules, regulations, laws and orders governing hire, use, condition, repair, destruction and all other matters pertaining to the interchange of freight cars reasonably interpreted as being applicable to the Cars, as adopted and in effect from time to time by the Association of American Railroads and any other organization, association, agency or governmental authority, including the Interstate Commerce Commission and the United States Department of Transportation, which may from time to time be responsible for or have authority to impose such codes, rules, interpretations, laws or orders.

(c) "Repair Work" -- all repairs, maintenance, modifications, additions or replacements required to keep and maintain the Cars in good working order and repair in accordance with and on the effective date of the requirements of all Interchange Rules.

(d) "Casualty Cars" -- Cars which are lost, stolen, destroyed or damaged beyond economical repair as determined pursuant to the Interchange Rules, or taken by government action.

(e) "Replacement Cars" -- Cars of the same description and specifications to that set forth in Exhibit A which are substituted for Casualty Cars.

28. Benefit. This Lease shall bind and inure to the benefit of the parties and their successors and assigns (including, in the case of Lessor, any secured party, pledgee or mortgagee of Lessor), except that Lessee may not assign this Lease or, except as expressly provided herein, sublet the Cars. Lessee will not be responsible to the recipient of any rights of Lessor thus transferred for any payments or other acts made or taken by Lessee in good faith prior to receiving actual notice of such transfer. If Lessor shall give written notice to Lessee stating the identity and post office address of any assignee entitled to receive future rentals and any sums payable by Lessee hereunder, Lessee shall thereafter make such payments to the designated assignee. References herein to Lessor shall be deemed to refer to Lessor and its successors and assigns. Without limiting the generality of the foregoing, the covenants and indemnities of the Lessee contained in Sections 12 and 14 of this Lease shall apply to and inure to the benefit of any assignee of Lessor, and if such assignee is a trustee or secured party under an indenture under which evidence of indebtedness has been issued in connection with the financing of the Cars, then also to the benefit of any holder of such evidence of indebtedness. If Lessor assigns its interest under this Lease

and in the Cars to one or more banks, insurance companies or other financial institutions, whether as security for one or more loans or in whole, Lessee shall, in the event of any such assignment and upon notice thereof from Lessor: (i) recognize such assignment; (ii) make all payments of rent and other amounts due under this Lease as so assigned directly to the assignee identified in such notice or to its designee; (iii) accept the directions or demands of such assignee in place of those of Lessor; (iv) surrender the Cars to such assignee upon termination of this Lease; (v) make payments of Rent and all other obligations of Lessee hereunder without reduction, abatement, defense, set-off, counterclaim or recoupment for any reason whatsoever; and (vi) except as otherwise provided herein, not terminate this Lease; provided, however, nothing contained in this Section 28 shall relieve Lessor from its obligations to Lessee hereunder, nor shall any assignee of this Lease be relieved of the obligation to release its interests in any Car upon a Casualty Occurrence and the payment by Lessee of the Casualty Value and all other payments due with respect to such Car. If Lessor so requests, Lessee will execute a letter agreement confirming its agreement as to the foregoing in form and substance reasonably satisfactory to the Lessor and Lessee.

29. **Recording.** Upon request by Lessor, Lessee shall join in the execution of a memorandum or short form of this Lease for use in recordation under 49 U.S.C.A. Section 11303 or such recordation as Lessor reasonably deems appropriate. Said memorandum or short form of lease may describe the parties, the Cars being leased and the term of this Lease, including any options to extend, and shall incorporate the Lease by reference. **NO RECORDATION REQUIRED PURSUANT TO THIS LEASE SHALL CONTAIN THE RENTAL AMOUNT PAID FOR THE CARS COLLECTIVELY OR INDIVIDUALLY.**

30. **Further Assurances.** Lessee shall execute and deliver to Lessor, upon Lessor's request such instruments and assurances as Lessor deems necessary or advisable for the confirmation or perfection of this Lease and Lessor's rights hereunder and to enable Lessor to fulfill all of its tax filing obligations, provided, however, that Lessee will have no obligation to execute or deliver any instrument or assurance which alters the rights or obligations of the parties under this Lease.

31. **Lease Irrevocability.** This Lease is irrevocable for the full term thereof and for the aggregate rentals herein reserved.

32. **Miscellaneous.** This Lease constitutes the entire agreement between Lessor and Lessee with respect to the Cars and supersedes all prior correspondence between the parties. No covenant, condition or other term or provision of this Lease shall be deemed waived, amended, or modified by either party unless such waiver, amendment, or modification is in writing and signed by each of the parties hereto. Section headings are for convenience only and shall not be construed as part of this Lease. Time is of the essence in the performance of Lessee's obligations under this

Lease. This Lease shall be fully effective as to the number of Cars so delivered and accepted by Lessee as required herein, and Lessee shall have no defense or claim against Lessor hereunder as a result thereof; provide that Lessor shall remain liable to Lessee for any failure to deliver the ___ Cars contemplated hereby in the condition required by Section 3 of this Lease, except to the extent the same cannot be economically repaired.

33. Renewal Option. Provided this Lease has not been earlier terminated and no breach of this Lease exists, Lessee may, by written notice delivered to Lessor not less than ___ days prior to the expiration of the initial term of this Lease (provided that Lessee shall not have suffered a material adverse change in financial condition after the date of this Lease), extend the term of this Lease in respect of all Cars then covered by this Lease (such extension is herein referred to as the "Renewal Option") for an additional _____ (___) year period commencing at the expiration of the initial _____ (___) Lease Years.

34. Financial Statements. Lessee covenants and agrees as follows: Lessee will furnish Lessor (1) within one hundred twenty (120) days after the end of each fiscal year of Lessee, a balance sheet of Lessee as at the end of such year, and the related statement of income and statement of changes in financial position of Lessee for such fiscal year, prepared in accordance with generally accepted accounting principles, all in reasonable detail and certified by independent certified public accountants of recognized standing selected by Lessee; (2) within sixty (60) days after the end of each quarter of Lessee's fiscal year, a balance sheet of Lessee as at the end of such quarter, and the related statement of income and statement of changes in financial position of Lessee for such quarter, prepared in accordance with generally accepted accounting principles; and (3) upon demand, such other information as Lessor may reasonably request.

35. Reports. On or before March 15, 19___, and on each March 15 thereafter, Lessee will furnish to Lessor an accurate statement, as of the preceding December 31, showing the amount, description and reporting marks of the Cars then leased hereunder, the amount, description and reporting marks of all Cars that may have suffered a Casualty Occurrence during the twelve (12) months ending on such December 31, and such other information regarding the condition or repair of the Cars as Lessor may reasonably request.

36. Waiver of Jury Trial. Lessor and Lessee hereby jointly waive trial by jury in any action or proceeding to which they may be parties, arising out of or in any way pertaining to this Lease. It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such actions or proceedings, including claims against parties who are not parties to this Lease. This waiver is knowingly, willingly and voluntarily made by Lessee, and Lessee hereby represents that no

representations of fact or opinion have been made by any individual to induce this waiver of trial by jury or to in any way modify or nullify its effect. Lessee further represents that it has been represented in the signing of this Lease and in the making of this waiver by independent legal counsel selected of its own free will, and that it has had the opportunity to discuss this waiver with counsel.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Lease as of the day and year first above written.

(SEAL)

SOUTHERN ILLINOIS RAILCAR COMPANY,
Lessor

ATTEST:

Secretary

By: _____
President

Lessee

(SEAL)

ATTEST:

Secretary

By: _____

THIS IS COUNTERPART NUMBER _____ OF _____ SERIALLY NUMBERED,
MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS
LEASE CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE,
NO SECURITY INTEREST, AND NO RIGHT, TITLE OR INTEREST IN THIS
LEASE, MAY BE EFFECTIVE BY THE TRANSFER AND POSSESSION OF ANY
COUNTERPART OTHER THAN COUNTERPART NUMBER ONE.

STATE OF _____)
) SS
COUNTY OF _____)

On this ___ day of _____, 19__, before me personally appeared _____, to me personally known, who being by me duly sworn says that he is the President of Southern Illinois Railcar Company and _____ to me personally known to be the Secretary of said corporation, that the seal, 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 they acknowledge that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

(SEAL)

My Commission Expires:

STATE OF _____)
) SS
COUNTY OF _____)

On this ___ day of _____, 19__, before me personally appeared _____, to me personally known, who being by me duly sworn says that he is the _____ of _____ that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the foregoing instrument was the free act and deed of said corporation.

Notary Public

(SEAL)

My Commission Expires:

Schedule 1
Delivery Point

DESCRIPTION OF RAILCARS

CERTIFICATE OF INSPECTION AND ACCEPTANCE

The undersigned, _____,
the duly authorized representative of _____,
(the "Company") hereby certifies that the _____ Railcar
bearing reporting mark _____ (the "Car") has been
delivered to the Company, has been inspected and meets all
regulatory requirements, and is in all respects acceptable and
accepted by, the Company. This certificate is being delivered
pursuant to Section 3 of the certain Lease dated _____,
19__, by and between the Company and Lessor.

IN WITNESS WHEREOF, the undersigned, being the _____
of the Company, does hereunto set his hand as of this _____ day of
_____, 19__, on behalf of the Company.

COMPANY:

By: _____

PRINT NAME: _____

PRINT TITLE: _____

SCHEDULE OF CASUALTY VALUES

Period Ending

Casualty Value Per Car

SPECIFICATIONS

The Cars shall be accepted upon delivery as suitable for use in Interchange Condition, including:

EXHIBIT E

MONTHLY AND DAILY RENTALS

Monthly rental shall be \$_____ per Car, per month, for each whole month.

For periods of less than a whole month, rent shall be paid on a daily basis at \$_____ per Car, per day.

A:SOILLN01.LSE/Form/Disk1/amr

I, ROBERT W. ALVORD, being duly sworn do hereby certify that the attached Security Agreement-Chattel Mortgage, dated as of October 6, 1995, is a true and complete copy of the original thereof.



ROBERT W. ALVORD

Subscribed and sworn to before me this 20th day of October, 1995.



NOTARY PUBLIC

My Commission Expires July 14, 1998