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RECORDATION NO. 22383-D FILED

OCT 5 '00 9-57 AM

October 5, 2000

TS
SURFACE TRANSPORTATION BOARD

Recordation No 22383-D.

Dear Mr. Williams:

On behalf of First Security Bank, National Association, I submit for filing and recording under 49 U.S.C. § 11301 (a) and the regulations applicable thereunder, executed counterparts of a secondary document, not previously recorded, entitled Amendment and Supplement to Memorandum of Security Agreement - Chattel Mortgage ("Amendment/Supplement"), made as of October 5, 2000.

The parties to the enclosed Amendment/Supplement are:

First Security Bank, National Association, - SECURED PARTY/for Indexing
as trustee, as Administrative Agent for MORTGAGEE
the Lenders and as Secured Party.
79 South Main Street
Salt Lake City, UT 84111

Flex Leasing II, LLC - BORROWER/for Indexing
Suite 300 MORTGAGOR
234 Front Street
San Francisco, CA 94111

The said Amendment/Supplement, among other things, grants a security interest by the Borrower to the Secured Party in ALL EQUIPMENT NOW OWNED OR HEREAFTER ACQUIRED and in the leases of the said equipment. The specific units of equipment in the instant closing in which a security interest is granted are covered in Schedules B and D to the Amendment/Supplement, attached hereto, and the lease and use agreement covering the said equipment in Schedules B and D are described in Schedule E to the Amendment/Supplement.

The equipment encumbered by the instant Amendment/Supplement is ALL EQUIPMENT NOW OWNED OR HEREAFTER ACQUIRED and the specific units of equipment in the instant closing are as identified in Schedule C to the Amendment/Supplement.

The units of equipment in which the security interest is released are covered in Schedule A, copy attached, namely 16 covered hoppers, PSPX numbers, (redesignated as FLOX numbers), and the lease thereof in which the security interest is terminated is covered in paragraph 1 of Schedule C to the Amendment/Supplement.

A short summary of the Amendment/Supplement to appear in the Surface Transportation Board Index is as follows:

“Covers ALL EQUIPMENT NOW OWNED OR HEREAFTER ACQUIRED and the leases thereof. The units of equipment in the instant closing are as listed in Schedule D, namely 16 covered hoppers, FLOX numbers, and as listed in Schedule B, namely 22 covered hoppers, FLOX numbers, and the lease and use agreement thereof as listed in Schedule E to the Amendment/Supplement. The released units are listed in Schedule A, namely 16 covered hoppers, PSPX numbers, and the leases as listed in Schedule C to the Amendment/Supplement.”

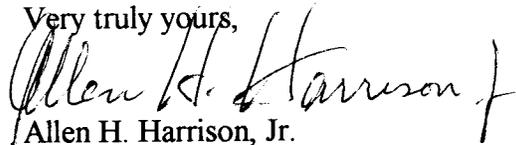
Please enter under this Recordation No. the following cross index reference:

“See Recordation Nos. 22885-A and 23 146”

Enclosed is a check in the amount of fifty-two dollars (\$52.00) in payment of the filing fee (\$26.00) and the cross indexing fee (\$26.00).

Once the filing has been made, please return to bearer the stamped counterpart(s) of the document not required for filing purposes, together with the letter from the Surface Transportation Board acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,



Allen H. Harrison, Jr.
*Attorney for First Security Bank,
National Association, for the purpose
of this filing.*

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Enclosures
BY HAND

8355-020

SCHEDULE B

Description of Equipment

Twenty-two (22) 6,245 cu. ft. Covered Hopper Cars numbered:

- FLOX 9201
- FLOX 9205 through 9206 inclusive
- FLOX 9210
- FLOX 9214 through 9216 inclusive
- FLOX 9219
- FLOX 9228 through 9230 inclusive
- FLOX 9232
- FLOX 9236
- FLOX 9238 through 9240 inclusive
- FLOX 9242 through 9245 inclusive
- FLOX 9249 through 9250 inclusive

SCHEDULE D

Description of Equipment

Sixteen (16) 6,245 cu. ft. Covered Hopper Cars numbered:

- FLOX 9202
- FLOX 9203
- FLOX 9207
- FLOX 9208
- FLOX 9213
- FLOX 9223
- FLOX 9224
- FLOX 9226
- FLOX 9231
- FLOX 9234
- FLOX 9235
- FLOX 9237
- FLOX 9241
- FLOX 9246
- FLOX 9247
- FLOX 9248

SCHEDULE A *RELEASED*

Description of Equipment

Sixteen (16) 6,245 cu. ft. Covered Hopper Cars numbered:

- PSPX 9202
- PSPX 9203
- PSPX 9207
- PSPX 9208
- PSPX 9213
- PSPX 9223
- PSPX 9224
- PSPX 9226
- PSPX 9231
- PSPX 9234
- PSPX 9235
- PSPX 9237
- PSPX 9241
- PSPX 9246
- PSPX 9247
- PSPX 9248

RECORDATION NO. 22383-D FILED

OCT 5 '00 9-57 AM

SURFACE TRANSPORTATION BOARD

**AMENDMENT AND SUPPLEMENT TO MEMORANDUM OF SECURITY
AGREEMENT - CHATTEL MORTGAGE**

BETWEEN

**FIRST SECURITY BANK, NATIONAL ASSOCIATION
("SECURED PARTY")**

AND

**FLEX LEASING II, LLC
("BORROWER")**

October 5, 2000

AMENDMENT AND SUPPLEMENT TO THE MEMORANDUM OF SECURITY
AGREEMENT - CHATTEL MORTGAGE

THIS AMENDMENT AND SUPPLEMENT TO THE MEMORANDUM OF SECURITY AGREEMENT - CHATTEL MORTGAGE (this "**Amendment and Supplement**") is made as of October 5, 2000 by and between First Security Bank, National Association, a national banking association, as trustee under that certain trust agreement dated as of August 31, 1999 acting as Administrative Agent and as the agent for and representative (within the meaning of Section 9-105(m) of the Uniform Commercial Code ("**UCC**")) of the Lenders, ("**Secured Party**"), having its chief executive office at 79 South Main Street, Salt Lake City, Utah 84111, and FLEX Leasing II, LLC, a limited liability company organized under the laws of Delaware ("**Borrower**"), having its chief executive office at 234 Front Street, Suite 300, San Francisco, California 94111.

WITNESSETH:

WHEREAS, Secured Party, filed that certain Memorandum of Security Agreement - Chattel Mortgage made and entered into as of August 31, 1999, by and between Secured Party and Borrower with (i) the Surface Transportation Board ("**STB**"), Recordation No. 22383 on the 31st day of August, 1999 at 3:15 p.m. and (ii) the Registrar General of Canada ("**RGC**") on the 1st day of September, 1999 at 1:15 p.m. and that certain Amendment and Supplement to Memorandum of Security Agreement - Chattel Mortgage ("**Amendment No. 1**") with (i) the STB, Recordation No. 22383-C on the 10th day of April, 2000 at 12:20 p.m. and (ii) the RGC on the 12th day of April at 11:59 a.m. (collectively, the "**Memorandum of Security Agreement**");

WHEREAS, pursuant to the Memorandum of Security Agreement, Secured Party holds a first priority security interest in, among other things, the railcar collateral described on Schedules A and B hereto, plus the lease agreements more fully described on Schedule C hereto regarding such railcar collateral (the "**Lease Agreements**");

WHEREAS, the Lease Agreements have been fully terminated;

WHEREAS, the identification marks and lettering on the railcar collateral described on Schedule A hereto (the "**Old Marks**") have been changed to the identification marks and lettering of the railcars described on Schedule D hereto (the "**New Marks**");

WHEREAS, the identification marks and lettering on the railcar collateral described on Schedule B hereto were changed pursuant to the filing of Amendment No. 1 and the identification marks and lettering listed on Schedule B are the new identification marks and lettering;

WHEREAS, the remarked railcar collateral listed on Schedules B and D hereto are subject to the leases described on Schedule E hereto (the "**Replacement Leases**"); and

WHEREAS, the Secured Party and Borrower wish to amend and supplement the Memorandum of Security Agreement as set forth below;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, intending to be legally bound, the Secured Party and Borrower hereby agree as follows:

1. The New Marks are hereby substituted for the Old Marks on Schedule A to the Memorandum of Security Agreement.
2. The Lease Agreements described on Schedule C hereto are hereby deleted from Schedule B to the Memorandum of Security Agreement and released from the terms and conditions of the Memorandum of Security Agreement.
3. The Replacement Leases described on Schedule E hereto are hereby added to Schedule B to the Memorandum of Security Agreement and subjected to all terms and conditions of the Memorandum of Security Agreement, to the same extent and with the same effect as if the Replacement Leases had been originally described in the Memorandum of Security Agreement.
4. Except as amended by this Amendment and Supplement, the Memorandum of Security Agreement shall remain in full force and effect.
5. This Amendment and Supplement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by there respective corporate officers as of the date and year first above written.

FIRST SECURITY BANK,
NATIONAL ASSOCIATION,
as trustee, as Administrative Agent for the Lenders
and as Secured Party

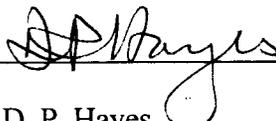
By: _____

Name: _____

Title: _____

FLEX LEASING II, LLC,
A Delaware limited liability company

By: Its Asset Manager
FLEX Asset Management Corporation,
a Delaware corporation

By:  _____

Name: D. P. Hayes

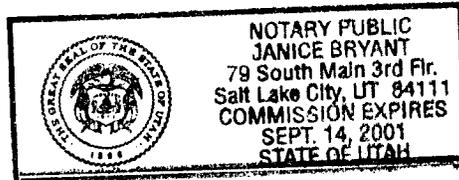
Title: President

STATE OF Utah)
COUNTY OF Salt Lake) ss.

On this 2nd day of October, 2000, before me personally appeared Val T. Orton, to me personally known, who being by me duly sworn, says that he is the Vice President of FIRST SECURITY BANK, NATIONAL ASSOCIATION, that the foregoing instrument was signed on behalf of said national banking association, and he acknowledged that the execution of the said instrument was his free act and deed.



NOTARY PUBLIC



My commission expires: _____

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of October, 2000, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of FLEX ASSET MANAGEMENT CORPORATION, the asset manager of FLEX LEASING II, LLC, that the foregoing instrument was signed on behalf of said corporation as asset manager of FLEX LEASING II, LLC, and he acknowledged that the execution of the said instrument was his free act and deed.

NOTARY PUBLIC

My commission expires: _____

STATE OF California)
COUNTY OF San Francisco) ss.

On this 2nd day of October, 2000, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn, says that he is the President of FIRST SECURITY BANK, NATIONAL ASSOCIATION, that the foregoing instrument was signed on behalf of said national banking association, and he acknowledged that the execution of the said instrument was his free act and deed.



NOTARY PUBLIC

My commission expires: June 26, 2004



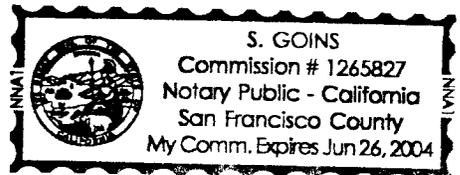
STATE OF CA)
COUNTY OF SF) ss.

On this 2nd day of October, 2000, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn, says that he is the President of FLEX ASSET MANAGEMENT CORPORATION, the asset manager of FLEX LEASING II, LLC, that the foregoing instrument was signed on behalf of said corporation as asset manager of FLEX LEASING II, LLC, and he acknowledged that the execution of the said instrument was his free act and deed.



NOTARY PUBLIC

My commission expires: June 26, 2004



SCHEDULE A

Description of Equipment

Sixteen (16) 6,245 cu. ft. Covered Hopper Cars numbered:

- PSPX 9202
- PSPX 9203
- PSPX 9207
- PSPX 9208
- PSPX 9213
- PSPX 9223
- PSPX 9224
- PSPX 9226
- PSPX 9231
- PSPX 9234
- PSPX 9235
- PSPX 9237
- PSPX 9241
- PSPX 9246
- PSPX 9247
- PSPX 9248

SCHEDULE B

Description of Equipment

Twenty-two (22) 6,245 cu. ft. Covered Hopper Cars numbered:

FLOX 9201

FLOX 9205 through 9206 inclusive

FLOX 9210

FLOX 9214 through 9216 inclusive

FLOX 9219

FLOX 9228 through 9230 inclusive

FLOX 9232

FLOX 9236

FLOX 9238 through 9240 inclusive

FLOX 9242 through 9245 inclusive

FLOX 9249 through 9250 inclusive

SCHEDULE C

Lease Agreements

1. Master Car Lease Agreement dated as of August 7, 1998 by and between Flex Leasing Corporation ("Flex") and Phillips Petroleum Company ("Phillips Petroleum"), Amendment No. 01 to Master Car Lease Agreement dated as of August 7, 1998 by and between Flex and Phillips Petroleum and Schedule No. 01 to Master Car Lease Agreement dated as of August 7, 1998 by and between Flex and Phillips Petroleum, which Master Car Lease Agreement and such Schedule, insofar as they relate to the equipment listed on Schedule A hereto, have been assigned by Flex to FLEX Leasing II, LLC ("Flex II").
2. Letter Agreement for the use of freight cars, dated February 7, 2000, between Flex and Variform, Inc. ("Variform"), which Letter Agreement, insofar as it relates to the equipment listed on Schedule B hereto, has been assigned by Flex to Flex II.
3. Letter Agreement for the use of freight cars, dated February 18, 2000, between Flex and Variform, which Letter Agreement, insofar as it relates to the equipment listed on Schedule B hereto, has been assigned by Flex to Flex II.
4. Letter Agreement for the use of freight cars, dated March 3, 2000, between Flex and Variform, which Letter Agreement, insofar as it relates to the equipment listed on Schedule B hereto, has been assigned by Flex to Flex II.

SCHEDULE D

Description of Equipment

Sixteen (16) 6,245 cu. ft. Covered Hopper Cars numbered:

FLOX 9202
FLOX 9203
FLOX 9207
FLOX 9208
FLOX 9213
FLOX 9223
FLOX 9224
FLOX 9226
FLOX 9231
FLOX 9234
FLOX 9235
FLOX 9237
FLOX 9241
FLOX 9246
FLOX 9247
FLOX 9248

SCHEDULE E

Lease Agreements

1. Schedule No. 2 to Master Car Lease Agreement dated as of March 10, 2000 by and between Flex Leasing II, LLC ("Flex II") and Variform Incorporated.
2. Letter Agreement for the use of freight cars, dated August 3, 2000, between Flex II and Chevron Phillips Chemical Company, LP.