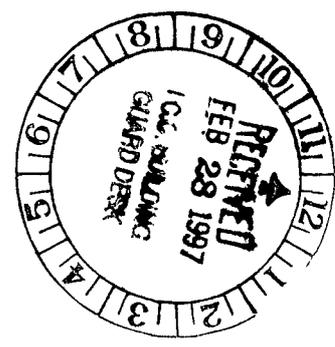


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**KELLEY DRYE & WARREN**  
Attorneys at Law  
101 Park Avenue  
NEW YORK, NY 10178



February 27, 1997

Mr. Vernon A. Williams  
Secretary of the Board  
Surface Transportation Board  
1201 Constitution Avenue N.W.  
Room 2311  
Washington, D.C. 20423

Dear Sir:

**Re: G.S.M. & Associates Leasing Inc.**

Enclosed for filing please find two copies of a Security Agreement dated as of February 28, 1997 between G.S.M. & Associates Leasing Inc. ("GSM") with an address at 421 - 7th Avenue S.W., Suite 3200, Calgary, Alberta, Canada, T2P 4K9 and National Steel Car Limited ("NSCL") with an address at 602 Kenilworth Avenue North, P.O. Box 2450, Hamilton, Ontario, Canada, L8N 3J4. Pursuant to this security agreement, GSM is mortgaging, charging and assigning to NSCL, and granting to NSCL a security interest in (a) two hundred (200) 5,150 cu. ft. through hatch covered hopper cars ("unlined") having the reporting numbers of CN368200-CN368399, inclusive, (b) three hundred (300) 5,200 cu. ft. through hatch covered hopper cars ("unlined") having the reporting numbers of CN368400-CN368699, inclusive, (c) the railway car lease between GSM and Canadian National Railway Company dated November 16, 1996, (d) a backstop agreement among GSM, Bank of Montreal, The Bank of Nova Scotia and NSCL dated as of February 28, 1997, (e) any and all proceeds in respect of such property and (f) all present and after-acquired undertaking and property arising out of the above-described property. Two copies of a memorandum of security agreement further confirming this brief description are enclosed.

Please record one copy of the security agreement and date stamp additional enclosed copy

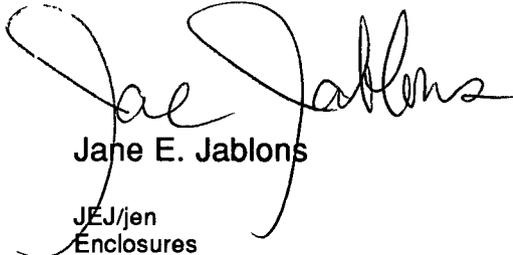
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RECEIVED  
SURFACE TRANSPORTATION  
BOARD

*Counterpart - Sarah Boyden*

If you have any questions, I would appreciate it if you would contact me today at (416) 869-5477 and thereafter at (212) 808-7660.

Yours very truly,

A handwritten signature in black ink, appearing to read "Jane E. Jablons". The signature is fluid and cursive, with the first name "Jane" written in a larger, more prominent script than the last name "E. Jablons".

Jane E. Jablons

JEJ/jen  
Enclosures

SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20427-0001

2/28-97

KELLEY DRYE & WARREN  
101 Park Avenue  
New York, NY 10178

Dear Sirs,

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2 28 97 at 4 05pm , and assigned recordation number(s). 20560 + 20560A

Sincerely yours,

  
Vernon A. Williams  
Secretary

Enclosure(s)

\$ 24.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



RECORDS

FEB

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25/02/97-1

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "*Security Agreement*"), dated as of February 28, 1997, is made by and between G.S.M. & ASSOCIATES LEASING INC., a corporation organized under the laws of the Province of Alberta (the "*Company*") and NATIONAL STEEL CAR LIMITED, a Canadian corporation (the "*Secured Party*").

### RECITALS

WHEREAS, Secured Party is selling to Company two hundred 5150 cubic foot and three hundred 5200 cubic foot through hatch covered hopper (unlined) railway cars and all replacements and substitutions thereof having the reporting marks CN: Series Numbers 386200 through 386699, inclusive (the "*Cars*");

WHEREAS, the Cars have been leased to Canadian National Railway Company ("*Lessee*") pursuant to a Lease Agreement (the "*CNR Lease*") dated as of November 16, 1996 between the Company, as lessor and Lessee, as lessee;

WHEREAS, Secured Party has agreed to enter into a Backstop Agreement dated the date hereof with Bank of Montreal and The Bank of Nova Scotia (collectively the "*Banks*"), and Lessor (the "*Backstop Agreement*"), an Acknowledgement dated the date hereof from Company to Secured Party and the Banks (the "*Acknowledgement*") and an Escrow Agreement with Company and Montreal Trust Company of Canada (the "*Escrow Agreement*"), pursuant to which, in order to provide the financial support and incur the obligations contemplated thereby, the Secured Party will agree to repurchase the Cars in certain circumstances and incur the obligations thereunder;

WHEREAS, the Secured Party has required, as a condition precedent to its entering into the Backstop Agreement and the Escrow Agreement and incurring the obligations thereunder, that the Company secure certain obligations under such Agreements and the other Transaction Documents (hereinafter defined) in accordance with the terms of this Security Agreement.

NOW THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Backstop Agreement. All terms used in this Security Agreement that are defined in the Uniform Commercial Code in effect in the State of Illinois (the "*UCC*") and which are not otherwise defined herein shall have the meanings set forth therein. As used herein, the term "*Transaction Documents*" shall mean and include the Acknowledgement, the Backstop Agreement, this Security Agreement, the Escrow Agreement and each other document or instrument executed from time to time in connection herewith or therewith.

2. Grant of Security Interest in the Collateral. To secure the prompt payment and performance in full when due, whether by lapse of time, acceleration or otherwise, of the Secured Obligations (as defined in Section 3 hereof). Company hereby grants to the Secured Party a continuing security interest in, any and all right, title and interest of Company in and to the following, whether now owned or existing or owned, acquired, or arising hereafter (collectively, the "*Collateral*"):

- (a) All equipment, including, without limitation, all vehicles, machinery, tools, furniture, furnishings, office equipment and trade fixtures;

- (b) All accounts and receivables and all goods represented by or securing accounts and receivables, including, without limitation, all rents and tenant payments, if any;
- (c) All inventory, including, without limitation, all raw materials, all work in process and all goods held by the Company for sale or lease, including without limitation, the Cars;
- (d) All contract rights, including, without limitation, all rights under management agreements, tax sharing agreements and lease agreements and all rights to payment of money, tax refunds and insurance proceeds;
- (e) All other general intangibles;
- (f) All deposit accounts;
- (g) All instruments, documents, chattel paper, securities, policies and certificates of insurance, deposits, cash or other goods;
- (h) All books, records, files, computer software and other writings or evidence of the Debtor's business;
- (i) All proprietary information, designs, processes, inventions, licenses, know-how and trade secrets, all letters patent of the United States or any other country, now existing or hereafter arising, and all improvement patents, reissues, reexaminations, patents of addition, renewals and extensions thereof, all applications for letters patent of the United States or any other country, now existing or hereafter arising, and all provisionals, divisions, continuations and continuations-in-part and substitutes thereof, all trademarks, trade names, service marks, logos and other source or business identifier, now existing or hereafter acquired, together with the good will of the business symbolized by said marks, registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all renewals thereof, all copyrights, now existing or hereafter created or acquired, all registrations and recordings thereof, and all applications and registrations in connection therewith, whether in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any country or political subdivision thereof, or otherwise, and all renewals thereof, and all actions for infringement concerning any of the foregoing, including the right to sue for and recover and retain all damages and profits arising from past infringements (collectively, the "**Intellectual Property**");
- (j) All other personal property of any kind or type whatsoever owned by the Company;
- (k) All accessions and additions to, and substitutions and replacements of, any and all of the foregoing, whether now existing or hereafter arising; and

- (l) All proceeds and products of the foregoing and all insurance relating to the foregoing Collateral and all proceeds thereof (including, without limitation, insurance proceeds payable on account of business interruption), whether now existing or hereafter arising.

3. **Security for Obligations.** The security interest created hereby in the Collateral constitutes continuing collateral security for all of the following, whether now existing or hereafter incurred (the "***Secured Obligations***"):

- (a) The prompt and strict performance and observance by the Company of all agreements, warranties, representations, covenants, conditions and obligations of the Company and the prompt payment, as and when due and payable of all amounts, indebtedness, liabilities and obligations of any kind or nature, now existing or hereafter arising, owing from Company to Secured Party in each case under (i) Sections 3, 4 (d)(i), 4 (d) (iii), 5, 7, 8, 9, 10, the first two sentences of Section 11, Section 12 (A) and (B) (to the extent it refers to the Sections of the Backstop Agreement specifically enumerated in this Section 3 (a)), Section 12 (C), 12 (D), Sections 13, 14, 15 (to the extent only that it incorporates Section 1.01-1.03 inclusive, Article II of Exhibit B), Sections 17 and 21, in each case of the Backstop Agreement or (ii) this Security Agreement (iii) the Acknowledgement and (iv) the Escrow Agreement;
- (b) The prompt payment, as and when due and payable, of all other amounts, indebtedness, liabilities and obligations of any kind or nature, now existing or hereafter arising, owing from the Company to the Secured Party, including by way of guarantee or indemnity, whether now existing or hereafter incurred, matured or unmatured, direct, indirect or contingent including any extensions; and
- (c) The prompt payment, as and when due and payable, of all amounts paid by the Secured Party to the Banks under the Backstop Agreement or the Acknowledgement which exceeds CDN. \$72,500 per Car repurchased, together with the applicable sales and other taxes thereon less the Re-Marketing Fee.

4. **Representations and Warranties.** The Company hereby represents and warrants to the Secured Party, that so long as the Backstop Agreement is in effect or any amounts payable thereunder or under any other Transaction Document shall remain outstanding, and until all of the obligations thereunder shall have terminated that (i) the Debtor's chief executive office and chief place of business are (and for the prior four months have been) located at 421-7th Avenue S.W. Suite 3200, Calgary, Alberta, Canada T2P 4K9, (ii) unless the Company shall give the Secured Party not less than thirty (30) days prior written notice, the Company keeps its books and records at such location and (iii) in the event that the Company shall conduct business in the United States, the Debtor's chief executive office in the United States will be located at 5010 Fair Elms, Western Springs, Illinois, which is in Cook County, Illinois unless the Company shall give the Secured Party not less than thirty (30) days prior written notice.

5. **Intentionally Deleted.**

6. **Advances by Secured Party.** On failure of the Company to perform any of the covenants and agreements contained herein or in the sections of the Backstop Agreement specifically enumerated in Section 3 (a) (i) above, the Escrow Agreement and other Transaction

Documents, the Secured Party may, at its sole option and in its sole discretion, perform the same and in so doing may expend such sums as the Secured Party may reasonably deem advisable in the performance thereof. All such sums and amounts so expended shall be repayable by the Company immediately without notice or demand and shall constitute additional Secured Obligations. No such performance of any covenant or agreement by the Secured Party on behalf of the Company, and no such advance or expenditure therefor, shall relieve the Company of any default under the terms of this Security Agreement or the other Transaction Documents. The Secured Party may make any payment hereby authorized in accordance with any bill, statement or estimate procured from the appropriate public office or holder of the claim to be discharged without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien, title or claim.

7. **Events of Default.** The Company shall be in default under this Security Agreement upon the occurrence of any of the following events ("***Events of Default***"):

- (a) **Performance of Obligations:** The Company defaults in performance of any of the Secured Obligations;
- (b) **Breach of Agreement:** The Company breaches any term, provision, warranty, representation or covenant under this Security Agreement or the Secured Obligations all as in effect or as hereafter entered into or amended;
- (c) **Cease to Carry on Business:** The Company ceases or threatens to cease to carry on business;
- (d) **Bankruptcy, Insolvency:** The dissolution, termination of existence, insolvency, bankruptcy or business failure of the Company, or upon the application for or the appointment of a receiver or receiver manager of any part of the property of the Company, or the commencement by or against the Company of any proceeding under any bankruptcy, arrangement, reorganization, dissolution, liquidation, insolvency or similar law for the relief of or otherwise affecting creditors of the Company, or upon the issuance of any writ of execution, warrant, attachment, sequestration, levy, third party demand or garnishment or similar process against the Company, or any part of the Collateral;
- (e) **Commit Act of Bankruptcy:** The Company commits or threatens to commit an act of bankruptcy;
- (f) **Dissolution, Winding Up:** The institution by or against the Company of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of the Company;
- (g) **Sale in Bulk:** The Company makes or proposes to make any sale of its assets in bulk other than pursuant to the Backstop Agreement;
- (h) **Charge Against Collateral:** If any right of distress is levied against the Collateral or if any security interest, mortgage, lien, claim, charge or any other encumbrance affecting the Collateral becomes enforceable against the Collateral or any part thereof;

- (i) Destruction of Collateral: Any material portion of the Collateral is damaged or destroyed and the Loss Value is not paid in accordance with the Lease; and
- (j) Other Default: The Company defaults under any agreement with respect to any indebtedness or other obligation to any person other than the Secured Party if such default has resulted in, or may result, with notice or lapse of time or both, in the acceleration or the right of such person to realize upon any Collateral;

## 8. Remedies.

(a) General Remedies. Upon the occurrence of an Event of Default and during continuation thereof, the Secured Party shall have, in addition to the rights and remedies provided herein, in the General Security Agreement dated the date hereof, between the parties, and in Transaction Documents or by law (including, but not limited to, the rights and remedies set forth in the Uniform Commercial Code of the jurisdiction applicable to the affected Collateral) the rights and remedies of a secured party under the UCC (regardless of whether the UCC is the law of the jurisdiction where the rights and remedies are asserted and regardless of whether the UCC applies to the affected Collateral), and further the Secured Party may, with or without judicial process or the aid and assistance of others, and to the extent permitted by applicable law (i) enter on any premises on which any of the Collateral may be located and, without resistance or interference by the Company, take possession of the Collateral, (ii) dispose of any Collateral on any such premises, (iii) require the Company to assemble and make available to the Secured Party at the expense of the Company any Collateral at any place and time designated by the Secured Party which is reasonably convenient to both parties, (iv) remove any Collateral from any such premises for the purpose of effecting sale or other disposition thereof, and/or (v) without demand and without advertisement, notice, hearing or process of law (except as provided below), all of which the Company hereby waives to the fullest extent permitted by law, at any place and time or times, sell and deliver any or all Collateral held by or for it at public or private sale, by one or more contracts, in one or more parcels, for cash, upon credit or otherwise, at such prices and upon such terms as the Secured Party deems advisable, in its sole discretion (subject to any and all mandatory legal requirements). In addition to all other sums due the Secured Party with respect to the Secured Obligations, the Company shall pay the Secured Party all reasonable costs and expenses incurred by the Secured Party, including, but not limited to, reasonable attorneys' fees and court costs, in obtaining or liquidating the Collateral, in enforcing payment of the Secured Obligations, or in the prosecution or defense of any action or proceeding by or against the Secured Party or the Company concerning any matter arising out of or connected with this Security Agreement, any Collateral or the Secured Obligations, including, without limitation, any of the foregoing arising in, arising under or related to a case under the Bankruptcy Code. To the extent the rights of notice cannot be waived hereunder, the Company agrees that any requirement personally served on or mailed, postage prepaid, to the Company in accordance with the notice provisions of Section 22 of the Backstop Agreement at least 10 days before the time of sale or other event giving rise to the requirement of such notice. The Secured Party shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. To the extent permitted by law, the Secured Party may be a purchaser at any such sale. Subject to the provisions of applicable law, the Secured Party may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, to the extent permitted by law, be made at the time and place to which the sale was postponed, or the Secured Party may further postpone such sale by announcement made at such time and place.

(b) Nonexclusive Nature of Remedies. Failure by the Secured Party to exercise any right, remedy or option under this Security Agreement or any other Transaction Document or as provided by law, or any delay by the Secured Party in exercising the same, shall not operate as a waiver of any such right, remedy or option. No waiver hereunder shall be effective unless it is in writing, signed by the party against whom such waiver is sought to be enforced and then only to the extent permitted by law, neither the Secured Party nor any party acting as attorney for the Secured Party, shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or law other than its gross negligence or willful misconduct hereunder. The rights and remedies of the Secured Party under this Security Agreement shall be cumulative and not exclusive of any other right or remedy which the Secured Party may have.

9. Power of Attorney. In addition to other powers of attorney contained herein, the Company hereby designates and appoints the Secured Party and each of its designees or agents, as attorney-in-fact of the Company, irrevocably and with power of substitution, with authority to take any or all of the following actions upon the occurrence and during the continuance of an Event of Default, subject to other provisions hereof:

- (i) demand, collect, settle, compromise, adjust, give discharges and releases, all as the Secured Party may determine;
- (ii) commence and prosecute any actions at any court for the purposes of collecting any Collateral and enforcing any other right in respect thereof;
- (iii) defend, settle or compromise any action brought and, in connection therewith, give such discharge or release as the Secured Party may deem appropriate;
- (iv) receive and open mail addressed to the Company and endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing payment, shipment or storage of the goods giving rise to the Collateral of the Company on behalf of and in the name of the Company, or securing, or relating to such Collateral;
- (v) sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any Collateral or the goods or services which have given rise thereto, as fully and completely as though the Secured Party were the absolute owner thereof for all purposes;
- (vi) adjust and settle claims under any insurance policy relating thereto;
- (vii) execute and deliver all assignments, conveyances, statements, financing statements, renewal financing statements, security agreements, affidavits, notices and other agreements, instruments and documents that the Secured Party may determine necessary in order to perfect and maintain the security interests and liens granted in this Security Agreement and in order to fully consummate all of the transactions contemplated therein;
- (viii) institute any foreclosure proceedings that the Secured Party may deem appropriate; and

- (ix) do and perform all such other acts and things as the Secured Party may deem to be necessary, proper or convenient in connection with the Collateral.

This power of attorney is coupled with an interest and is irrevocable until the Secured Obligations have been fully satisfied and the obligations relating thereto terminated.

10. Application of Proceeds. Upon the occurrence and during the continuance of an Event of Default, any payments in respect of the Secured Obligations and any proceeds of the Collateral, when received by the Secured Party in cash or its equivalent, unless the Secured Party agrees otherwise, will be applied in reduction of the Secured Obligations, and the Company irrevocably waives the right to direct the application of such payments and proceeds and acknowledges and agrees that the Secured Party shall have the continuing and exclusive right to apply and reapply any and all such payments and proceeds in the Secured party's sole discretion, notwithstanding any entry to the contrary upon any of its books and records. The Company shall remain liable to the Secured Party for any deficiency. The Secured Party shall be liable to Company for any excess.

11. Costs of Counsel. If at any time hereafter, whether upon the occurrence of an Event of Default or not, the Secured Party employs counsel to prepare or consider amendments, waivers or consents with respect to this Security Agreement, or to take action or make a response in or with respect to any legal or arbitral proceeding relating to this Security Agreement or relating to the Collateral, or to protect the Collateral or exercise any rights or remedies under this Security Agreement or with respect to the Collateral, then the Company agree to promptly pay upon demand any and all such reasonable costs and expenses of the Secured Party, all of which costs and expenses shall constitute Secured Obligations hereunder.

12. Continuing Agreement. This Security Agreement shall be a continuing agreement in every respect and shall remain in full force and effect so long as any Secured Obligation is outstanding, and until all of the commitments thereunder shall have terminated. Upon such termination of this Security Agreement, the Secured Party shall, upon the request and at the expense of the Company, forthwith release all of its liens and security interests hereunder. Notwithstanding the foregoing all releases and indemnities provided hereunder shall survive termination of this Security Agreement.

13. Amendments; Waivers; Modifications. This Security Agreement and the provisions hereof may not be amended, waived, modified, changed, discharged or terminated except in a writing signed by the Secured Party.

14. Successors in Interest. This Security Agreement shall create a continuing security interest in the Collateral and shall be binding upon the Company, its successors and assigns and shall inure, together with the rights and remedies of the Secured Party to the benefit of the Secured Party and its successors and assigns; provided, however, that the Company may not assign its rights or delegate its duties hereunder without the prior written consent of the Secured Party. To the fullest extent permitted by law, the Company hereby releases the Secured Party, and its successors and assigns, from any liability for any act or omission relating to this Security Agreement or the Collateral, except for any liability arising from the gross negligence or willful misconduct of the Secured Party, or its officers, employees or agents.

15. Notices. All notices required or permitted to be given under this Security Agreement shall be in conformance with the Backstop Agreement.

16. Counterparts. This Security Agreement may be executed in any number of counterparts, each of which where so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Security Agreement to produce or account for more than one such counterpart.

17. Headings. The headings of the sections and subsections hereof and the recitals to this Agreement are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Security Agreement.

18. Governing Law; Submission to Jurisdiction; Venue.

(a) THIS SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS. Any legal action or proceeding with respect to this Security Agreement may be brought in the courts of the State of Illinois in Cook County, or of the United States for the Northern District of Illinois, and, by execution and delivery of this Security Agreement, the Company hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the nonexclusive jurisdiction of such courts. The Company further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at the address set out for notices in accordance with Section 22 of the Backstop Agreement, such service to become effective 30 days after such mailing. Nothing herein shall affect the right of the Secured Party to serve process in any other manner permitted by law or to commence legal proceedings or to otherwise proceed against any Company in any other jurisdiction.

(b) The Company hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Security Agreement brought in the courts referred to in subsection (a) hereof and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) TO THE EXTENT PERMITTED BY LAW, THE SECURED PARTY AND THE COMPANY HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

19. Severability. If any provision of any of the Security Agreement is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

20. Entirety. This Security Agreement and the other Transaction Documents represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and

understandings, oral or written, if any, including any commitment letters or correspondence relating to the Transaction Documents or the transactions contemplated herein and therein.

21. **Survival of Representations and Warranties.** All representations and warranties of the Debtor hereunder shall survive the execution and delivery of this Security Agreement and the other Transaction Documents.

22. **Other Security.** To the extent that any of the Secured Obligations are now or hereafter secured by property other than the Collateral (including, without limitation, real property and securities owned by a Debtor), or by a guarantee, endorsement or property of any other Person, then the Secured Party shall have the right to proceed against such other property, guarantee or endorsement upon the occurrence of any Event of Default, and the Secured Party has the right, in its sole discretion, to determine which rights, security, liens, security interests or remedies the Secured Party shall at any time pursue, relinquish, subordinate, modify or take with respect thereto, without in any way modifying or affecting any of them or any of the Secured Party's rights or the Secured Obligations under this Security Agreement or under any other of the Transaction Documents.

Each of the parties hereto has caused a counterpart of this Security Agreement to be duly executed and delivered as of the date first above written.

**G.S.M. & ASSOCIATES LEASING INC.,**  
as Company

By 

Title PRESIDENT

Accepted and agreed to as of the date first above written.

**NATIONAL STEEL CAR LIMITED,**  
as Secured Party

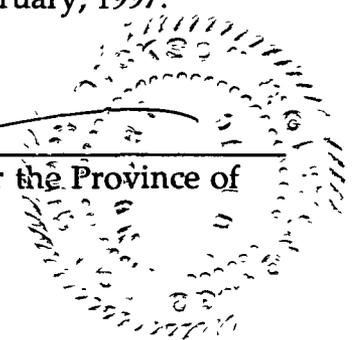
By 

Title PRESIDENT & C.O.O.

I HEREBY CERTIFY that on the 26<sup>th</sup> day of February, 1997 at the City of Toronto, in the Province of Ontario, G. Scott Merrifield who is personally known to me, appeared before me and acknowledged to me that he is the President of G.S.M. & ASSOCIATES LEASING INC., and that he is the person who subscribed his name to the annexed security agreement as President of the said G.S.M. & ASSOCIATES LEASING INC., and that he was first duly authorized to subscribe his name as aforesaid.

IN TESTIMONY whereof I have hereto set my hand and Seal of Office at Toronto, Ontario, this 26<sup>th</sup> day of February, 1997.

  
A Notary Public in and for the Province of Ontario



I HEREBY CERTIFY that on the 26<sup>th</sup> day of February, 1997 at the City of Toronto, in the Province of Ontario, John S. Marinucci who is personally known to me, appeared before me and acknowledged to me that he is the President and Chief Operating Officer of NATIONAL STEEL CAR LIMITED, and that he is the person who subscribed his name to the annexed security agreement as President and Chief Operating Officer of the said NATIONAL STEEL CAR LIMITED, and that he was first duly authorized to subscribe his name as aforesaid.

IN TESTIMONY whereof I have hereto set my hand and Seal of Office at Toronto, Ontario, this 26<sup>th</sup> day of February, 1997.



A Notary Public in and for the Province of Ontario

