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OF COUNSEL  
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January 17, 2001

RECORDATION NO. 23833 FILED

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

JAN 17 '02

1-09 PM

SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a General Security Agreement, dated as of December 14, 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: National Steel Car Limited  
602 Kenilworth Avenue North  
Hamilton, Ontario L84 3J4

Secured Parties: The Bank of Nova Scotia  
44 King Street West  
Toronto, Ontario M5H 1H1

Bank of Montreal  
First Canadian Place  
Toronto, Ontario M5X 1A1

Mr. Vernon A. Williams  
January 17, 2002  
Page Two

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

1. CN 187215 - 187364 inclusive
2. NSCX 7001-7159 inclusive
3. NSCX 7161-7187 inclusive
4. NSCX 7209
5. NSCX 7213-7355 inclusive
6. NSCX 7360-7410 inclusive

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

**General 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

RECORDATION NO. 23833 FILED

JAN 17 '02

1-09 PM

**GENERAL SECURITY AGREEMENT**

**SURFACE TRANSPORTATION BOARD**

**THIS AGREEMENT** made as of the 14<sup>th</sup> day of December, 2001.

**BETWEEN:**

**THE BANK OF NOVA SCOTIA**, a Canadian chartered bank

(herein called "BNS"),

- and -

**BANK OF MONTREAL**, a Canadian chartered bank

(herein called "BMO"),

- and -

**NATIONAL STEEL CAR LIMITED/WAGON D'ACIER  
NATIONAL LIMITEÉ**, a corporation amalgamated under the  
laws of Canada

(herein called the "Borrower"),

**THIS AGREEMENT WITNESSES** that, in consideration of the promises contained herein and other good and valuable consideration, the Borrower agrees with the Banks as follows:

**ARTICLE 1  
INTERPRETATION**

**1.01 Defined Terms.** All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement. In this agreement, unless there is something in the context or subject matter inconsistent therewith,

"Act" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto.

"Banking Day" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario.

"Banks" means BNS and BMO, and "Bank" means either of the Banks.

F#76784  
C#57

*General Security Agreement - Borrower  
Execution Copy*

**"Collateral"** means all undertaking, personal property and assets of the Borrower now owned or hereafter acquired and any proceeds from the sale or other disposition thereof, all of which is further described, without limitation, in Section 2.02.

**"Credit Agreement"** means the amended and restated credit agreement made as of December 14<sup>th</sup>, 2001 between the Banks and the Borrower, as the same may be amended, modified or replaced from time to time, and pursuant to which the Banks established certain credit facilities in favour of the Borrower.

**"Obligations"** means all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Banks or remaining unpaid by the Borrower to the Banks including, without limitation, under or in connection with the Credit Agreement.

**"Prime Rate"** shall have the meaning ascribed thereto in the Credit Agreement.

**1.02 Other Usages.** References to "this agreement", "hereof", "herein", "hereto" and like references refer to this General Security Agreement and the Schedules hereto and not to any particular Article, Section or other subdivision of this agreement.

**1.03 Number and Gender.** Where the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

**1.04 Headings.** The insertion of headings in this agreement is for convenience of reference only and shall not affect the construction or interpretation of this agreement.

**1.05 Currency.** Unless otherwise specified herein, all statements of or references to dollar amounts in this agreement shall mean lawful money of Canada.

**1.06 Applicable Law and Attornment Clause.** This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this agreement.

**1.07 Prohibited Provisions.** In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

**1.08 Time of the Essence.** Time shall in all respects be of the essence of this agreement, and no extension or variation of this agreement or any obligation hereunder shall operate as a waiver of this provision.

**1.09 Schedules.** Each and every one of the schedules which is referred to in this agreement and attached to this agreement shall form a part of this agreement.

**ARTICLE 2  
SECURITY INTEREST**

**2.01 Grant of Security Interest.** As general, continuing and collateral security for the payment and performance of all Obligations, the Borrower hereby grants to the Banks a security interest in the Collateral.

**2.02 Description of Collateral.** The following undertaking, property and assets of the Borrower shall be subject to the security interest in favour of the Banks created by this agreement:

(a) **Accounts**

all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owned by the Borrower, whether or not earned by performance including, without limitation, all intercompany loans and advances made by the Borrower to its affiliates; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Borrower, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof, all of which are herein called the "Accounts";

(b) **Inventory**

all goods or chattels now or hereafter forming the inventory of the Borrower including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale or resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, goods used in or procured for packing or packaging, and all rail cars owned by the Borrower, all of which are herein called the "Inventory";

(c) **Equipment**

all equipment now owned or hereafter acquired by the Borrower, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not Inventory, all of which are herein called the "Equipment";

(d) **Intangibles**

all intangible property now owned or hereafter acquired by the Borrower and which is not Accounts including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Borrower and all other choses in action of the Borrower of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the "Intangibles";

(e) Documents of Title

any writing now or hereafter owned by the Borrower that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts, all of which are herein called the "Documents of Title";

(f) Money

all money now or hereafter owned by the Borrower, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the "Money";

(g) Chattel Paper

all present and future agreements made between the Borrower as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the "Chattel Paper";

(h) Instruments

all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act (Canada)*) of the Borrower, and all other writings of the Borrower that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment and all letters of credit and advices of credit of the Borrower provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder, all of which are herein called the "Instruments";

(i) Securities

all present and future securities held by the Borrower, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a

share, participation or other interest of the Borrower in property or in an enterprise or which constitute evidence of an obligation of the issuer; including, without limitation, any uncertificated securities and all substitutions therefor and dividends and income derived therefrom, all of which are herein called the "Securities";

(j) Documents

all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the "Documents";

(k) Proceeds

all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the "Proceeds";

(l) Leaseholds

subject to Section 2.05, all leases, now owned or hereafter acquired by the Borrower as tenant (whether oral or written) or any agreement therefor, all of which are herein called the "Leaseholds"; and

(m) Undertaking

all present and future personal property, business, and undertaking of the Borrower not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Securities, Documents, Proceeds or Leaseholds, all of which are herein called the "Undertaking".

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Securities, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the "Collateral".

**2.03 Further Description of Collateral.** Without limiting the generality of the description of Collateral as set out in Section 2.02, for greater certainty the Collateral shall include all present and future personal property of the Borrower located on or about or in transit to or from the location(s) set out in Schedule A hereto, and all present and future personal property of the Borrower of the nature or type described in Schedule B hereto.

**2.04 Attachment of Security Interest.** The parties hereby acknowledge that:

- (a) value has been given;
- (b) the Borrower has rights in the Collateral; and

- (c) the parties have not agreed to postpone the time for attachment of the security interest created by this agreement.

**2.05 Exception re: Leaseholds and Contractual Rights.** The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this agreement, but the Borrower agrees to stand possessed of such last day in trust for such person as the Banks may direct and the Borrower shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this agreement in any contractual rights would constitute a breach or cause the acceleration of such contract, said security interest shall not be granted hereunder but the Borrower shall hold its interest therein in trust for the Banks, shall use its best efforts to obtain the appropriate consents to the attachment of said security interest and shall grant a security interest in such contractual rights to the Banks forthwith upon obtaining the appropriate consents to the attachment of said security interest.

**ARTICLE 3  
WARRANTIES AND COVENANTS OF THE BORROWER**

**3.01 Warranties and Covenants.** The Borrower hereby warrants, covenants and agrees with the Banks as follows:

- (a) The Borrower will keep its chief executive office where it keeps its records concerning the Accounts located at the address set out in Section 6.07.
- (b) The Collateral is now and will be located at the address(es) set out in Schedule A hereto. In the event the Collateral becomes located at any address not set out in Schedule A hereto, the Borrower shall promptly notify the Banks in writing of the details thereof.
- (c) The Borrower shall keep the Collateral in good condition and repair.
- (d) The Borrower shall deliver to the Banks upon the reasonable request of the Banks from time to time all items of Collateral comprising Securities, Documents of Title, Chattel Paper, Instruments and Documents.
- (e) The Borrower shall pay all reasonable costs and expenses of each of the Banks, their agents, officers and employees (including, without limitation, legal fees and disbursements on a solicitor and client basis) incurred with respect to:
  - (i) the preparation, perfection, execution and filing of this agreement and the filing of financing statement(s) and financing change statement(s) with respect to this agreement;
  - (ii) dealing with other creditors of the Borrower in connection with the establishment and confirmation of the priority of the security interest created by this agreement;
  - (iii) the exercising of any or all of the rights, remedies and powers of the Banks under this agreement; and

- (iv) recovering or repossessing the Collateral and any other proceedings taken for the purpose of enforcing the remedies provided herein, including, without limitation, the appointment of a receiver, manager or receiver and manager, whether by order of the court or by private appointment.
- (f) The Borrower shall indemnify each of the Banks for all costs and expenses as set out in Sections 3.01(e) and 3.02 and agrees that all such costs and expenses shall be payable by the Borrower to the Banks on demand and shall bear interest at the annual rate equal to the Prime Rate plus three percent (3%), which interest shall be calculated and compounded monthly and payable on demand.
- (g) As of the date hereof, the Borrower is the owner of each of the rail cars and other serial numbered goods described in Schedule B.

**3.02 Performance of Covenants by the Banks.** The Banks may, in their sole discretion and upon notice to the Borrower, perform any covenant of the Borrower under this agreement that the Borrower fails to perform and that the Banks are capable of performing, including any covenant the performance of which requires the payment of money, provided that the Banks will not be obligated to perform any such covenant on behalf of the Borrower and no such performance by the Banks will require the Banks further to perform the Borrower's covenants nor operate as a derogation of the rights and remedies of the Banks under this agreement.

#### **ARTICLE 4 RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL**

**4.01 General Restrictions.** Except as herein provided or except as provided in the Credit Agreement, the Borrower shall not, without the prior written consent of the Banks:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof;
- (b) release, surrender or abandon possession of the Collateral or any part thereof; or
- (c) move or transfer the Collateral or any part thereof from its present location.

**4.02 Permitted Sales.** The Borrower may, at any time, without the consent of the Banks:

- (a) lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business so that the purchaser thereof takes title clear of the security interest created by this agreement but if such sale, lease or other dealing with results in an Account, such Account shall be subject to the security interest created by this agreement;
- (b) sell or otherwise dispose of such part of its Equipment which is not necessary to or useful in connection with its business and undertaking, or which has become worn out or damaged or otherwise unsuitable for its purpose; provided that such Equipment is replaced or has nominal value; and

- (c) continue to collect, at its own expense, all amounts due or to become due to the Borrower under the Accounts; and in connection with such collections, take (and, at the Bank's direction, shall take) such action as the Borrower or the Banks may deem necessary or advisable to enforce collection of the Accounts; provided, however, that either of the Banks shall have the right at any time upon the security hereby constituted becoming enforceable to notify the account debtors or obligors under any Accounts and the other Bank of the assignment of such Accounts to such Bank and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Borrower thereunder directly to such Bank and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Borrower, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Borrower might have done.

After the security hereby constituted becomes enforceable,

- (a) all money or other form of payment received by the Borrower in respect of the Accounts shall be received in trust for the benefit of the Banks hereunder, shall be segregated from other funds of the Borrower and shall be forthwith paid over to the Banks in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.07; and
- (b) the Borrower shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

**4.03 Release by the Banks.** The Banks may, at their discretion, at any time release from the security interest created by this agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this agreement.

**4.04 Proceeds Held in Trust.** All Proceeds that are monies collected or received by the Borrower will be received by the Borrower in trust for the Banks and will be forthwith paid to the Banks. The Banks shall not exercise their rights under this Section 4.04, and the Borrower's trust obligations under this Section 4.04 need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

## ARTICLE 5 DEFAULT AND ENFORCEMENT

**5.01 Security Becomes Enforceable.** The security hereby constituted shall immediately become enforceable without further notice of any kind, which notice is expressly waived by the Borrower, upon the occurrence of an Event of Default under the Credit Agreement.

**5.02 Remedies.** At any time after the happening of any event by which the security hereby constituted becomes enforceable, either Bank shall have, by notice to the other Bank, the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "Receiver") of the Collateral and to remove any Receiver so appointed and to appoint another if such Bank so desires; it being agreed that any Receiver appointed pursuant to the provisions of this agreement shall have all of the powers of such Bank hereunder, and in addition, shall have the power to carry on the business of the Borrower;
- (b) to make payments to parties having prior charges or encumbrances on properties on which such Bank may hold charges or encumbrances;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral with power to exclude the Borrower, its agents and its servants therefrom;
- (e) to preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as such Bank shall deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this agreement including, without limitation, the power to purchase on credit, the power to borrow in the Borrower's name or in the name of the Receiver and to advance its own money to the Borrower at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of such Bank, and to grant security interests in the Collateral in priority to the security interest created by this agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment of credit; provided that
  - (i) such Bank or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Borrower or any other person or persons whomsoever for such period of time as is commercially reasonable;
  - (ii) such Bank or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
  - (iii) subject to Section 5.07, the Borrower will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such proceeds are received by such Bank or the Receiver in cash or such

other form of compensation as may be acceptable to such Bank, in its sole discretion;

- (h) to enjoy and exercise all of the rights and remedies of a secured party under the Act;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
  - (i) the Collateral is perishable;
  - (ii) such Bank or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
  - (iii) the Collateral is of a type customarily sold on a recognized market;
  - (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
  - (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
  - (vi) the Receiver disposes of the Collateral in the course of the Borrower's business;
- (k) to have Securities included in the Collateral registered on the books of the issuers of such Securities in the name of such Bank or such nominee of such Bank as such Bank shall direct;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of such Bank, the Receiver or the Borrower for the purpose of exercising any of the rights, powers and remedies set out in this Section 5.02, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of such Bank, provided notice is given in the manner required by the Act to the Borrower and to any other person to whom the Act requires notice be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

**5.03 Receiver as Agent.** The Receiver shall be deemed to be the agent of the Borrower for the purpose of establishing liability for the acts or omissions of the Receiver and the Banks shall not be liable for such acts or omissions and, without restricting the generality of the foregoing,

the Borrower hereby irrevocably authorizes the Banks to give instructions to the Receiver relating to the performance of its duties as set out herein.

**5.04 Expenses of Enforcement.** The Borrower shall pay to the Receiver the remuneration of the Receiver and all reasonable costs and expenses (including, without limitation, legal fees and disbursements on a solicitor and client basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Banks and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Borrower to the Banks and the Receiver pursuant to this Section 5.04 shall be payable on demand and shall bear interest at an annual rate equal to the Prime Rate plus three percent (3%), which interest shall be calculated and compounded monthly and payable on demand.

**5.05 Indulgences and Releases.** Either the Banks or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Borrower, debtors of the Borrower, sureties and others and with the Collateral and other security as the Banks or the Receiver may see fit without prejudice to the Obligations or the right of the Banks and the Receiver to repossess, hold, collect and realize the Collateral.

**5.06 No Liability for Failure to Exercise Remedies.** The Banks and the Receiver shall not be liable or accountable to the Borrower or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.02, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Banks, the Receiver, the Borrower or any other party in respect of the same.

**5.07 Proceeds of Disposition.** Subject to the claims, if any, of the prior secured creditors of the Borrower, all monies received by the Banks or by the Receiver pursuant to Section 5.02 shall be applied in accordance with Section 9.6 of the Credit Agreement.

**5.08 Borrower Liable for Deficiency.** If the monies received by the Banks or the Receiver pursuant to Section 5.02 are not sufficient to pay the claims set out in Section 5.07, the Borrower shall immediately pay the Banks the amount of such deficiency.

**5.09 Restriction on Borrower.** Upon either of the Banks taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Borrower or any officer, director, servant or agent of the Borrower with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Banks; however, all other powers, functions, rights and privileges of the Borrower or any officer, director, servant or agent of the Borrower shall be unaffected by such events.

**5.10 Rights Cumulative.** All rights and remedies of the Banks set out in this agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this agreement.

**5.11 Care by the Banks.** The Banks shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in the Banks' possession if they take such action for that purpose as the Borrower requests in writing, but failure of the Banks to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Banks to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Borrower, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

**5.12 Standards of Sale.** Without prejudice to the ability of the Banks to dispose of the Collateral in any manner which is commercially reasonable, the Borrower acknowledges that a disposition of Collateral by the Banks which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public sale following one advertisement in a newspaper or trade publication having general circulation in the location of such Collateral at least seven days prior to such sale;
- (c) Collateral may be disposed of by private sale after receipt by a Bank of two written offers;
- (d) the purchaser or lessee of such Collateral may be a customer of either Bank;
- (e) the disposition may be for cash or credit, or part cash and part credit; and
- (f) either Bank may establish a reserve bid in respect of all or any portion of the Collateral.

## **ARTICLE 6 GENERAL**

**6.01 Waiver.** Any breach by the Borrower of any of the provisions contained in this agreement or any default by the Borrower in the observance or performance of any covenant or condition required to be observed or performed by the Borrower hereunder, may only be waived by the Banks in writing, provided that no such waiver by the Banks shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

**6.02 The Banks as Attorney.** The Borrower hereby irrevocably appoints either Bank and any person further designated by such Bank to be the attorney of the Borrower for and in the name of the Borrower to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Borrower is obliged to sign, execute or do hereunder and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Borrower in the exercise of all or any of the powers hereby conferred on such Bank. The power of attorney hereby granted is coupled with an interest, is irrevocable and shall extend to the successor and assigns of the Borrower. The

Borrower agrees to be bound by any representations and actions made or taken in good faith by such Bank pursuant to this power of attorney in accordance with the terms thereof and hereby waives any and all defences which may be available to it to contest, negate or disaffirm the actions of such Bank taken in good faith under this power of attorney.

**6.03 Further Assurances.** The Borrower shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances and take all such further action or cause such further action to be taken as the Banks shall reasonably require for the better assuring, charging, assigning and conferring unto the Bank a security interest in the Collateral or property intended to be charged hereunder, or which the Borrower may hereafter become bound to charge in favour of the Banks, for the purpose of accomplishing and effecting the intention of this agreement.

**6.04 Continuing Security.** The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and this agreement is terminated.

**6.05 No Obligation to Advance.** Neither the execution nor delivery of this agreement shall obligate the Banks to advance any moneys to the Borrower.

**6.06 Consumer Goods.** Notwithstanding any other clause in this agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

**6.07 Notices.** Any demand, notice or other communication in connection with this agreement shall be in writing and shall be personally delivered to an officer of the addressee or sent by telefacsimile, charges prepaid, at or to the address or telefacsimile number of the party set opposite its name below or to such other address or addresses, telefacsimile number or numbers as either party may from time to time designate to the other party in such manner. Any demand or notice which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Banking Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Banking Day next following such date of delivery. Any demand or notice which is transmitted by telefacsimile shall be deemed to have been validly and effectively given on the date of transmission if such date is a Banking Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Banking Day next following such date of transmission.

In the case of the Borrower:

National Steel Car Limited  
602 Kenilworth Avenue North  
Hamilton, Ontario  
L8N 3J4

Attention: John Marinucci  
Telefax: 905.544.8872

In the case of BNS:

The Bank of Nova Scotia  
16th Floor, Corporate Banking-Industrial Products  
44 King Street West  
Toronto, Ontario M5H 1H1

Attention: Vice-President and Unit Head  
Telefax: 416.866.2009

In the case of BMO:

Bank of Montreal  
Asset Portfolio Management  
24<sup>th</sup> Floor  
First Canadian Place  
Toronto, Ontario M5X 1A1

Attention: Vice-President, BMO Nesbitt Burns  
Telefax: 416.867.5785

**6.08 Successors and Assigns.** This agreement shall enure to the benefit of the Banks and their successors and assigns and shall be binding upon the Borrower and its successors and permitted assigns.

**6.09 Amalgamation of Borrower.** The Borrower hereby acknowledges and agrees that, subject to compliance with the Credit Agreement, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term "Borrower", when used herein, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interest granted hereby:

- (a) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation;
- (b) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Bank at the time of amalgamation and any "Obligations" of the amalgamated corporation to the Bank thereafter arising; and
- (c) shall attach to "Collateral" owned by each corporation amalgamating with the Borrower and by the amalgamated corporation, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

**6.10 Entire Agreement.** Except for the Credit Agreement and any document, agreement or instrument delivered pursuant thereto or referred to therein, this agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

**6.11 Receipt of Financing Statement, etc.** The receipt by the Borrower's legal counsel of a financing statement or financing change statement shall be deemed to be receipt of same by the Borrower.

**6.12 Acknowledgment.** The Borrower hereby acknowledges receipt of an executed copy of this agreement.

**6.13 Paramountcy.** In the event of any conflict or inconsistency between the provisions of this agreement and the Credit Agreement, the provisions of the Credit Agreement shall prevail and be paramount.

**IN WITNESS WHEREOF** the Borrower has executed this agreement.

**NATIONAL STEEL CAR  
LIMITED/WAGON D'ACIER  
NATIONAL LIMITEÉ**

Per: Cecil Mosselman

Per: \_\_\_\_\_

PROVINCE OF ONTARIO )  
CITY OF TORONTO )

The foregoing General Security Agreement was executed and acknowledged before me this 11<sup>th</sup> day of January, 2002, by Cecil Mosselman, personally known to me to be the Director, Capital Budget and Treasury of National Steel Car Limited, on behalf of such corporation.

(SEAL)

Richard Lewis  
Notary Public Richard Lewis  
Province of Ontario

**Schedule A**

**Location(s) of Collateral**

602 Kenilworth Avenue North  
Hamilton, Ontario  
L8N 3J4

**F#76784  
C#57**

***General Security Agreement - Borrower  
Execution Copy***

**Schedule B**

**Initial List of Rail Cars and other Serial Numbered Goods**

1. CN 187215 - 187364 inclusive
2. NSCX 7001-7159 inclusive
3. NSCX 7161-7187 inclusive
4. NSCX 7209
5. NSCX 7213-7355 inclusive
6. NSCX 7360-7410 inclusive

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**F#76784**  
**C#57**

**General Security Agreement - Borrower**  
**Execution Copy**