

CONNELL FINANCE COMPANY, INC.

A SUBSIDIARY OF CONNELL RICE & SUGAR CO INC

45 CARDINAL DRIVE

WESTFIELD N J 07092

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NEW JERSEY (201) 233-0700
NEW YORK (212) 964-0680

May 8, 1991

1-130A001

17304
RECORDED IN _____ FILED IN _____

MAY 10 1991 - 9 55 AM
INTERSTATE COMMERCE COMMISSION

Noreta R. McGee
Secretary of the Interstate Commerce Commission
Interstate Commerce Commission
12th Street and Constitution Avenue N.W.
Washington, DC 20423

Dear Ms. McGee:

I have enclosed one original and one counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Security Agreement, a primary document, dated as of April 25, 1991, relating to 122 Covered Hopper Cars [Cargill].

The names and addresses of the parties to the document are as follows:

Debtor:	Connell Finance Company, Inc. 45 Cardinal Drive Westfield, New Jersey 07090-1099
Lender:	GIPEN & Co. c/o The Mutual Life Insurance Company of New York 1740 Broadway New York, New York 10019

MAY 10 9 49 AM '91
HOTCHKISS & CO. UNIT

A description of the equipment covered by the document follows:

One hundred and twenty two 3560 cu. ft. covered hopper cars, identification numbers GWIX 2000 through 2087, GWIX 3000 through 3033.

A fee of \$30.00 is enclosed to cover the filing of the Security Agreement. Please return the original and any extra copies not needed by the Commission for recordation to Mark R. Decker, General Counsel, Connell Finance Company, Inc., 45 Cardinal Drive, Westfield, New Jersey 07090-1099.

Interstate Commerce Commission

May 8, 1991

Page 2

A short summary of the document follows:

A Security Agreement between Connell Finance Company, Inc., as Debtor, 45 Cardinal Drive, Westfield, New Jersey and GIPEN & Co., c/o The Mutual Life Insurance Company of New York, 1740 Broadway, New York, New York 10019, as Lender, dated as of April 25, 1991 and covering the tank cars.

Very truly yours,

CONNELL FINANCE COMPANY, INC.

A handwritten signature in cursive script, appearing to read "M. Decker", written in black ink.

Mark R. Decker
General Counsel

MRD/tac
91-0656W

Interstate Commerce Commission
Washington, D.C. 20423

5/10/91

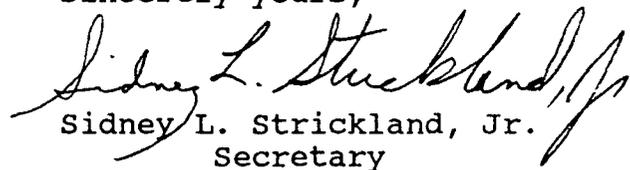
OFFICE OF THE SECRETARY

Mark R. Decker
General Counsel
Cornell Finance Company
45 Cardinal Drive
Westfield, N.J. 07092

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 5/10/91 at 9:55am, and assigned recordation number(s). 17303 & 17304

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

17304

REGISTERED TO _____ FEB 1989

MAY 10 1991 - 9 55 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of April 25, 1991

Between

CONNELL FINANCE COMPANY, INC.

as Debtor and Lessor

and

GIPEN & CO.

as Lender

relating to

122 Covered Railroad Hopper Cars
[Cargill]

SECURITY AGREEMENT
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- Exhibit A: Form of Note
 Exhibit B: Definitions
 Exhibit C: Form of Lessee Consent and Rent Assignment Letter
 Exhibit D: Form of Opinion of Debtor's Counsel
 Exhibit E: Form of Opinion of Morgan, Lewis & Bockius

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this *Security Agreement*) is made as of April 25, 1991 between Connell Finance Company, Inc., a New Jersey corporation, with offices at 45 Cardinal Drive, Westfield, New Jersey 07090-1099 (*Debtor*) and GIPEN & Co. (*Lender*) a New York limited partnership, with its principal place of business c/o The Mutual Life Insurance Company of New York at 1740 Broadway, New York, New York 10019.

RECITALS

- A. Debtor, as Lessor, has entered into an Equipment Lease Agreement (the *Equipment Lease Agreement*) dated as of October 18, 1989, with Cargill Incorporated, a Delaware corporation having its principal place of business located at 15407 McGinty Road West, Minnetonka, Minnesota 55440, as lessee (the *Lessee*). Annexed to the Equipment Lease Agreement incorporated therein is Lease Schedule No. 1 dated October 18, 1989 (*Schedule One*). By Amendment No. 1 dated as of September 5, 1990 (*Amendment No. 1*), Debtor and Lessee have amended the Equipment Lease Agreement. Annexed to Amendment No. 1 is Lease Schedule No. 2, dated August 16, 1990 (*Schedule Two*). (The Equipment Lease Agreement as amended by, and Amendment No. 1 as it relates to, Schedule One and Schedule Two only, and not as it relates to any potential subsequent Lease Schedule, is hereinafter referred to as the *Lease*.) Pursuant to the Lease, a certain 132 covered railroad hopper cars, as designated in Schedule One and Schedule Two (the *Equipment*) have been leased by the Debtor to the Lessee.
- B. Lender intends to make a loan to Debtor in the aggregate original principal amount of \$2,750,750.72 and, as evidence of such loan, Debtor intends to issue its 9.32% Secured Note Due December 1, 2004 (the *Note*), which shall be substantially in the form annexed hereto as Exhibit A to Lender, the due and punctual payment of which is to be secured by this Security Agreement;
- C. Debtor intends to use the proceeds of such loan to refinance the Equipment. Capitalized terms used in this Security Agreement and not otherwise defined herein shall have the meanings set out in Exhibit B annexed hereto.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and in order to secure the payment of the principal and interest and all other sums due under the Note, Lender and Debtor hereby agree as follows:

SECTION 1. ISSUANCE AND SALE OF THE NOTE.

1. Purchase by Lender. Debtor agrees to sell to Lender and, subject to fulfillment of the conditions specified in this Section 1, Lender shall purchase from Debtor on the Closing Date the Note in the aggregate original principal amount of \$2,750,750.72 (the *Purchase Price*) and payable to the order of Lender or the order of such nominee of Lender as Lender may specify by written notice delivered to Debtor.
2. Closing. Closing shall take place on the Closing Date at the New York offices of The Mutual Life Insurance Company of New York, the general partner of the Lender. On the Closing Date, Lender shall pay to Debtor the Purchase Price of the Note in

immediately available funds. Upon receipt of such amount, Debtor shall deliver to Lender the Note.

3. Conditions Precedent to Purchase of Note: Closing Date. The obligation of Lender to purchase the Note hereunder on the Closing Date shall be subject to fulfillment of the following conditions on or prior to the Closing Date to the satisfaction of Lender:
- (a) A fully executed original of this Security Agreement true copies of the executed Lease, (marked to show its assignment to Lender) and an executed original of the Lessee Consent and Rent Assignment Letter shall have been delivered to Lender.
 - (b) The Lease and this Agreement shall have been duly filed and recorded in conformity with 49 USC Section 11303 of the Interstate Commerce Act and in such other place or places within the United States and Canada as may be necessary for the protection of the title of Debtor, as lessor of, and the security interest of Lender in, the Equipment and Lender shall have received an opinion of Morgan, Lewis & Bockius, addressed to Lender, with respect to such filings within the United States, substantially in the form annexed hereto as Exhibit E. This Agreement as filed shall be redacted so as to eliminate the amounts of the Note rates.
 - (c) Lender shall have received certificates of such insurance, if any, as Lessee is required to maintain pursuant to Section 14 of the Lease.
 - (d) Lender shall have received a Secretary's Certificate certifying copies of (a) the appropriate corporate proceedings of the board of directors of Debtor with respect to the authorization of this Agreement and the Note, (b) the Debtor's Certificate of Incorporation and (c) the Debtor's By-Laws. Such certificate shall be dated the Closing Date.
 - (e) The representations and warranties of Debtor contained herein, shall be true and correct on and as of the Closing Date; on the Closing Date there shall be no default hereunder or by Debtor under the Lease or, to the best of Debtor's knowledge, by Lessee under the Lease, or, to the best of Debtor's knowledge, the occurrence of any event which, but for the lapse of time or the giving of notice or both, would be such a default; and Lender shall have received on Closing Date from Debtor a certificate to such effect respecting the representations, warranties and nondefault, dated the Closing Date and signed by a duly authorized representative of Debtor.
 - (f) Lender shall have received a signed opinion, dated the Closing Date, from counsel to Debtor in the form of Exhibit D annexed hereto.
 - (g) Lender shall have received a certificate, dated the Closing Date, of Debtor showing the incumbency and the specimen signatures of the officers of Debtor who will execute this Agreement and the Note.
 - (h) Lender shall have received the fully executed Note to be purchased by Lender.

- (i) Lender shall have received a copy of a full warranty bill of sale from the seller of each item of Equipment to Debtor evidencing the transfer of title thereto to Debtor.
- (j) Lender shall have received true copies of an executed Acceptance Notice with respect to each item of Equipment.
- (k) Rent and Stipulated Loss Values, as indicated on the schedules thereof, shall at all times be equal to, or greater than, payments of principal and interest due on the Note.
- (l) Lender shall have received such Uniform Commercial Code financing statements, executed by Debtor, as debtor, and Lender, as secured party, as are necessary to perfect all of the security interests created hereunder.

SECTION 2. GRANT OF SECURITY INTEREST.

- A. As security for the payment and performance of obligations of the Debtor under the Note and this Security Agreement, Debtor hereby gives, grants and assigns to Lender a security interest in and lien on all of Debtor's rights in the following described property (but excluding in all cases Excluded Payments and Excepted Rights, as hereinafter defined) now owned by Debtor or to be purchased by Debtor with the proceeds of the Note (hereinafter called the *Collateral*):
 - 1. The Lease, and all rights, title and interest of Debtor as lessor thereunder, including, without limitation, the right to receive notices and give consents under the Lease, and all Rent due or to become due under the Lease; all rights, claims and causes of action, if any, which Debtor may have thereunder; all bills of sale, invoices and other documents (and all right, title and interests of Debtor thereunder) delivered by the manufacturer or seller with respect to any item or items of Equipment, including (without limitation) any documents transferring any interest in any warranty, together with, in each and every case, all proceeds thereof; it being expressly understood that the Lease, and all rights, title and interest of the Debtor, as Lessor thereunder, constitute Collateral, only as they relate to Schedules One and Two. To the extent any subsequent Schedule is entered into and incorporated as part of the Equipment Lease, it is not part of the Collateral hereunder.
 - 2. The Equipment, including all additions, excessions, replacements and substitutions therefor, and all proceeds thereof and therefrom, including all sums realized upon the sale or other disposition of the Equipment, all sums due or to become due in connection with the exercise by Lessee of any option, or in connection with any obligation of Lessee or any other party, to purchase such Equipment, and all sums (including insurance proceeds) payable in connection with any loss, damage or destruction of an item or items of Equipment.
- B. Limitations to Security Interest. So long as Lessee is not in default of any of its obligations under the Lease, the interest of Lender in the Lease and the Equipment shall be subject and subordinate to Lessee's leasehold estate in the Equipment and Lender shall not disturb Lessee's quiet use and possession of the Equipment.

Lender shall promptly pay over to the Debtor, and Debtor may receive and retain, any payments made by Lessee which are due Debtor pursuant to Sections 14, 15, 18 and 31 of the Lease and any proceeds payable to Debtor under any liability insurance policy carried by Lessee (collectively, *Excluded Payments*).

- C. Duration of Security Interest. The Lender, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay all the indebtedness hereby secured, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void, otherwise to remain in full force and effect.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF DEBTOR.

- A. Representations and Warranties of Debtor. Debtor hereby represents and warrants as follows:
1. Debtor is a New Jersey corporation duly organized, validly existing and in good standing, and has the corporate power to enter into and perform its obligations under the Security Agreement, the Note and the Lease.
 2. This Security Agreement, the Lease, and the Note have been duly authorized, executed and delivered by, Debtor, and each constitutes a legal, valid and binding agreement and obligation of Debtor, enforceable against Debtor in accordance with its terms, and the Lease, and Lessee's Consent and Rent Assignment Letter acknowledging the assignment made hereby constitute the entire agreement between Debtor and Lessee pertaining to the leasing of Equipment by Debtor to Lessee.
 3. The execution and delivery of the Note, this Security Agreement and the Lease, the consummation of the transactions contemplated herein or in the Lease and the fulfillment of and compliance with the terms and provisions hereof do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of Debtor's Certificate of Incorporation or By-laws or of any bond, debenture, note, mortgage indenture, agreement or other instrument to which Debtor is a party or by which it or its property may be bound, and will not constitute (with the giving of notice or the passage of time or both) a default thereunder, or result in the creation of imposition of any lien, charge, security interest or other encumbrance of any nature whatsoever upon the Collateral pursuant to the terms of any such agreement or instrument.
 4. Debtor has such title to and ownership of the Equipment as was conveyed to it by the vendor thereof, if any, or owner thereof, free and clear of all security interests, liens and encumbrances created by Debtor, except for the respective interests of Lender hereunder and Lessee under the Lease (including such as are required to be discharged by Lessee pursuant to the Lease) and no other assignment or security interest other than as contemplated hereby has been granted by Debtor generally or specifically with respect to the Collateral. Subject to the interest of the Lessee under the Lease, and assuming due authorization and execution of the Security Agreement by Lender, and upon filing of this Agreement pursuant to Section 3(b) hereof, Lender shall have a first priority security interest in the Collateral.

5. There is no rent now due and unpaid pursuant to the terms of the Lease nor have there been any payments made in advance on account of the rentals to become due under the Lease.
6. To the best of Debtor's knowledge, no Event of Default under the Lease has occurred or event which, with the passing of time or the giving or notice, or both, would constitute such an Event of Default.
7. Debtor has made its investment in the Equipment and has not acquired its interest in the Lease directly or indirectly with the assets of or in connection with any arrangements or understanding by it in any way involving any employee benefit plan (or its related trust) all within the meaning of the Employee Retirement Income Security Act of 1974.
8. Neither Debtor nor any other person acting on behalf of Debtor has directly or indirectly offered the Note or any similar securities for sale to or solicited officers to buy any therefrom, or otherwise approached or negotiated with respect thereto with, anyone other than Lender and not more than 80 other institutional investors.

B. Representations and warranties of Lender. Lender hereby represents and warrants as follows:

1. Lender is a New York limited partnership duly organized, validly existing and in good standing, and has the power to enter into and perform under the Security Agreement, the Note and the Lease.
2. This Security Agreement has been duly authorized, executed and delivered by Lender, and constitutes a legal, valid and binding agreement and obligation of Lender, and enforceable against Lender in accordance with its terms.
3. No part of the funds used by Lender to acquire the Notes constitute assets of any employee benefit plan (or its related trust) within the meaning of the Employee Retirement Income Security Act of 1974.
4. The Note is being acquired by Lender for its own account for investment and not with a view to the resale or distribution thereof, provided however, that the disposition of its interest in the Notes shall at all times be within its control.

SECTION 4. COVENANTS OF DEBTOR.

Debtor hereby covenants and agrees for the benefit of Lender as follows:

1. All payments due Lender to be made by Lessee under the Lease and by Debtor hereunder shall be made on the payment date by bank wire or intra-bank transfer of Federal or other immediately available funds (identifying the Note dated May 10, 1991 executed by Connell Finance Company, Inc.) to Lender at such address as Lender designates in writing.

2. All right, title and interest of Debtor in and to the Collateral and any payments with respect thereto shall be expressly subject and subordinate to all of the right, title and interest of Lender therein.
3. Debtor shall not modify, rescind, cancel or accept surrender of the Lease or waive any of the provisions thereof or extend the time of payment for payments due thereunder and shall not sell, assign, or transfer its interest in the Lease or the Equipment or take any other action with respect thereto without the prior written consent of Lender, provided, however, that if and only if no Event of Default shall have occurred and be continuing hereunder or under the Lease (i) Debtor shall have the right to take any action allowable by it pursuant to Section 34 and the last three paragraphs of Section 22 of the Lease without the consent of Lender; (ii) no other consents, approvals, waivers or amendments under the Lease may be given without the joint consent of Debtor and Lender; and (iii) Debtor may amend the Lease to increase Lessee's obligations without the consent of Lender; provided further, that if no Event of Default shall have occurred and be continuing hereunder that is not a result of an Event of Default under the Lease but an Event of Default shall have occurred and be continuing under the Lease, Debtor shall retain its rights to (a) inspect the Equipment, (b) receive copies of all notices and financial statements, and (c) perform or cause to be performed any maintenance required to keep the Equipment in working order and to preserve and maintain any insurance policies necessary to protect the Equipment from loss and damage (collectively, *Excepted Rights*).
4. Debtor shall keep the Collateral free and clear of all mortgages, pledges, liens, charges, security interests and other encumbrances whatsoever, except those created by this Security Agreement and the rights of Lessee under the Lease. Debtor shall pay all charges, including without limitation, all taxes and assessments levied or assessed against Debtor, which if unpaid would constitute a lien on the Collateral or any portion thereof; provided, however, that Debtor shall pay charges required to be paid or discharged by Lessee under the terms of the Lease only to the extent that Debtor shall have received funds from Lessee allocable to such charges. Debtor shall not be required to pay or discharge any such charges, taxes or assessments so long as it shall in good faith and by appropriate legal proceedings being diligently prosecuted, contest the validity thereof in any reasonable manner which will not affect or endanger Lessee's right of quiet enjoyment and use of the Equipment under the Lease or Lender's security interest in the Collateral pursuant to this Security Agreement.
5. Debtor shall duly fulfill or cause to be fulfilled all of the obligations to be performed or assumed by Debtor under the Lease.
6. Debtor shall have filed, or cause to be filed, the Lease with the Interstate Commerce Commission in conformity with 49 USC Section 11303 of the Interstate Commerce Act.
7. Debtor shall notify Lender in writing immediately upon obtaining knowledge of any Lessee default in the payment or performance of any of Lessee's obligations under the Lease.
8. Debtor shall allow Lender and its representatives free access and right of inspection, as provided for in the Lease, of the Equipment at any convenient

location, and in the event of loss or damage to the Equipment of which Debtor has knowledge, send prompt written notice thereof to Lender, all to the extent provided for in the Lease. For purposes of paragraphs 8 and 9 of this Section "knowledge" shall mean actual knowledge of an authorized officer of the Debtor.

9. Debtor, at its own cost and expense, shall promptly take such action as may be necessary to discharge any and all liens on any part of the Collateral which result from claims against it, other than the interest of the Lender under this Security Agreement and the Lessee under the Lease, arising out of events or conditions not related to its interest in the Collateral.

SECTION 5. RIGHTS OF LENDER.

Debtor hereby irrevocably constitutes and appoints Lender, and an officer thereof responsible for enforcing the terms of this Security Agreement, Debtor's agent and attorney-in-fact to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to enforce this Security Agreement pursuant to the express terms hereof. Without limiting the generality of the foregoing, Debtor hereby gives Lender the power and right, on behalf of Debtor and without notice to or assent by Debtor, to do the following:

1. Receive directly from Lessee all payments of Rent, Stipulated Loss Value and other sums due and to become due under the Lease (other than Excluded Payments or sums not payable to Lessor under the Lease) and to exercise all rights, privileges and remedies of Lessor under the Lease (other than Excluded Rights), including without limitation, the right to grant waivers or consents of any character.
2. Endorse any loss payment or returned premium check due Lender and to make, settle and release any claim made on behalf of Lender under an insurance policy with respect to the Equipment (so long as such settlement and release does not purport to include or affect Excluded Payments).
3. File and claim or take any other action or proceeding in any court of law or equity for the purpose of collecting any and all monies due under the Lease (other than Excluded Payments).

SECTION 6. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE LENDER.

1. So long as no Event of Default as defined in Section 10 hereof has occurred and is continuing to the knowledge of the Lender:
 - (a) The amounts from time to time received by the Lender pursuant to Sections 2.A.1 and 5.1 hereof which constitute payment by the Lessee of Rent under the Lease, shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the Notes which are due and payable on or before the due date of the installments of Rent which are received by the Lender, and then, so long as no event shall have occurred and be continuing which,

with the lapse of time or giving of notice, or both, would constitute an Event of Default hereunder, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor on the same day as such amounts are received by the Lender, but in any event not later than 48 hours after the receipt thereof;

- (b) The amounts from time to time received by the Lender which constitute settlement by the Lessee of the Stipulated Loss Value for any item of Equipment pursuant to Section 13 of the Lease shall be applied by the Lender on the date such Stipulated Loss Value payment is received or as soon as possible, but in any event not later than 48 hours after the receipt thereof by the Lender as follows:
- (i) First, to the payment of an amount equal to the accrued and unpaid interest on that portion of the Note to be prepaid pursuant to the following subparagraph (ii);
 - (ii) Second, the portion of the unpaid principal balance of the Note allocable to the affected item of Equipment shall be prepaid in an amount obtained by multiplying (a) the outstanding principal balance of the Note by (b) a "Prepayment Factor" which shall be determined by dividing the Equipment Cost for the item or items of Equipment suffering the Event of Loss by the Equipment Cost for all items of Equipment which are then subject to the Lease immediately prior to such Event of Loss. Each remaining installment of principal and interest due under the Note shall be reduced by an amount equal to the amount obtained by multiplying (a) the debt service payment due on the Note before the application of such prepayment by (b) the Prepayment Factor.
 - (iii) Third, so long as no event shall have occurred and be continuing which, with the lapse of time or giving of notice, or both, would constitute an Event of Default hereunder, the balance, if any, of such amounts held by the Lender after making the applications provided for by the preceding subparagraphs (i) and (ii) shall be released to or upon the order of the Debtor on the date of payment of the amounts provided in the preceding clauses (i) and (ii).
- (c) Payments required to be made to the Debtor under Section 6.1 (a) and (b) not made within 48 hours after receipt by the Lender shall bear interest at a rate equal to 2% above the rate of interest per annum being charged on the Note, from the date accepted by the Lender to the date of payment to the Debtor.
- (d) The amounts received by the Lender from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of the Equipment shall be held by the Lender as a part of the Collateral and shall be applied by the Lender from time to time to any one or more of the following purposes:
- (i) So long as no Event of Default, or any event which, with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, has occurred and is continuing to the knowledge of the

Lender, the proceeds of such insurance shall, if the item of Equipment is to be repaired, be released to the Debtor to reimburse the Lessee for expenditures made for such repair upon receipt by the Lender of a certificate of an authorized officer of the Lessee to the effect that any damage to such item in respect of which such proceeds were paid has been fully repaired; and

(ii) If the insurance proceeds shall not have been released to the Debtor pursuant to the preceding paragraph (i) within 180 days from the receipt thereof by the Lender, or if within such period the Lessee shall have notified the Lender that the item of Equipment is a total loss, then so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Lender, the insurance proceeds shall be applied by the Lender as follows:

(A) First, to the prepayment of the Note, in the manner and to the extent provided for by clauses (i) and (ii) of Section 6.1(b) hereof; and

(B) Second, the balance, if any, of such insurance proceeds held by the Lender after making the applications provided for by the preceding subparagraph (A) shall be released to or upon the order of the Debtor on the date of such prepayment of the Note.

(e) Default. If an Event of Default referred to in Section 10 hereof has occurred and is continuing to the knowledge of the Lender, all amounts received by the Lender pursuant to Sections 2.A.1 and 5.1 hereof and any amounts received by the Lender pursuant to Section 13 of the Lease shall be applied in the manner provided for in Section 11 hereof in respect of proceeds of any sale of the Collateral. If any sum is held by the Lender under this Agreement as a result of an Event of Default, or an event which with notice or lapse of time would become an Event of Default, such sum shall be distributed as if no such Event of Default, or such other event, had occurred if within 180 days of Lender's receipt of such sum Lender has not accelerated the Note or if all Events of Default and such other events are cured.

SECTION 7. LATE PAYMENT RATE.

All payments not made when due under the Note shall bear interest at a rate (the *Late Payment Rate*) equal to 2% above the rate of interest per annum being charged on that Note. In any event, the Late Payment Rate shall not be higher than the maximum legally enforceable rate.

SECTION 8. RIGHT OF LENDER TO PERFORM FOR DEBTOR.

If Debtor defaults in its obligations hereunder, Lender may, at its option, effect insurance and pay all taxes, assessments, and charges levied on the Equipment or for the storage, maintenance or repair thereof. Any insurance premiums, taxes, assessments and charges so paid shall be secured by this Security Agreement and shall be payable by the

Debtor on demand as obligations independent hereof with interest at the Late Payment Rate.

SECTION 9. LIMITATIONS OF LIABILITY.

Anything in this Security Agreement to the contrary notwithstanding, neither Lender nor the holder of the Note nor the successors or assigns of any of said persons, shall have any claim, remedy or right to proceed against Debtor or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, Debtor, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any penalty or assessment or otherwise, for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Note or for the payment of any sum secured hereby or, except as otherwise provided in this Section 9, for the payment of any liability resulting from the breach of any representation, covenant, agreement or warranty of any nature whatsoever in this Security Agreement, or in the Note, the Lease, or in any instrument or certificate executed by Debtor in connection herewith or therewith, from any source other than the Collateral and the income and proceeds thereof; and Lender, by the execution of this Security Agreement, and the holder of the Note by its acceptance thereof, agrees to look solely to the Collateral and income and proceeds thereof, and waives and releases any personal liability of Debtor, and any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, Debtor for or on account of any such deficiency, indebtedness or, except as otherwise provided in this Section 9, any such liability; provided, however, that (a) nothing herein contained shall limit, restrict or impair the rights of Lender and the holder of the Note to accelerate the maturity thereof upon an Event of Default under this Security Agreement, to bring suit and obtain a judgment against Debtor (provided execution thereof shall be limited to the Collateral and any income and proceeds in respect thereof) on the Note, or to exercise all rights and remedies provided under this Security Agreement or otherwise realize upon the Collateral, (b) Debtor shall be liable for, and to the extent of, any monetary damages actually incurred or sustained by Lender or by any other holder of the Note solely and directly as a result of the breach of any covenant, representation or warranty made by Debtor in paragraphs 1 and 2 of Section 3 hereof and paragraph 9 of Section 4 hereof; and (c) Lender shall have all of its rights and remedies against Lessee under the Lease.

SECTION 10. EVENTS OF DEFAULT.

Any of the following events shall constitute an Event of Default hereunder:

1. Debtor shall fail to make any payment due on the Note when and as the same shall become due and payable whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and such default continues unremedied for 11 days after Debtor receives written notice thereof from the Lender.
2. An Event of Default under and as defined in the Lease shall have occurred and be continuing under the Lease, other than as a result of a failure to make an Excluded Payment due to Debtor.
3. There shall be imposed upon the Collateral or any part thereof any claim, lien, security interest, encumbrance or charge which is prior to or on parity with the

security interest granted hereunder and which Debtor is obligated to discharge hereunder.

4. Debtor shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by Debtor hereunder and such failure shall continue unremedied for a period of 30 days after notice thereof to Debtor.
5. Any representation or warranty made by Debtor herein shall have been incorrect in any material respect when made.
6. Debtor shall (a) file, or consent by answer or otherwise to the filing against it of, a petition for relief seeking liquidation or reorganization in bankruptcy, or take advantage of any bankruptcy or insolvency law of any jurisdiction, (b) make an assignment for the benefit of its creditors, or (c) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers over itself or over any substantial part of its property.
7. Any petition for any relief under any bankruptcy or insolvency law of any jurisdiction shall be filed against Debtor and such petition shall not be stayed or dismissed within 60 days of the date of filing.
8. A court or governmental authority of competent jurisdiction shall enter an order (a) appointing, without consent by Debtor, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property; or (b) approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction; or (c) ordering the dissolution, winding-up or liquidation of Debtor.

SECTION 11. REMEDIES.

If an Event of Default hereunder shall have occurred, then, or at any time thereafter while such Event of Default is continuing, Lender may declare the entire outstanding principal balance of the Note to be immediately due and payable at par and thereupon all such unpaid balance, together with all accrued interest thereon to the date of such payment shall be and become immediately due and payable without notice or demand. Subject to Section 12 hereof, it shall then be lawful for Lender (and Debtor hereby authorizes and empowers Lender with the aid and assistance of any persons) to exercise any one or more of the following remedies:

1. Subject to the rights of Lessee under the Lease, to enter upon such place as the Equipment may be found and take possession of, remove, keep and store or use and operate or lease until sold, any or all of the Equipment, at any time or times, and to dispose of the Equipment and apply the proceeds thereof to the balance hereof or any other obligation arising hereunder, all to the extent permitted by and in accordance with law.
2. If any Event of Default has occurred and is continuing under the Lease, as assignee of Debtor's interest in the Lease, to exercise any or all of the rights and powers and pursue any or all of the remedies provided for in the Lease (except with respect to the collection of Excluded Payments).

3. To exercise any or all of the rights and powers and pursue any or all of the remedies that are available to a secured party under the Uniform Commercial Code or any other applicable law or in equity with respect to the Collateral.

If any Event of Default shall have occurred and be continuing hereunder that is the result solely of the occurrence of a default under the Lease, Lender may exercise remedies hereunder only if Lender shall, to the extent permitted by the terms of the Lease, have terminated the Lease or taken possession of the Equipment or have begun proceedings in good faith to so terminate the Lease, or take such possession, in each case pursuant to the remedies contained in Section 24 of the Lease.

Debtor will reimburse Lender for all reasonable fees of attorneys or collection agencies and all reasonable expenses, costs and charges paid or payable to third persons or suffered or incurred by Lender in attempting or effecting protection or preservation of its security interest in the Collateral or the enforcement of any provision of the Security Agreement. Costs of collecting the amounts secured hereby shall be added to the principal amount due hereunder and shall be secured by, and payable out of, the Collateral.

The proceeds of any sale of the Collateral or any part thereof or any interest therein and the proceeds of the exercise of any other remedy with respect to the Collateral, shall be applied by Lender, first, to the repayment of any costs and expenses reasonably incurred by Lender or any person or party acting on behalf of Lender in connection with the exercise of remedies hereunder, second, to the payment of any amount due under the Note other than principal and interest, third, to the payment of accrued but unpaid interest on the Note, fourth, to the repayment of the outstanding principal balance of the Note and fifth, the balance, if any, of such proceeds remaining thereafter shall be distributed to Debtor.

All rights, remedies and options conferred upon Lender hereunder or by law shall be cumulative and may be exercised successively or concurrently and are not alternative or exclusive of any other such rights, remedies or options. No express or implied waiver by Lender of any default or event of default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent default or event of default. The failure or delay of Lender in exercising any rights granted it hereunder shall not constitute a waiver of any such rights in the future and any single or partial exercise of any particular right by Lender shall not exhaust such rights or constitute a waiver of any other right provided herein.

SECTION 12. CERTAIN RIGHTS OF DEBTOR.

The Lender shall give the Debtor prompt written notice of any Default or Event of Default of which the Lender has knowledge. If an Event of Default under the Lease of which the Lender has knowledge shall have occurred and be continuing, the Lender shall give the Debtor not less than 10 days prior written notice of the date on which the Lender then intends to commence the exercise of any remedy or remedies pursuant to Section 11 hereof (the *Remedy Notice*) or to extend Lessee's dates for payment or waive any rights against, or otherwise modify the obligations of the Lessee under the Lease in any respect, and shall not exercise any such remedy until at least the expiration of such 10-day period.

1. In the case of an Event of Default by Lessee in respect of the payment of any installment of Rent due under the Lease, Debtor may, without the consent of Lender, no more than 10 days after receipt of the Remedy Notice, pay a sum

equal to the amount of all (but not less than all) such overdue Rent, including all such principal and interest as shall then be due and payable on the Note, for application in accordance with the terms hereof.

This paragraph 1 shall not apply with respect to any default in the payment of Rent due under the Lease if the Lessee itself shall have theretofore failed to pay Rent in the manner provided in the Lease (i) on the six Rent Due Dates immediately preceding the date of such default or (ii) on eight Rent Due Dates in the aggregate.

2. In the event of any default by Lessee in the performance of any obligation under the Lease other than the payment of an installment of Rent, Debtor may, without the consent of Lender, pay or perform such obligation for the account of Lessee at any time prior to the exercise of any remedies by Lender hereunder, but subject to the Remedy Notice.
3. Full payment by the Debtor pursuant to paragraph 1 of this Section 12 shall be deemed to cure any Event of Default under the Lease which would otherwise have arisen as a result of any non-payment of installment of Rent due under the Lease and any Event of Default hereunder attributable thereto. Full payment or performance by the Debtor pursuant to paragraph 2 of this Section 12 shall be deemed to cure any Event of Default under the Lease which would otherwise have arisen as a result of failure by the Lessee to perform any obligation under the Lease (other than the payment of an installment of Rent) for a period of not longer than one year after actual knowledge thereof by the Debtor, and any Event of Default hereunder attributable thereto.
4. So long as no other Event of Default has occurred and is continuing hereunder, Debtor may demand that Lessee reimburse Debtor, or Debtor may sue Lessee, for sums expended by Debtor pursuant to the above paragraph.
5. Lender acknowledges and understands that this Security Agreement relates only to the Collateral, and not to any additional Lease Schedules that may be entered into pursuant to the Equipment Lease Agreement, or any equipment that may be leased thereunder. Accordingly Lender's Security Interest does not extend to the lease of any such equipment under such Lease Schedule. Nevertheless, Debtor shall be entitled to seek, and shall obtain from Lender, the express written consent of the Lender to Debtor's entry into any such additional Lease Schedules, and the assignment of a Security Interest in such additional Lease Schedules and the Equipment Lease thereunder to another party as lender, as Debtor in its sole discretion may deem appropriate.
6. Upon payment to the Lender by or on behalf of the Debtor of all the indebtedness secured by this Security Agreement, Lender shall forthwith notify the Lessee (with a copy to Debtor) that (a) Lender has no further interest in the Lease or the Equipment; (b) any future payments of rent and other sums due and to become due under the Lease are to be made to Lessor; (c) Lender has no further entitlement to exercise rights, privileges and remedies of the Lessor under the Lease, and to receive financial reports and other notices under the Lease and that all such entitlement now rests with the Lessor. Upon such payment Lender shall also mark the Note "paid in full" and return same, along with the original of the Lease, to Debtor, and shall execute a UCC Termination Statement and such other documents as Debtor shall reasonably request so as

to remove the Lender's security interest from the record under the UCC and with the ICC.

SECTION 13. OPTIONAL PURCHASE.

At any time after acceleration of the Note or within 60 days after an Event of Default under the terms of the Lease shall have occurred and be continuing for a period of 180 days, Debtor shall have the right to purchase the Note outstanding hereunder.

Upon receipt by Lender of written notice of such election by Debtor, the entire principal balance of the Note outstanding shall be immediately due and payable and all such unpaid balance, together with accrued interest thereon to the date of such purchase, shall be and become immediately due and payable without premium.

SECTION 14. REGISTRATION, REPLACEMENT AND TRANSFER OF NOTE.

Debtor shall cause to be kept at its principal office a register (the *Register*) in which Debtor shall provide for the registration of the Note and of transfers of the Note. Upon surrender for transfer of the Note at the principal office of Debtor, Debtor shall execute and deliver, in the name of the designated transferee a new Note of a like principal amount. Such new Note shall have attached thereto an amortization schedule indicating the payments of interest and principal previously made on the Note for which it was exchanged. The Note presented or surrendered for transfer shall (if so required by Debtor) be duly endorsed or be accompanied by a written instrument of transfer, duly executed by the registered owner thereof or its attorney duly authorized in writing. No service charge shall be made for any transfer of the Note, but Debtor may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed on Debtor in connection with a transfer of the Note. Debtor shall not be required to register any transfer of the Note within 10 days prior to or after any date for the making of a payment hereunder. In connection with a transfer of the Note, Debtor may require verification that such transfer will not require the registration of the Note under the Securities Act of 1933, as amended, which verification may be in the form of an opinion of counsel for the registered owner of the Note.

If the Note is lost, stolen or destroyed, or upon the surrender and cancellation of the Note, if mutilated, Debtor will, without charge and upon the written request of the registered owner hereof, deliver to the registered owner hereof, within a reasonable time after such request and in lieu of such lost, stolen, destroyed or mutilated Note, a new Note (a) of the same tenor, (b) in a principal amount equal to the unpaid principal amount thereof, (c) dated such date as will result in no gain or loss of interest or principal, and (d) bearing a legend that such Note is a new Note and Security Agreement and the reason or reasons why the prior Note and Security Agreement was replaced. If the Note was lost, stolen or destroyed, the registered owner thereof will deliver, prior to receiving a replacement Note, to Debtor an affidavit stating that the Note was lost, stolen or destroyed, as the case may be and any other evidence thereof reasonably requested by Debtor.

Any new Note issued pursuant to this Section 14 shall evidence this same indebtedness as the Note so replaced.

Debtor may deem and treat the registered owner of the Note as the absolute owner hereof (whether or not the Note shall be overdue) for the purpose of receiving payments of principal and interest on the Note and for all other purposes, and Debtor shall not be affected by any notice to the contrary.

SECTION 15. MISCELLANEOUS.

This Security Agreement may not be amended, waived, or discharged, except by an agreement in writing by the party against which or whom enforcement of the amendment, waiver or discharge is sought. In case any one or more of the provisions contained in this Security Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

If Debtor shall be a party to a merger, combination or consolidation or other comparable reorganization and if it shall not be the surviving entity, then the surviving entity shall promptly assume the obligations under the Note and this Security Agreement in writing.

All notices to be made hereunder shall be in writing and (a) if to Debtor, addressed to it at 45 Cardinal Drive, Westfield, New Jersey 07090-1099, Attention: Mr. Grover Connell, President and (b) if to Lender, addressed to The Mutual of New York Life Insurance Company, 1740 Broadway, New York, New York 10019, Attention: Mr. Paul Solomon, Investment Officer. Either party hereto may change the address to which notice to such party shall be sent by giving written notice of such change to the other party to this Security Agreement. All notices shall be deemed to have been given when received by Debtor or Lender, as appropriate.

All amounts to be paid to the Lender hereunder are to be paid by bank wire or intra-bank transfer pursuant to Section 4.1 hereof.

All amounts to be paid to the Debtor hereunder are to be paid by wire transfer to: The Bank of New York, New York, New York ABA #021000018 for the account of Connell Finance Company, Inc. A/C #890-0176-873.

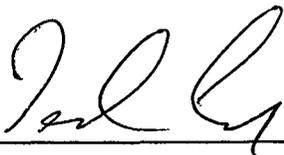
It is the intention of the parties that the provisions of this Security Agreement shall be governed by the laws of the State of New Jersey.

Section headings and captions are inserted for convenience only and shall not affect any construction or interpretation of this Security Agreement. The words "herein", "hereof", "hereby", "hereto", "hereunder", and words of similar import refer to this Security Agreement as a whole and not to any particular section, subsection, paragraph, clause or other subdivision hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed by their duly authorized representatives as of the date first above written.

DEBTOR:

CONNELL FINANCE COMPANY, INC.

By: 

Printed Name: Ted Connell

Title: Executive Vice President

Dated: May 7, 1991

STATE OF New Jersey)
COUNTY OF Union) ss:

On this 7 day of May, 1991 before me personally appeared Ted Connell, to me personally known, who being by me duly sworn, says that he is the Executive Vice President of Connell Finance Company, Inc., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

LENDER:

GIPEN & CO.

By: The Mutual Life Insurance Company of New York, the general partner

By: _____

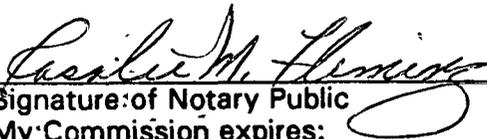
Printed Name: Frank Simunek

Title: Managing Director

Dated: May ___, 1991

STATE OF New York)
COUNTY OF _____) ss:

On this ___ day of May, 1991 before me personally appeared Frank Simunek, to me personally known, who being by me duly sworn, says that he is a Managing Director of The Mutual Life Insurance Company of New York, the general partner of GIPEN & Co., that said instrument was signed on behalf of said general partner 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.


Signature of Notary Public
My Commission expires:
Rosalie M. Fleming
Notary Public of New Jersey
Registered in Somerset & Union Counties
My Commission Expires March 13, 1995

Signature of Notary Public
My Commission expires:

SECURITY AGREEMENT
Page 16

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed by their duly authorized representatives as of the date first above written.

DEBTOR:

CONNELL FINANCE COMPANY, INC.

By: _____

Printed Name: Ted Connell

Title: Executive Vice President

Dated: May _____, 1991

STATE OF New Jersey)
COUNTY OF Union) ss:

On this _____ day of May, 1991 before me personally appeared Ted Connell, to me personally known, who being by me duly sworn, says that he is the Executive Vice President of Connell Finance Company, Inc., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Signature of Notary Public
My Commission expires:

91-0435A

LENDER:

GIPEN & CO.

By: The Mutual Life Insurance Company of New York, the general partner

By: Frank J. Simunek

Printed Name: Frank Simunek

Title: Managing Director

Dated: May 7, 1991

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

On this 7th day of May, 1991 before me personally appeared Frank Simunek, to me personally known, who being by me duly sworn, says that he is a Managing Director of The Mutual Life Insurance Company of New York, the general partner of GIPEN & Co., that said instrument was signed on behalf of said general partner 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.

Signature of Notary Public
My Commission expires: 12/31/91

MARK L. NEWFELD
NOTARY PUBLIC OF NEW YORK
MY COMMISSION EXPIRES DEC. 31, 1991

Reg. No. 4782011

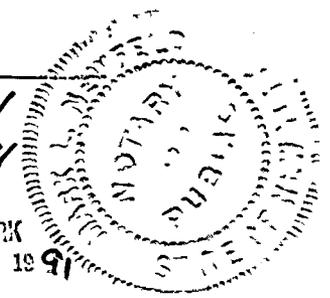


EXHIBIT A

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD OR TRANSFERRED WITHOUT SUCH REGISTRATION UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

SECURED NOTE
Due: December 1, 2004

Registered No. _____

\$2,750,750.72

FOR VALUE RECEIVED, the undersigned, CONNELL FINANCE COMPANY, INC. (*Debtor*) hereby promises to pay to THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK, or registered assigns (*Payee*) the principal sum of Two Million Seven Hundred and Fifty Thousand Seven Hundred and Fifty and 72/100 Dollars (\$2,750,750.72), together with interest on the principal balance from time to time remaining unpaid at the rate of 9.32% per annum (computed on the basis of a 360-day year of twelve 30-day months).

Principal and interest hereon shall be payable as follows: (i) payments of monthly installments of principal and interest accrued on the unpaid principal amount hereof from and including the date hereof, each in the amounts set forth on Schedule A hereto, shall be due and payable on the 1st day of each month commencing on May 1, 1991, and continuing through and including December 1, 2004; and (ii) the remaining unpaid principal amount of this Note, if any, together with accrued and unpaid interest thereon, shall be due and payable on December 1, 2004. The respective amounts of each installment which are to be applied to principal, interest, and premium (if any) are set forth in the Schedule attached hereto. Any installment of principal, interest and premium (if any) not paid when due shall bear interest (to the extent legally permissible) from its due date until paid at the rate of 9.32% per annum.

All payments of principal, interest, and premium (if any) on this Note shall be made by bank wire or intra-bank transfer of Federal or other immediately available funds (identifying the Note dated May 10, 1991 executed by Connell Finance Company, Inc.) to: Chemical Bank, ABA #021000128 for credit to GIPEN & Co., Account No. 323-161251, or to such other place as the holder hereof should designate in writing to Debtor.

This Note issued pursuant to the terms of and is secured by a Security Agreement dated as of April 25, 1991 (the *Security Agreement*) between Debtor and Payee. Capitalized terms used in this Note and not otherwise defined herein shall have the meanings set out in the Security Agreement.

This Note and the holder hereof is entitled to all of the benefits and security provided for or referred to in the Security Agreement, to which instrument reference is hereby made for a statement thereof, including a description of the Collateral (as defined in the Security Agreement), the nature and extent of the security and the rights of the holder of the Note and of the Debtor in respect thereof.

This Note may be declared due prior to its expressed maturity date, all in the events, on the terms and in the manner provided for in the Security Agreement.

The principal of this Note is subject to prepayment in whole or in part by Debtor, from time to time, only in the manner, to the extent and under the circumstances set forth in the Security

Agreement. Upon any partial prepayment of this Note, payments due hereunder shall be reduced as provided for in the Security Agreement.

Anything herein to the contrary notwithstanding, neither Payee nor any other holder hereof nor any of their respective successors or assigns, shall have any claim, remedy or right to proceed against Debtor or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of Debtor whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any penalty or assessment or otherwise, for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by this Note or for the payment of any other obligations under the Security Agreement or, except as otherwise provided in the Security Agreement, for the payment of any liability resulting from the breach of any representation, covenant, agreement or warranty of any nature whatsoever in the Security Agreement or in the Lease, or in any other instrument or certificate executed by Debtor in connection herewith or therewith, and Payee and each other holder of this Note by acceptance hereof, agrees to look solely to the Collateral and to the income and proceeds thereof, and waives and releases any personal liability of Debtor and of any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of Debtor for and on account of any such deficiency, indebtedness or, except as otherwise provided in the Security Agreement, any such liability, and Payee and each other holder of this Note agrees that it shall have no right to demand return by Debtor of any funds properly distributed to Debtor under the Security Agreement; provided, however, that nothing herein contained shall limit, restrict or impair the rights of Payee or each other holder of this Note to accelerate the maturity hereof upon an Event of Default under the Security Agreement, to bring suit and obtain a judgment against Debtor (provided execution thereof shall be limited to the Collateral and any income and proceeds in respect thereof) or to exercise all rights and remedies provided under the Security Agreement or otherwise realize upon the Collateral.

This Note shall be construed and enforced in accordance with and governed by the laws of the State of New Jersey.

IN WITNESS WHEREOF, Debtor has caused this Note to be duly executed in its name on the date hereof.

Date: _____, 1991

CONNELL FINANCE COMPANY, INC.

By: _____

Attest:

Its: _____

By: _____

Its: _____

(Corporate Seal)

EXHIBIT B

DEFINITIONS

The terms defined in the Lease when used herein shall have the same meanings as so defined in the Lease unless otherwise defined in this Security Agreement or the context otherwise requires.

Closing Date shall mean the date on which Lender shall pay the purchase price of the Note to Debtor and Debtor shall deliver the Note to Lender. The Closing Date shall be designated by Debtor by giving notice of such date to Lender not less than three business days before such designated date.

Collateral shall have the meaning set forth in Section 2 of this Security Agreement.

Debtor shall have the meaning set forth in the first paragraph of this Security Agreement.

Equipment shall mean the following property:

<u>Quantity</u>	<u>Item</u>	<u>Serial Numbers</u>
122	3560 cu. ft. covered hopper cars	GWIX 2000 through 2087 GWIX 3000 through 3033

Equipment Cost shall have the meaning set forth on Schedule One to the Lease.

Excepted Rights shall have the meaning set forth in the third paragraph of Section 4 of this Security Agreement.

Excluded Payments shall have the meaning set forth in Section 2 of this Security Agreement.

Lease shall have the meaning set forth in Recital A to this Security Agreement.

Lease Schedule shall mean the *Schedule* as defined in the Lease.

Lender shall have the meaning set forth in the first paragraph of this Security Agreement.

Lessee shall mean Cargill Incorporated, a Delaware corporation.

Lessee Consent and Rent Assignment Letter shall mean that letter executed by Lessee consenting to the transactions contemplated hereby, substantially in the form annexed hereto as Exhibit C.

Note shall have the meaning set forth in Recital B to this Security Agreement.

Purchase Price shall have the meaning set forth in paragraph 1 of Section 1 of this Security Agreement.

Rent shall mean any and all Rental Payments due under, and as defined in, the Lease and Lease Schedules.

Rent Due Date shall mean the date on which Rent is due and payable under the terms of the Lease and Lease Schedule.

Schedules One and Two shall have the meaning set forth in Recital A to this Security Agreement.

Security Agreement shall have the meaning set forth in the first paragraph of this Security Agreement.

Stipulated Loss Value shall have the meaning set forth in the Lease.

EXHIBIT C

May __, 1991

GIPEN & Co.
c/o The Mutual Life Insurance
Company of New York
1740 Broadway
New York, New York 10019

Connell Finance Company, Inc.
45 Cardinal Drive
Westfield, New Jersey 07090-1099

Re: The Equipment Lease Agreement (the *Equipment Lease Agreement*) dated as of October 18, 1989, between Connell Finance Company, Inc. (*Lessor*) and Cargill Incorporated (*Lessee*), and amended by Amendment No. 1 dated as of September 5, 1990 (*Amendment No. 1*), as and only as, such amended Equipment Lease Agreement relates to Lease Schedule No. 1 dated as of October 18, 1989 and Lease Schedule No. 2 dated as of August 16, 1990 (collectively referred to hereinafter as the *Lease*).

Gentlemen:

This will acknowledge that Lessee has been notified that Lessor has granted a security interest in (a) the Lease and (b) the equipment leased pursuant thereto (the *Equipment*) to GIPEN & Co. (*Lender*) as security for the repayment of a loan. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Lease, or, where so indicated herein, in the Security Agreement dated as of April 25, 1991 between Lessor, as *Debtor*, and Lender (the *Security Agreement*). Pursuant to Section 21 of the Lease, Lessee hereby agrees as follows:

1. Lessee does, in accordance with Section 21 of the Lease, consent to the assignment of Lessor's rights under the Lease to the Lender and agrees that Lender has and may exercise, to the extent provided in the Security Agreement, either in its own name or in the name of Lessor, all of the rights, privileges and remedies, but none of the duties or obligations, of Lessor under the Lease.

2. Until notified to the contrary by Lender or its successors or assigns, Lessee agrees to pay to the Lender all payments of rent and other sums due and to become due under the Lease (other than amounts payable as Excluded Payments (as hereinafter defined) which nevertheless shall be payable to Lessor as therein provided) without defense, counterclaim or setoff for any reason whatsoever including, without limitation, any failure by Lessor to perform any of its obligations under the Lease and or as a result of any act or failure to act by any party arising before, during or after the term of the Lease as follows:

By bank wire or intra-bank transfer of Federal or other immediately available funds (identifying the Note dated May 10, 1991 executed by Connell Finance Company, Inc.) to: Chemical Bank, ABA #021000128, for credit to GIPEN & Co., Account No. 323-161251.

with confirmation of such wires to be delivered to:

GIPEN & Co.
c/o The Mutual Life Insurance Company of New York
Attn: Mr. Paul M. Solomon, Investment Officer
1740 Broadway
New York, New York 10019

or to such other bank, account or address as Lender may otherwise direct Lessee in writing.

3. The Lease between Lessor and Lessee and this Lessee Consent and Rent Assignment Letter constitute the entire agreement between Lessee and Lessor relating to the leasing of the Equipment. The Lease is in full force and effect, the Equipment has been accepted by Lessee for lease pursuant thereto and, to the best of Lessee's knowledge, no Event of Default or event with which the giving of notice or passage of time would constitute an Event of Default thereunder has occurred or is continuing. As of the date hereof, Lessee has not asserted and does not know of any claims, offsets, demands or defenses of any kind, nature or description with reference to any of Lessor's obligations under the Lease as of the date hereof. All representations, warranties and certifications of Lessee made in the Lease, or any other documents and certificates delivered in connection therewith are true and correct as of the date hereof and are made for the benefit of, and may be relied upon by, Lender.

4. Lessee agrees that the indemnifications of Lessee contained in Section 18 of the Lease shall inure to the benefit of Lender and of its successors and assigns.

5. Lessee hereby represents and warrants that the amount of rent due and payable pursuant to the Lease from and after the date hereof is set forth in the Lease.

6. Until notified to the contrary by Lender or its successors or assigns, Lessee agrees that Lender is entitled to exercise all rights, privileges and remedies which are exercisable by Lessor (except with respect to the collection of Excluded Payments (as defined in the Security Agreement)) under the Lease, including, without limitation, the right to grant or withhold waivers or consents of any character or to amend the Lease. Lessee agrees that Lessor has advised it that any attempted exercise by Lessor of such rights, privileges or remedies without the written consent of Lender shall not affect the rights of, and shall be of no force and effect against, Lender (except with respect to the collection of Excluded Payments (as defined in the Security Agreement)). Lessee agrees to deliver to the Lender the original copies of all financial reports and other notices stated to be deliverable to Lessor pursuant to or in connection with the terms of the Lease.

7. Lessee agrees that its right to assign or sub-lease the Equipment is limited and controlled by Section 20 of the Lease and that the use of the Equipment is limited and controlled by Section 10 of the Lease.

8. Lessee hereby represents and warrants to Lender that:

- (a) All of the Equipment has been delivered to and received by Lessee; said Equipment has been examined and is in good operating order and condition and is, as of the date hereof, in all respects satisfactory to the undersigned and said Equipment has been accepted by the undersigned and is subject to all terms and provisions of the Lease;
- (b) Lessee has not created any lien or security interest in any of the Equipment. As of the date hereof, Lessee has no knowledge of any lien on, security interest in, or assignment of any of the Equipment or the Lease except in favor of Lender as described herein. Lessee has not taken any action that would interfere in any way with Lessor's title to the Equipment, and no party has any claim to the Equipment by, through or under Lessee;
- (c) Neither the execution, delivery or performance of the Lease nor this letter nor compliance therewith will contravene any provisions of, or constitute a default under, any indenture, mortgage, contract or other instrument by which Lessee is bound which results or will result in the creation or imposition of any liens, charges or encumbrances upon the Equipment pursuant to such agreement or instrument;

Lessee acknowledges that annexed hereto as Exhibit A is a true and complete copy of the Lease.

Very truly yours,

CARGILL INCORPORATED

By: _____

Title: _____

Lender's Rights Under Paragraphs
1, 2, 4 and 6 Acknowledged and
Agreed

CONNELL FINANCE COMPANY, INC.

By: _____

Title: _____

EXHIBIT D

[CONNELL FINANCE COMPANY STATIONERY]

May __, 1991

GIPEN & Co.
c/o The Mutual Life Insurance
Company of New York
1740 Broadway
New York, New York 10019

Re: Security Agreement dated as of April 25, 1991, between Connell Finance Company, Inc. as Debtor and Lessor and GIPEN & Co., as Lender (the *Security Agreement*)

Gentlemen:

I am General Counsel of Connell Finance Company, Inc., a New Jersey corporation (the *Company*). I have examined originals or copies identified to my satisfaction of the Security Agreement, and of the Equipment Lease Agreement (the "Equipment Lease Agreement") dated as of October 18, 1989, between the Company, as Lessor, and Cargill Incorporated, as Lessee and amended by Amendment No. 1 dated as of September 5, 1990 (Amendment No. 1), as and only as, such amended Equipment Lease Agreement relates to Schedule No. 1 dated as of October 18, 1989 and Lease Schedule No. 2 dated as of August 16, 1990 (collectively referred to hereinafter as the *Lease*).

In so acting, I have also examined and relied upon the representations and warranties as to matters of fact contained in the Lease and the Security Agreement, and in other documents and certificates delivered in connection therewith and upon the originals and copies certified or otherwise identified to our satisfaction of such records, documents, certifications and other instruments as in our judgment are necessary or appropriate to enable us to render the opinions expressed below. In my examination I have assumed the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified or photostatic copies, the authenticity of the original of such latter documents and the due authorization, execution and delivery of each document referred to above by each party thereto other than the Company.

Based upon the foregoing, and subject to the specific assumptions, limitations and reliances herein set forth, and on the basis of consideration of such facts and laws as I have deemed necessary, I am of the opinion that:

1. The Company is a New Jersey corporation legally existing and in good standing under the laws of the State of New Jersey.

2. The Company has the corporate power and authority to enter into, execute and deliver the Security Agreement to perform each and all of the matters and things provided for in the Security Agreement.
3. The Security Agreement has been duly authorized by all necessary action on the part of the Company, and has been duly executed and delivered by the Company.
4. The execution and delivery by the Company of the Security Agreement, and compliance by the Company with all of the provisions of the same will not conflict with, or result in any breach of any of the provisions of, or constitute a default under, the provisions of the Certificate of Incorporation or By-laws of the Company or, to the best of my knowledge, any order, judgment, decree, indenture, mortgage, conditional sale, loan or credit agreement or other instrument to which the Company is a party or by which it may be bound.
5. There are no proceedings pending or, to the best of my knowledge, threatened against the Company in any court or before any governmental authority or arbitration board or tribunal which, if adversely determined, would materially and adversely affect the Equipment or the ability of the Company to enter into or perform under the Security Agreement.

No opinion is expressed herein as to laws, rules or regulations relating to equipment such as the Equipment or relating to the issuance or sale of securities.

I do not express any opinion as to laws other than the laws of the State of New Jersey, and the Federal laws of the United States of America.

Very truly yours,

Mark R. Decker
General Counsel

MRD:kk
91-0550C

EXHIBIT E

[Cargill]

May 10, 1991

Connell Finance Company, Inc.
45 Cardinal Drive
Westfield, New Jersey 07092

GIPEN & Co.
c/o The Mutual Life Insurance Company
of New York
1740 Broadway
New York, New York 10019

Gentlemen:

We have acted as special counsel to Connell Finance Company, Inc. ("Connell") in connection with certain matters relating to the Security Agreement (the "Security Agreement") dated as of April 25, 1991 between Connell, as Debtor and Lessor, and GIPEN & Co. ("GIPEN"), as Lender pursuant to which a mortgage on the Equipment (as defined below) has been granted by Connell to GIPEN. We have assumed that the Security Agreement has been duly authorized, executed and delivered by and constitutes the legal, valid, binding and enforceable obligation of the parties thereto. For purposes of this opinion, terms used herein which are not otherwise defined and which are defined in the Security Agreement are intended to have the same meanings as therein set forth.

Upon your instructions we have caused the Security Agreement to be filed with the Interstate Commerce Commission under 49 U.S.C. §11303. At the time of such filing we examined the records of the Recordation Register of the Interstate Commerce Commission in an effort to determine whether there had been filed with the Commission any other mortgage, lease, equipment trust agreement, conditional sales agreement or other instrument evidencing the mortgage, lease, conditional sale or bailment of any of the railroad equipment listed on Schedule A hereto (the "Equipment") that had been indexed under the name of Connell Finance Company, Inc., Cargill Incorporated or GWI Leasing Corporation, and referred to railroad equipment bearing the same road numbers as the Equipment. Such examination did not disclose the existence of any such other mortgage, lease, equipment trust agreement, conditional sales agreement or other

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instrument of record, except for the Equipment Lease Agreement dated as of December 21, 1989 between Connell, as Lessor and Cargill Incorporated, as Lessee, and Amendment No. 1 to the Lease dated as of October 18, 1989 (the "Amendment") (as amended by the Amendment, the "Lease"). In addition, we have caused a search (the "UCC Search") to be made in the State of New Jersey and in the county of Union County, New Jersey.

Based solely on (i) the results of the UCC Search and upon our review of the most recent version available to us of the Uniform Commercial Code in effect in the state of New Jersey as set forth in Uniform Laws Annotated (the "UCC") (but without being experts thereon) and (ii) the filing of the Security Agreement and our examination of the Recordation Register, and subject to the accuracy of the Recordation Register and the various qualifications and assumptions herein set forth, we are of the opinion that:

1. The Security Agreement has been duly filed with the Interstate Commerce Commission under 49 U.S.C. §11303 and constitutes notice to, and is enforceable against, all persons.

2. GIPEN has a perfected security interest in the Equipment insofar as the perfection of such security interest is covered by the recording system established by 49 U.S.C. §11303 or the UCC.

3. No other filing or recording or other action is necessary for the protection or perfection of the security interest in the Equipment created by the Security Agreement in any state of the United States or the District of Columbia.

4. GIPEN has a valid and first priority perfected security interest in the Lease to the extent the priority and perfection thereof are governed by the UCC, provided, however, that this opinion is subject to the limitation on perfection of security interests in proceeds resulting from the operation of Section 9-306 of the UCC. Furthermore, we express no opinion with respect to (i) the perfection of any security interest in cash or instruments or (ii) any security interest in property or assets located outside the United States. With respect to and in qualification of the opinion as to perfection set forth in this paragraph, we wish to advise you that (i) Article 9 of the UCC requires the filing of continuation statements within a period of six months prior to the expiration of five years from the date of

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the original filings in order to maintain the effectiveness of the filings referred to herein and (ii) in the case of property which becomes Collateral after the date hereof, Section 552 of the Federal Bankruptcy Code limits the extent to which property acquired by a debtor after the commencement of a case under the Federal Bankruptcy Code may be subject to a security interest arising from a security agreement entered into by the debtor before the commencement of such case.

5. No other filing or recording or other action is necessary in the state of New Jersey for the protection or perfection of the security interest in the Lease created by the Security Agreement.

In rendering the opinions in paragraphs 1, 2 and 3 we have assumed that the Equipment is presently being used, and at the time of the delivery thereof was intended to be used, for a use related to interstate commerce. In rendering the opinions in paragraphs 4 and 5 we have assumed (i) that the executed Lease - denoted as the "Original" Lease has been delivered to and is held by GIPEN and (ii) the due filing of the financing statements referred to in Section 3(1) of the Security Agreement in the form presented to us for inspection.

We are members of the Bar of the State of New York and do not purport to be experts in, or express any opinion concerning, the laws of any jurisdiction other than laws of the State of New York, the Federal laws of the United States and the UCC to the extent set forth above.

This opinion is being delivered to you pursuant to Section 3(b) of the Security Agreement and is not to be relied upon by any other person without our prior written consent, other than your successors in interest under the Security Agreement.

Very truly yours,

Schedule A

<u>Quantity</u>	<u>Item</u>	<u>Serial Numbers</u>
122	3560 cu. ft. covered railroad hopper cars	GWIX 2000 through 2087 GWIX 3000 through 3033