

ALVORD AND ALVORD  
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WASHINGTON, D.C.  
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ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

RECORDATION NO. 23486 FILED  
MAY 11 '01 10-40 AM  
SURFACE TRANSPORTATION BOARD  
URBAN A. LESTER

May 8, 2001

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

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of an Memorandum of Security Agreement, dated May 8, 2001, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Borrower: SC Asset Management -II, LLC  
c/o SC Capital Corp.  
5445 DTC Parkway  
Suite 922  
Englewood, CO 80111

Secured Party: ABC International Bank PLC  
Arab Banking Corporation  
1-5 Moorgate  
London, England EC2R 6 AB  
United Kingdom

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

539 railcars within the series GALX 86001 - GATX 86600

Mr. Vernon A. Williams  
May 8, 2001  
Page Two

A short summary of the document to appear in the index follows:

Memorandum of Security Agreement.

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm  
Enclosures

**MEMORANDUM OF SECURITY AGREEMENT**

This MEMORANDUM OF SECURITY AGREEMENT is made and entered into as of May 8, 2001, by and between SC ASSET MANAGEMENT-II, LLC (hereinafter referred to as "Borrower") and ABC INTERNATIONAL BANK PLC (hereinafter referred to as "Lender") respecting that certain Security Agreement dated as of April 30, 2001, between Borrower and Lender (the "Security Agreement").

Pursuant to the provisions of the Security Agreement, Borrower and Lender hereby affirm and acknowledge that:

1. Lender has agreed to loan to Borrower and Borrower has agreed to borrow from Lender and grant Lender a first priority security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto, effective as of the date hereof and subject to the terms set forth in the Security Agreement.

2. Borrower and Lender further acknowledge and affirm that this Memorandum of Security Agreement is not a summary of the Security Agreement nor a complete recitation of the terms and provisions thereof. Accordingly, Borrower and Lender hereby agree that in the event of a conflict between this Memorandum of Security Agreement and the provisions of the Security Agreement, the provision of the Security Agreement shall control.

3. This Memorandum of Security Agreement is prepared only for the public record and is being recorded with the Surface Transportation Board pursuant to 49 U.S.C. Section 11301(a) and may be executed in counterparts.

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RECORDATION NO. 23486 FILED  
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SURFACE TRANSPORTATION BOARD

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Memorandum of Security Agreement to be duly executed in its corporate name by its officer, thereunto duly authorized, as of the date first above written.

**BORROWER:**

SC ASSET MANAGEMENT-II, LLC

By: SC Capital Corp., its Sole Member

By: 

Name: William N. Conlin  
Title: Executive Vice President

**LENDER:**

ABC INTERNATIONAL BANK PLC

By: \_\_\_\_\_

Name: Derek Weist  
Title: Senior Asset Manager

State of California            )  
  )  
County of San Francisco        )

On this, the 3<sup>rd</sup> day of May, 2001, before me, a Notary Public in and for said County and State, personally appeared William N. Conlin, an Executive Vice President of SC Capital Corp., a Pennsylvania corporation, the sole member of SC Asset Management-II, LLC, a Delaware limited liability company, who acknowledged himself to be a duly authorized officer of SC Capital Corp., and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.



Carolyn V. Mason  
Name: Carolyn V. Mason  
Notary Public  
My Commission Expires: Oct. 7, 2003

**EXHIBIT A**  
**Description of Equipment**

**539 106 ton quick dump aluminum coal hopper cars, with AAR mechanical designation HTS and Lessee identification numbers as follows:**

GALX	86001 - 86007	GALX	86303 - 86306
	86009 - 86024		86308 - 86314
	86026 - 86031		86316 - 86325
	86033 - 86045		86327 - 86333
	86047 - 86060		86335 - 86347
	86062		86349 - 86368
	86064		86370 - 86377
	86066 - 86072		86379 - 86383
	86074 - 86085		86386 - 86395
	86087 - 86092		86397 - 86410
	86094 - 86095		86413 - 86414
	86097 - 86104		86416 - 86420
	86106 - 86132		86422 - 86428
	86133 - 86142		86430 - 86432
	86144 - 86175		86434 - 86438
	86177 - 86182		86441 - 86448
	86185 - 86198		86450 - 86463
	86200 - 86203		86465 - 86482
	86206 - 86224		86484 - 86495
	86226 - 86231		86497 - 86517
	86233 - 86237		86519 - 86524
	86239 - 86244		86526 - 86542
	86246 - 86253		86544
	86255 - 86268		86546 - 86564
	86270 - 86278		86566 - 86570
	86280 - 86283		86573 - 86577
	86285 - 86292		86579 - 86583
	86295 - 86301		86585 - 86600

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1. Lender has agreed to loan to Borrower and Borrower has agreed to borrow from Lender and grant Lender a first priority security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto, effective as of the date hereof and subject to the terms set forth in the Security Agreement.

2. Borrower and Lender further acknowledge and affirm that this Memorandum of Security Agreement is not a summary of the Security Agreement nor a complete recitation of the terms and provisions thereof. Accordingly, Borrower and Lender hereby agree that in the event of a conflict between this Memorandum of Security Agreement and the provisions of the Security Agreement, the provision of the Security Agreement shall control.

3. This Memorandum of Security Agreement is prepared only for the public record and is being recorded with the Surface Transportation Board pursuant to 49 U.S.C. Section 11301(a) and may be executed in counterparts.

[Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Memorandum of Security Agreement to be duly executed in its corporate name by its officer, thereunto duly authorized, as of the date first above written.

**BORROWER:**

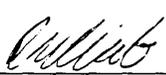
SC ASSET MANAGEMENT-II, LLC

By: SC Capital Corp., its Sole Member

By: \_\_\_\_\_  
Name: William N. Conlin  
Title: Executive Vice President

**LENDER:**

ABC INTERNATIONAL BANK PLC

By:   
Name: Derek Weist  
Title: Senior Asset Manager

By:   
Name: JOHN SHERIDAN  
Title: MANAGER

State of California            )  
  )  
County of San Francisco        )

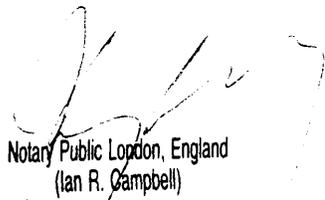
On this, the \_\_\_\_ day of May, 2001, before me, a Notary Public in and for said County and State, personally appeared William N. Conlin, an Executive Vice President of SC Capital Corp., a Pennsylvania corporation, the sole member of SC Asset Management-II, LLC, a Delaware limited liability company, who acknowledged himself to be a duly authorized officer of SC Capital Corp., and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

\_\_\_\_\_  
Name: \_\_\_\_\_  
                  Notary Public  
My Commission Expires: \_\_\_\_\_

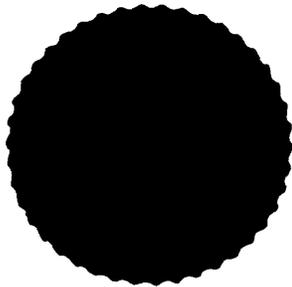
KINGDOM OF ENGLAND     )  
  ) s.s.  
CITY OF LONDON            )

On this eighth day of May 2001, before me personally appeared DEREK WEIST and JOHN SHERIDAN to me personally known, who being duly sworn, stated that they are Senior Asset Manager and Manager respectively of ABC INTERNATIONAL BANK PLC, that said instrument was signed on behalf of said corporation by authority of its board of directors and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public London, England  
(Ian R. Campbell)  
NOTARY PUBLIC

My Commission Expires at Death.



Saville & Co.  
Notaries Public  
Princes House  
95 Gresham Street  
London EC2V 7NA  
Telephone: +44 (0)20 7920 0000  
Fax: +44 (0)20 7920 0088

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