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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

December 16, 2002

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

RECORDATION NO. 24244 FILED

DEC 16 '02

3:12 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 Memorandum of Security Agreement, dated as of December 5, 2002, 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:

Secured Party: Fleet Capital Corporation, as Agent
1633 Broadway, 29th Floor
New York, New York 10019

Debtor: JAIX Leasing Company
20 N. Wacker, Suite 2200
Chicago, Illinois 60606

Mr. Vernon A. Williams
December 16, 2002
Page 2

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

All of Grantor's rail equipment now owned or hereafter acquired.

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

Memorandum of Security Agreement.

Also enclosed is a check in the amount of \$30.00 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. 24244 FILED

DEC 16 02

3-12 PM

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF SECURITY AGREEMENT

This Memorandum of Security Agreement is made and entered into as of December 5, 2002, by and between FLEET CAPITAL CORPORATION, as agent (hereinafter referred to as the "Secured Party") and JAIX LEASING COMPANY (hereinafter referred to as the "JAIX").

The Secured Party previously entered into that certain Loan and Security Agreement dated as of June 3, 1999 (as amended, restated, modified and supplemented, the "Security Agreement") with the Lenders (as defined in the Security Agreement), Johnstown America Corporation ("Johnstown"), Freight Car Services, Inc. ("FCS"), JAC Intermedco, Inc. ("Intermedco"), JAC Operations, Inc. ("Operations"), JAIX and JAC Patent Company ("Patent"), and subject to the terms and conditions therein set forth, Secured Party agreed to make certain loans and extend other credit. The Secured Party, the Lenders, Johnstown, FCS, Intermedco, Operations, JAIX, and Patent have recently entered into the Waiver and Amendment No. 5 to the Security Agreement (the "Waiver and Amendment"), pursuant to which, among other things, JAIX, as security for the payment and fulfillment of its obligations to Secured Party and Lenders under the Security Agreement and related documents, granted to Secured Party a security interest in, among other things, all of JAIX's Inventory, Equipment, Accounts and General Intangibles, as such terms are defined in the New York Uniform Commercial Code (the "Code"), whether now owned or existing or hereafter created, manufactured, acquired or arising, including, without limitation, all railroad rolling stock, work-in-process and finished goods inventory and including any security interest or lien that JAIX may have in railroad rolling stock or other collateral that has been sold on credit to buyers, and the products, proceeds and accessions of and to any of the foregoing (hereinafter collectively referred to as the "Collateral"); provided, however, to the extent provided by Section 9-320 of the Code, the security interest and lien of Secured Party shall be released without further action of Secured Party upon the sale of finished goods rolling stock to buyers in the ordinary course of business, except that the security interest granted by JAIX to Secured Party shall extend to and continue in any proceeds of the sale of any such railroad rolling stock.

As contemplated by the Waiver and Amendment, Secured Party and JAIX hereby make this Memorandum of Security Agreement to confirm and perfect Secured Party's security interest in the Collateral, to the extent such security interest is perfectible by a filing with the Surface Transportation Board. Secured Party and JAIX further acknowledge and confirm that this Memorandum of Security Agreement is not a summary of the Waiver and Amendment nor a complete recitation of the terms and provisions thereof. Accordingly, Secured Party and JAIX agree that in the event of a conflict between this Memorandum of Security Agreement and the provisions of the Waiver and Amendment, the provisions of the Waiver and Amendment shall control.

This Memorandum of Security Agreement may be executed in counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of Secured Party and JAIX, pursuant to due corporate authority, has caused this Memorandum of Security Agreement to be executed by a duly authorized officer as of the date first above written.

SECURED PARTY:

FLEET CAPITAL CORPORATION,
as Agent and Lender

By: Michael Utter
Its: VICE President

JAIX LEASING COMPANY

By: _____

Its: _____

This Memorandum of Security Agreement may be executed in counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of Secured Party and JAIX, pursuant to due corporate authority, has caused this Memorandum of Security Agreement to be executed by a duly authorized officer as of the date first above written.

SECURED PARTY:

FLEET CAPITAL CORPORATION,
as Agent and Lender

By: _____
Its: _____

JAIX LEASING COMPANY

By: Shiv T. Kaur
Its: Vice President - Finance

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On this ^{10th} 5th day of December, 2002, before me personally appeared Michael Kerneklax, to me personally known, who being by me duly sworn, says that he is a Vice President of FLEET CAPITAL CORPORATION, a Rhode Island corporation, that said instrument was signed on behalf of said corporation by an officer duly authorized to sign said instrument, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Ann Silvers
Notary Public

ANN SILVERS
Notary Public, State of New York
No. 41-4944519
Qualified in Queens County
Commission Expires 11/21/2006

[NOTARIAL SEAL]

My Commission expires: 11/21/2006

STATE OF _____)
) SS:
COUNTY OF _____)

On this 5th day of December, 2002, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of JAIX LEASING COMPANY, a Delaware corporation, 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.

Notary Public

[NOTARIAL SEAL]

My Commission expires:

STATE OF _____)
) SS:
COUNTY OF _____)

On this 5th day of December, 2002, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of FLEET CAPITAL CORPORATION, a Rhode Island corporation, that said instrument was signed on behalf of said corporation by an officer duly authorized to sign said instrument, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My Commission expires:

STATE OF Illinois)
) SS:
COUNTY OF Cook)

On this 5th day of December, 2002, before me personally appeared Glen T. Karon, to me personally known, who being by me duly sworn, says that he is a Vice President - Finance of JAIX LEASING COMPANY, a Delaware corporation, 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.

Jay E. Blinton
Notary Public

[NOTARIAL SEAL]

My Commission expires: 8/3/04