

RECORDATION NO. 24664 FILED

OCT 28 '03 3-04 PM

SURFACE TRANSPORTATION BOARD

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Husch & Eppenberger, LLC
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October 23, 2003

VIA FEDERAL EXPRESS

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



Re: General Electric Capital Corporation/Johnstown American Corporation

Dear Secretary Williams:

I have enclosed an original and one copy of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code. This document is a Security Agreement, a primary document, dated October 17, 2003.

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

PARTY	NAME	ADDRESS
Grantors	Johnstown America Corporation	7 Johns Street Johnstown, PA 15907
	Freight Car Services, Inc.	213 Cannon Street Danville, IL 61832
	JAC Operations, Inc.	7 Johns Street Johnstown, PA 15907
	JAIX Leasing Company	Two North Riverside Plaza, Suite 240 Chicago, IL 60606
	JAC Patent Company	7 John's Street Johnstown, PA 15907
Grantee	General Electric Capital Corporation	01 Merritt Seven, Suite 23 Norwalk, CT 06856

Included in the property covered by the aforesaid Security Agreement are boxcars, hoppers, tank cars, cabooses, any and all other railroad cars and other rolling stock intended for use related to interstate commerce, or interests therein, owned by the above listed Grantors at the date of said Security Agreement or thereafter acquired by the above listed Grantors or their successors as owners of the lines of railway covered by the Security Agreement.

A fee of thirty dollars (\$30) is enclosed. Please return the original and any extra copies not needed by the Board for recordation to me at the above address.

0659107.03

Husch & Eppenberger, LLC

A short summary of the document to appear in the index follows: "Security Agreement between Johnstown America Corporation, Freight Car Services, Inc., JAC Operations, Inc., JAIX Leasing Company, JAC Patent Company and General Electric Capital Corporation dated October 17, 2003, and covering all railroad cars and other rolling stock."

Very truly yours,

Husch & Eppenberger, LLC



Christine Gould Hamm

Enclosures

cc: Rich Pondel

RECORDATION NO. 24664 FILED

SECURITY AGREEMENT

OCT 28 '03 3-04 PM

SECURITY AGREEMENT, dated as of October 17, 2003, among SURFACE TRANSPORTATION BOARD JOHNSTOWN AMERICA CORPORATION, a Delaware corporation ("JAC"), FREIGHT CAR SERVICES, INC., a Delaware corporation ("FCS"), JAC OPERATIONS, INC., a Delaware corporation ("JAC Operations"), JAIX LEASING COMPANY, a Delaware corporation ("JAIX"), and JAC PATENT COMPANY, a Delaware corporation ("JAC Patent"); (JAC, FCS, JAC Operations, JAIX and JAC Patent are sometimes collectively referred to herein as "Grantors" and each individually as a "Grantor"), and GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation ("Agent"), in its capacity as Agent for Lenders.

WITNESSETH:

WHEREAS, pursuant to that certain Credit Agreement dated as of the date hereof by and among Grantors, Agent and Lenders (including all annexes, exhibits and schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Credit Agreement"), Lenders have agreed to make the Loans on behalf of Credit Parties;

WHEREAS, in order to induce Agent and Lenders to enter into the Credit Agreement and other Loan Documents and to induce Lenders to make the Loans provided for in the Credit Agreement, Grantors have agreed to grant a continuing Lien on the Collateral (as hereinafter defined) to secure the Obligations;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINED TERMS.

a) As it is used in this Agreement, "Perfection Certificate" shall mean a certificate in substantially the form of Exhibit "A" attached hereto, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by the Credit Parties under the Credit Agreement.

b) All capitalized terms used but not otherwise defined herein have the meanings given to them in the Credit Agreement or in Annex A thereto. All other undefined terms contained in this Security Agreement, unless the context indicates otherwise, have the meanings provided for by the Code to the extent the same are used or defined therein.

2. GRANT OF LIEN.

(a) To secure the prompt and complete payment, performance and observance of all of the Obligations (specifically including, without limitation, each Grantor's Obligations arising under the cross-guaranty provisions of Section 12 of the Credit Agreement), each Grantor

hereby grants, assigns, conveys, mortgages, pledges, hypothecates and transfers to Agent, for itself and the benefit of Lenders, a Lien upon all of its right, title and interest in, to and under the following property, whether now owned by or owing to, or hereafter acquired by or arising in favor of such Grantor (including under any trade names, styles or derivations thereof), and whether owned or consigned by or to, or leased from or to, such Grantor, and regardless of where located (all of which being hereinafter collectively referred to as the "Collateral"):

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Contracts;
- (iv) all Deposit Accounts;
- (v) all Documents;
- (vi) all Electronic Chattel Paper;
- (vii) all Equipment;
- (viii) all Fixtures;
- (ix) all General Intangibles;
- (x) all goods;
- (xi) all Instruments;
- (xii) all Inventory;
- (xiii) all Investment Property;
- (xiv) all Letter-of-Credit Rights;
- (xv) all boxcars, hoppers, tank cars, cabooses, and any and all other
X railroad cars owned by any Grantor and any railroad cars hereafter acquired by
any Grantor ("Railcar Rolling Stock");
- (xvi) All Credit Party Accounts, Concentration Accounts, Disbursement
Accounts, and all other deposit and other bank accounts and all deposits therein;
- (xvii) all money, cash or cash equivalents of any Grantor;
- (xviii) commercial tort claims listed in Schedule 15 of the Perfection
Certificate; and

(xix) to the extent not otherwise included, all Proceeds and products of the foregoing and all accessions to, substitutions and replacements for, and rents and profits of, each of the foregoing.

(b) In addition, to secure the prompt and complete payment, performance and observance of the Obligations and in order to induce Agent and Lenders as aforesaid, each Grantor hereby grants to Agent, for itself and the benefit of Lenders, a right of setoff against the property of such Grantor held by Agent or any Lender, consisting of property described above in Section 2(a) now or hereafter in the possession or custody of or in transit to Agent or any Lender, for any purpose, including safekeeping, collection or pledge, for the account of such Grantor, or as to which such Grantor may have any right or power.

3. AGENT'S AND LENDERS' RIGHTS: LIMITATIONS ON AGENT'S AND LENDERS' OBLIGATIONS.

(a) It is expressly agreed by Grantors that, anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of its Contracts and each of its Licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder. Neither Agent nor any Lender shall have any obligation or liability under any Contract or License by reason of or arising out of this Security Agreement or the granting herein of a Lien thereon or the receipt by Agent or any Lender of any payment relating to any Contract or License pursuant hereto. Neither Agent nor any Lender shall be required or obligated in any manner to perform or fulfill any of the obligations of any Grantor under or pursuant to any Contract or License, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any Contract or License, or to present or file any claims, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Agent may at any time after a Default or Event of Default shall have occurred and be continuing, without prior notice to any Grantor, notify Account Debtors, parties to the Contracts and obligors in respect of Instruments and Chattel Paper, that the Accounts and the right, title and interest of any Grantor in and under such Contracts, Instruments and Chattel Paper have been assigned to Agent, and that payments shall be made directly to Agent. Upon the request of Agent, each Grantor shall so notify Account Debtors, parties to Contracts and obligors in respect of Instruments and Chattel Paper.

(c) Agent may at any time in Agent's own name or in the name of any Grantor communicate with Account Debtors, parties to Contracts, obligors in respect of Instruments and obligors in respect of Chattel Paper to verify with such Persons, to Agent's satisfaction, the existence, amount and terms of any such Accounts, Contracts, Instruments or Chattel Paper. If a Default or Event of Default shall have occurred and be continuing, each Grantor, at its own expense, shall cause the independent certified public accountants then engaged by such Grantor to prepare and deliver to Agent and each Lender at any time and from time to time promptly upon Agent's request the following reports with respect to each Grantor:

(i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts as Agent may request. Each Grantor, at its own expense, shall deliver to Agent the results of each physical verification, if any, which such Grantor may in its discretion have made, or caused any other Person to have made on its behalf, of all or any portion of its Inventory.

4. REPRESENTATIONS AND WARRANTIES. Each Grantor represents and warrants that:

(a) All information set forth herein and in the Perfection Certificate, including the schedules annexed hereto and thereto, has been duly prepared, completed and executed and the information set forth herein and therein is correct and complete in all material respects. The Collateral described on the Schedules annexed to the Perfection Certificate constitutes all of the property of such type of Collateral owned or held by the Grantors.

(b) Each Grantor is the sole owner of each item of the Collateral upon which it purports to grant a Lien hereunder, and has good, marketable, indefeasible title thereto free and clear of any and all Liens other than Permitted Encumbrances.

(c) No effective security agreement, financing statement, equivalent security or Lien instrument or continuation statement covering all or any part of the Collateral is on file or of record in any public office, except such as may have been filed (i) by any Grantor in favor of Agent pursuant to this Security Agreement or the other Loan Documents, and (ii) in connection with any other Permitted Encumbrances.

(d) This Security Agreement is effective to create a valid and continuing Lien on and, upon the filing of the appropriate financing statements listed in Schedule 6 of the Perfection Certificate, a perfected Lien in favor of Agent, for itself and the benefit of Lenders, on the Collateral with respect to which a Lien may be perfected by filing pursuant to the Code. Such Lien is prior to all other Liens, except Permitted Encumbrances that would be prior to Liens in favor of Agent for the benefit of Agent and Lenders as a matter of law, and is enforceable as such against any and all creditors of and purchasers from any Grantor (other than purchasers of Inventory in the ordinary course of business). All action by any Grantor necessary or desirable to protect and perfect such Lien on each item of the Collateral has been duly taken.

(e) Schedule 12 of the Perfection Certificate lists all Instruments and Chattel Paper of each Grantor. All action by any Grantor necessary or desirable to protect and perfect the Lien of Agent on each item set forth in Schedule 12 of the Perfection Certificate (including the delivery of all originals thereof to Agent and the legending of all Chattel Paper as required by Section 5(b) hereof) has been duly taken. The Lien of Agent, for the benefit of Agent and Lenders, on the Collateral listed in Schedule 12 of the Perfection Certificate is prior to all other Liens, except Permitted Encumbrances that would be prior to the Liens in favor of Agent as a matter of law, and is enforceable as such against any and all creditors of and purchasers from any Grantor.

(f) Each Grantor's chief executive office, principal place of business, corporate offices, all warehouses and premises where Collateral is stored or located, and the locations of all of its books and records concerning the Collateral are set forth on Schedules 2(a), 2(b), 2(c) and 2(d) of the Perfection Certificate, respectively, hereto. Grantors shall only change the foregoing in accordance with the provisions of the Credit Agreement.

(g) With respect to the Accounts, except as specifically disclosed in the most recent Collateral Report delivered to Agent (i) they represent bona fide sales of Inventory, Railcar Rolling Stock or rendering of services to Account Debtors in the ordinary course of each Grantor's business and are not evidenced by a judgment, Instrument or Chattel Paper; (ii) there are no setoffs, claims or disputes existing or asserted with respect thereto and no Grantor has made any agreement with any Account Debtor for any extension of time for the payment thereof, any compromise or settlement for less than the full amount thereof, any release of any Account Debtor from liability therefor, or any deduction therefrom except a discount or allowance allowed by such Grantor in the ordinary course of its business for prompt payment and disclosed to Agent; (iii) to each Grantor's knowledge, there are no facts, events or occurrences which in any way impair the validity or enforceability thereof or could reasonably be expected to reduce the amount payable thereunder as shown on any Grantor's books and records and any invoices, statements and Collateral Reports delivered to Agent and Lenders with respect thereto; (iv) no Grantor has received any notice of proceedings or actions which are threatened or pending against any Account Debtor which might result in any adverse change in such Account Debtor's financial condition; and (v) no Grantor has knowledge that any Account Debtor is unable generally to pay its debts as they become due. Further with respect to the Accounts (x) the amounts shown on all invoices, statements and Collateral Reports which may be delivered to Agent with respect thereto are actually and absolutely owing to such Grantor as indicated thereon and are not in any way contingent; (y) no payments have been or shall be made thereon except payments immediately delivered to the applicable Credit Party Accounts or Agent as required pursuant to the terms of Annex C to the Credit Agreement; and (z) to each Grantor's knowledge, all Account Debtors have the capacity to contract.

(h) With respect to any Inventory or Railcar Rolling Stock, (i) such Inventory or Railcar Rolling Stock is located at one of the applicable Grantor's locations set forth on Schedules 2(a), 2(b), 2(c) and 2(d) of the Perfection Certificate attached hereto, as applicable, (ii) no Inventory or Railcar Rolling Stock is now, or shall at any time or times hereafter be stored at any other location without Agent's prior consent, and if Agent gives such consent, each applicable Grantor will concurrently therewith obtain, to the extent required by the Credit Agreement, bailee, landlord and mortgagee agreements acknowledging that the bailee, landlord or mortgagee is holding the Inventory for Agent, (iii) the applicable Grantor has good, indefeasible and merchantable title to such Inventory and Railcar Rolling Stock and such Inventory and Railcar Rolling Stock is not subject to any Lien or security interest or document whatsoever except for the Lien granted to Agent, for the benefit of Agent and Lenders, and except for Permitted Encumbrances, (iv) such Inventory and Railcar Rolling Stock is of good and merchantable quality, free from any defects, (v) such Inventory and Railcar Rolling Stock is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreements with any third parties which would require any consent of any third party upon sale or disposition of that

Inventory or Railcar Rolling Stock or the payment of any monies to any third party as a precondition of such sale or other disposition, and (vi) the completion of manufacture, sale or other disposition of such Inventory or Railcar Rolling Stock by Agent following an Event of Default shall not require the consent of any Person and shall not constitute a breach or default under any contract or agreement to which any Grantor is a party or to which such property is subject.

(i) Pursuant to Section 5.9 of the Credit Agreement, Grantors will obtain bailee, landlord and mortgagee agreements with respect to all Collateral held by such third parties acknowledging that such third party is holding the Collateral for Agent.

(j) No Grantor has any interest in, or title to, any Patent, Trademark or Copyright except as set forth in Schedules 14(a) and 14(b) of the Perfection Certificate attached hereto. This Security Agreement is effective to create a valid and continuing Lien on and, upon filing of the Patent Security Agreements and the Trademark Security Agreements with the United States Patent and Trademark Office, perfected Liens in favor of Agent on each Grantor's Patents and Trademarks and such perfected Liens are enforceable as such as against any and all creditors of and purchasers from any Grantor. Upon filing of the Patent Security Agreements and the Trademark Security Agreements with the United States Patent and Trademark Office and the filing of appropriate financing statements listed on Schedule 6 of the Perfection Certificate attached hereto, all action necessary or desirable to protect and perfect Agent's Lien on each Grantor's Patents or Trademarks shall have been duly taken.

(k) Grantors will cooperate with Agent in obtaining control with respect to Collateral consisting of Deposit Accounts, Investment Property, Letter-of-Credit Rights and Electronic Chattel Paper.

(l) To the extent Grantors use the proceeds of the Loans to purchase Collateral, Grantors' repayment of the Loans shall apply on a "first in, first out" basis so that the portion of the Loans used to purchase a particular item of Collateral shall be paid in the chronological order that Grantors purchased the Collateral.

5. COVENANTS. Each Grantor covenants and agrees with Agent, for the benefit of Agent and Lenders, that from and after the date of this Security Agreement and until the Termination Date:

(a) Further Assurances: Pledge of Instruments. At any time and from time to time, upon the written request of Agent and at the sole expense of Grantors, each Grantor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further actions as Agent may deem desirable to obtain the full benefits of this Security Agreement and of the rights and powers herein granted, including (i) using its best efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of Agent of any License or Contract held by such Grantor or in which such Grantor has any rights not heretofore assigned, (ii) filing any financing or continuation statements under the Code with respect to the Liens granted hereunder or under any other Loan Document, (iii) transferring Collateral to Agent's possession (for the benefit of Agent and Lenders) if such Collateral consists

of Chattel Paper, Instruments, Investment Property or if a Lien on such Collateral can be perfected only by possession, or if requested by Agent, (iv) obtaining, or using its best efforts to obtain, waivers of Liens, if any exist, from landlords and mortgagees in accordance with the Credit Agreement, and (v) confer control to Agent with respect to Collateral consisting of Deposit Accounts, Investment Property, Letter-of-Credit Rights or Electronic Chattel Paper. Each Grantor also hereby authorizes Agent, for the benefit of Agent and Lenders, to file any such financing or continuation statements without the signature of such Grantor to the extent permitted by applicable law, including financing statements with "all assets" or other such descriptions of Collateral. If any amount payable under or in connection with any of the Collateral is or shall become evidenced by any Instrument, such Instrument, other than checks and notes received in the ordinary course of business, shall be duly endorsed in a manner satisfactory to Agent immediately upon such Grantor's receipt thereof.

(b) Maintenance of Records. Grantors shall keep and maintain, at their own cost and expense, satisfactory and complete records of the Collateral, including a record of any and all payments received and any and all credits granted with respect to the Collateral and all other dealings with the Collateral. Grantors shall mark their books and records pertaining to the Collateral to evidence this Security Agreement and the Liens granted hereby. All Chattel Paper (other than Chattel Paper assigned to Cypress Equipment Fund VII, LLC pursuant to that Assignment of Lease dated June 25, 2002, Cypress Equipment Fund VI, LLC pursuant to that Assignment of Lease dated July 31, 2002 and C.I.T. Leasing Corporation pursuant to that Sublease Assignment Agreement dated April 1, 2003) shall be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of and has been assigned to General Electric Capital Corporation, as Agent, for the benefit of itself and certain lenders. Further assignment of this chattel paper violates the rights of General Electric Capital Corporation, as Agent." All Electronic Chattel Paper shall be marked with an identifying reference in form satisfactory to Agent.

(c) Covenants Regarding Patent, Trademark and Copyright Collateral.

(i) Grantors shall notify Agent immediately if they know or have reason to know that any application or registration relating to any Patent or Trademark (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court) regarding any Grantor's ownership of any Patent or Trademark, its right to register the same, or to keep and maintain the same.

(ii) In no event shall any Grantor, either itself or through any agent, employee, licensee or designee, file an application for the registration of any Patent or Trademark with the United States Patent and Trademark Office or any similar office or agency without giving Agent prior written notice thereof, and, upon request of Agent, Grantor shall execute and deliver any and all Patent Security Agreements or Trademark Security Agreements as Agent may request to

evidence Agent's Lien on such Patent or Trademark and the General Intangibles of such Grantor relating thereto or represented thereby.

(iii) Grantors shall take all actions necessary or requested by Agent to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the Patents and Trademarks (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

(iv) In the event that any of the Patent or Trademark Collateral is infringed upon, or misappropriated or diluted by a third party, such Grantor shall notify Agent promptly after such Grantor learns thereof. Such Grantor shall, unless such Grantor shall reasonably determine that such Patent or Trademark Collateral is in no way material to the conduct of its business or operations, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as Agent shall deem appropriate under the circumstances to protect such Patent or Trademark Collateral.

(d) Indemnification. In any suit, proceeding or action brought by Agent or any Lender relating to any Account, Chattel Paper, Contract, Document, Electronic Chattel Paper, General Intangible or Instrument for any sum owing thereunder or to enforce any provision of any Account, Chattel Paper, Contract, Deposit Account, Document, Electronic Chattel Paper, General Intangible or Instrument, each Grantor will save, indemnify and keep Agent and Lenders harmless from and against all expense (including reasonable attorneys' fees and expenses), loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the obligor thereunder, arising out of a breach by any Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to, or in favor of, such obligor or its successors from such Grantor, except in the case of Agent or any Lender, to the extent such expense, loss, or damage is attributable solely to the gross negligence or willful misconduct of Agent or such Lender as finally determined by a court of competent jurisdiction. All such obligations of Grantors shall be and remain enforceable against and only against Grantors and shall not be enforceable against Agent or any Lender.

(e) Compliance with Terms of Accounts. etc. In all material respects, each Grantor will perform and comply with all obligations in respect of its Accounts, Chattel Paper, Contracts and Licenses and all other agreements to which it is a party or by which it is bound relating to the Collateral.

(f) Limitation on Liens on Collateral. No Grantor will create, permit or suffer to exist, and each Grantor will defend the Collateral against, and take such other action as is necessary to remove, any Lien on the Collateral except Permitted Encumbrances, and will defend

the right, title and interest of Agent and Lenders in and to any of such Grantor's rights under the Collateral against the claims and demands of all Persons whomsoever.

(g) Limitations on Disposition; Railcar Rolling Stock Releases. No Grantor will, and Agent does not authorize any Grantor to, sell, lease, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so except as permitted by the Credit Agreement. With respect to Railcar Rolling Stock permitted to be disposed under the Credit Agreement, Agent and the Lenders hereby agree that their Lien created hereby in any Railcar Rolling Stock shall be automatically released in accordance with Section 9-320 of the Code, provided that, the Lien of Agent and the Lenders shall attach to the Proceeds of such disposition. Subject to the terms of this subsection (g), if the Grantors shall request in writing that Agent and the Lenders evidence the release referred to herein with respect to specific Railcar Rolling Stock, Agent (without the consent of Lenders) shall execute and deliver a partial release with respect to such Railcar Rolling Stock substantially in the form of "**Exhibit B**" attached hereto. In the event any Grantor is granted a security interest in any Railcar Rolling Stock or other property as collateral security for the purchase price of such Railcar Rolling Stock or other property, such Grantor shall execute and deliver any an all documents requested by Agent in order to perfect the collateral assignment of the foregoing security interest of the Grantor to Agent.

(h) Further Identification of Collateral. Grantors will, if so requested by Agent, furnish to Agent, as often as Agent requests, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Agent may reasonably request, all in such detail as Agent may specify.

(i) Notices. Grantors will advise Agent promptly, in reasonable detail, (i) of any Lien (other than Permitted Encumbrances) or claim made or asserted against any of the Collateral, and (ii) of the occurrence of any other event which would have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereunder or under any other Loan Document.

6. AGENT'S APPOINTMENT AS ATTORNEY-IN-FACT.

On the Closing Date each Grantor shall execute and deliver to Agent a power of attorney (the "Power of Attorney") substantially in the form attached hereto as **Exhibit "C"**. The power of attorney granted pursuant to the Power of Attorney is a power coupled with an interest and shall be irrevocable until the Termination Date. The powers conferred on Agent, for the benefit of Agent and Lenders, under the Power of Attorney are solely to protect Agent's interests (for the benefit of Agent and Lenders) in the Collateral and shall not impose any duty upon Agent or any Lender to exercise any such powers. Agent agrees that (a) it shall not exercise any power or authority granted under the Power of Attorney unless an Event of Default has occurred and is continuing, and (b) Agent shall account for any moneys received by Agent in respect of any foreclosure on or disposition of Collateral pursuant to the Power of Attorney provided that none of Agent or any Lender shall have any duty as to any Collateral, and Agent and Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers. NONE OF AGENT, LENDERS OR THEIR RESPECTIVE

AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL BE RESPONSIBLE TO ANY GRANTOR FOR ANY ACT OR FAILURE TO ACT UNDER ANY POWER OF ATTORNEY OR OTHERWISE, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION, NOR FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

7. REMEDIES: RIGHTS UPON DEFAULT.

(a) In addition to all other rights and remedies granted to it under this Security Agreement, the Credit Agreement, the other Loan Documents and under any other instrument or agreement securing, evidencing or relating to any of the Obligations, if any Event of Default shall have occurred and be continuing, Agent may exercise all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, each Grantor expressly agrees that in any such event Agent, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon such Grantor or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the Code and other applicable law), may forthwith enter upon the premises of such Grantor where any Collateral is located through self-help, without judicial process, without first obtaining a final judgment or giving such Grantor or any other Person notice and opportunity for a hearing on Agent's claim or action and may collect, receive, assemble, process, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at a public or private sale or sales, at any exchange at such prices as it may deem acceptable, for cash or on credit or for future delivery without assumption of any credit risk. Agent or any Lender shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase for the benefit of Agent and Lenders, the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption each Grantor hereby releases. Such sales may be adjourned and continued from time to time with or without notice. Agent shall have the right to conduct such sales on any Grantor's premises or elsewhere and shall have the right to use any Grantor's premises without charge for such time or times as Agent deems necessary or advisable.

Each Grantor further agrees, at Agent's request, to assemble the Collateral and make it available to Agent at places which Agent shall select, whether at such Grantor's premises or elsewhere. Until Agent is able to effect a sale, lease, or other disposition of Collateral, Agent shall have the right to hold or use Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by Agent. Agent shall have no obligation to any Grantor to maintain or preserve the rights of such Grantor as against third parties with respect to Collateral while Collateral is in the possession of Agent. Agent may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of Agent's remedies (for the benefit of Agent

and Lenders), with respect to such appointment without prior notice or hearing as to such appointment. Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale to the Obligations as provided in the Credit Agreement, and only after so paying over such net proceeds, and after the payment by Agent of any other amount required by any provision of law, need Agent account for the surplus, if any, to any Grantor. To the maximum extent permitted by applicable law, each Grantor waives all claims, damages, and demands against Agent or any Lender arising out of the repossession, retention or sale of the Collateral except such as arise solely out of the gross negligence or willful misconduct of Agent or such Lender as finally determined by a court of competent jurisdiction. Each Grantor agrees that ten (10) days prior notice by Agent of the time and place of any public sale or of the time after which a private sale may take place is reasonable notification of such matters. Grantors shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all Obligations, including any attorneys' fees and other expenses incurred by Agent or any Lender to collect such deficiency.

(b) Except as otherwise specifically provided herein, each Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

8. GRANT OF LICENSE TO USE INTELLECTUAL PROPERTY COLLATERAL. For the purpose of enabling Agent to exercise rights and remedies under Section 7 hereof (including, without limiting the terms of Section 7 hereof, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of Collateral) at such time as Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to Agent, for the benefit of Agent and Lenders, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, license or sublicense any Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

9. LIMITATION ON AGENT'S AND LENDERS' DUTY IN RESPECT OF COLLATERAL. Agent and each Lender shall use reasonable care with respect to the Collateral in its possession or under its control. Neither Agent nor any Lender shall have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of Agent or such Lender, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

10. REINSTATEMENT. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or

returned by any obligee of the Obligations, whether as a “voidable preference,” “fraudulent conveyance,” or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

11. NOTICES. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give and serve upon any other party any communication with respect to this Security Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be given in the manner, and deemed received, as provided for in the Credit Agreement.

12. SEVERABILITY. Whenever possible, each provision of this Security Agreement shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Security Agreement. This Security Agreement is to be read, construed and applied together with the Credit Agreement and the other Loan Documents which, taken together, set forth the complete understanding and agreement of Agent, Lenders and Grantors with respect to the matters referred to herein and therein.

13. NO WAIVER; CUMULATIVE REMEDIES. Neither Agent nor any Lender shall by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by Agent and then only to the extent therein set forth. A waiver by Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Agent would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of Agent or any Lender, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Agent and Grantors.

14. LIMITATION BY LAW. All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

15. TERMINATION OF THIS SECURITY AGREEMENT. Subject to Section 10 hereof, this Security Agreement shall terminate upon the Termination Date.

16. SUCCESSORS AND ASSIGNS. This Security Agreement and all obligations of Grantors hereunder shall be binding upon the successors and assigns of each Grantor (including any debtor-in-possession on behalf of such Grantor) and shall, together with the rights and remedies of Agent, for the benefit of Agent and Lenders, hereunder, inure to the benefit of Agent and Lenders, all future holders of any instrument evidencing any of the Obligations and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Obligations or any portion thereof or interest therein shall in any manner affect the Lien granted to Agent, for the benefit of Agent and Lenders, hereunder. No Grantor may assign, sell, hypothecate or otherwise transfer any interest in or obligation under this Security Agreement.

17. COUNTERPARTS. This Security Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement.

18. GOVERNING LAW. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN ANY OF THE LOAN DOCUMENTS, IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS SECURITY AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE, AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. EACH GRANTOR HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN NEW YORK COUNTY, CITY OF NEW YORK, NEW YORK, SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN GRANTORS, AGENT AND LENDERS PERTAINING TO THIS SECURITY AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS, PROVIDED, THAT AGENT, LENDERS AND GRANTORS ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF NEW YORK COUNTY, CITY OF NEW YORK, NEW YORK, AND, PROVIDED, FURTHER, NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE AGENT FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF AGENT. EACH GRANTOR EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH GRANTOR HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH GRANTOR HEREBY WAIVES PERSONAL SERVICE OF THE

SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH GRANTOR AT THE ADDRESS SET FORTH ON ANNEX I TO THE CREDIT AGREEMENT AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF ACTUAL RECEIPT THEREOF OR THREE (3) DAYS AFTER DEPOSIT IN THE U.S. MAILS, PROPER POSTAGE PREPAID.

19. WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT DISPUTES ARISING HEREUNDER OR RELATING HERETO BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, AMONG AGENT, LENDERS, AND GRANTORS ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED IN CONNECTION WITH, THIS SECURITY AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO.

20. SECTION TITLES. The Section titles contained in this Security Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

21. NO STRICT CONSTRUCTION. The parties hereto have participated jointly in the negotiation and drafting of this Security Agreement. In the event an ambiguity or question of intent or interpretation arises, this Security Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Security Agreement.

22. ADVICE OF COUNSEL. Each of the parties represents to each other party hereto that it has discussed this Security Agreement and, specifically, the provisions of Section 18 and Section 19, with its counsel.

23. BENEFIT OF LENDERS. All Liens granted or contemplated hereby shall be for the benefit of Agent and Lenders, and all proceeds or payments realized from Collateral in accordance herewith shall be applied to the Obligations in accordance with the terms of the Credit Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

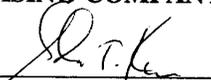
JOHNSTOWN AMERICA CORPORATION

By: 
Name: Glen T. Karan
Title: Vice President - Finance and
Administration, Secretary and Treasurer

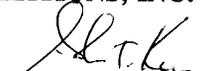
FREIGHT CAR SERVICES, INC.

By: 
Name: Glen T. Karan
Title: Vice President - Finance and
Administration, Secretary and Treasurer

JAIX LEASING COMPANY

By: 
Name: Glen T. Karan
Title: Vice President - Finance and
Administration, Secretary and Treasurer

JAC OPERATIONS, INC.

By: 
Name: Glen T. Karan
Title: Vice President - Finance and
Administration, Secretary and Treasurer

JAC PATENT COMPANY

By: 
Name: Glen T. Karan
Title: Vice President - Finance and
Administration, Secretary and Treasurer

Corporate Form of Acknowledgement

State of Pennsylvania

County of Cambria, §: _____

On this 17th day of October, 2003 before me personally appeared Glen T. Karan, to me personally known, who being by me duly sworn, says that he is the Vice President - Finance and Administration, Secretary and Treasurer of JOHNSTOWN AMERICA CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing was the free act and deed of said corporation.

(SEAL)

COMMONWEALTH OF PENNSYLVANIA

Notarial Seal
Melissa J. Landis, Notary Public
City of Johnstown, Cambria County
My Commission Expires July 8, 2007
Member, Pennsylvania Association of Notaries

Melissa J. Landis

Signature of Notary Public

My Commission Expires: 7-8-07

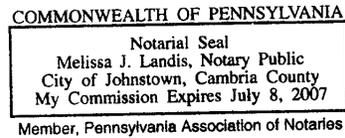
Corporate Form of Acknowledgement

State of Pennsylvania

County of Cambria, §: _____

On this 17th day of October, 2003 before me personally appeared Glen T. Karan, to me personally known, who being by me duly sworn, says that he is the Vice President - Finance and Administration, Secretary and Treasurer of FREIGHT CAR SERVICES, INC., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing was the free act and deed of said corporation.

(SEAL)



Melissa J. Landis

Signature of Notary Public

My Commission Expires: 7-8-07

Corporate Form of Acknowledgement

State of Pennsylvania

County of Cambria, §: _____

On this 17th day of October, 2003 before me personally appeared Glen T. Karan, to me personally known, who being by me duly sworn, says that he is the Vice President - Finance and Administration, Secretary and Treasurer of JAIX LEASING COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing was the free act and deed of said corporation.

(SEAL)

COMMONWEALTH OF PENNSYLVANIA

Notarial Seal
Melissa J. Landis, Notary Public
City of Johnstown, Cambria County
My Commission Expires July 8, 2007
Member, Pennsylvania Association of Notaries

Melissa J. Landis

Signature of Notary Public

My commission expires: 7-8-07

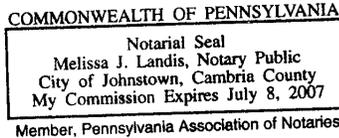
Corporate Form of Acknowledgement

State of Pennsylvania

County of Cambria, §: _____

On this 17th day of October, 2003 before me personally appeared Glen T. Karan, to me personally known, who being by me duly sworn, says that he is the Vice President - Finance and Administration, Secretary and Treasurer of JAC OPERATIONS, INC., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing was the free act and deed of said corporation.

(SEAL)



Melissa J. Landis

Signature of Notary Public

My commission expires: 7-8-07

Corporate Form of Acknowledgement

State of Pennsylvania

County of Cambria, §: _____

On this 17th day of October, 2003 before me personally appeared Glen T. Karan, to me personally known, who being by me duly sworn, says that he is the Vice President - Finance and Administration, Secretary and Treasurer of JAC PATENT COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing was the free act and deed of said corporation.

(SEAL)

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Melissa J. Landis, Notary Public
City of Johnstown, Cambria County
My Commission Expires July 8, 2007
Member, Pennsylvania Association of Notaries

Melissa J. Landis

Signature of Notary Public

My commission expires: 7-8-07

AGENT AND LENDER

**GENERAL ELECTRIC CAPITAL
CORPORATION,**

as Agent and Lender

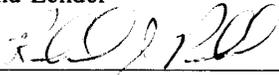
By: 
Duly Authorized Signatory

EXHIBIT A
PERFECTION CERTIFICATE

Reference is hereby made to (i) that certain Credit Agreement dated as of October ___, 2003 (the "Credit Agreement"), among Johnstown America Corporation, a Delaware corporation ("JAC"), Freight Car Services, Inc., a Delaware corporation ("FCS"), JAC Operations, Inc., a Delaware corporation ("JAC Operations"), JAIX Leasing Company, a Delaware corporation ("JAIX"), and JAC Patent Company, a Delaware corporation ("JAC Patent"); (JAC, FCS, JAC Operations and JAIX are sometimes collectively referred to herein as the "Borrowers" and individually as a "Borrower"); JAC Patent together with and the other Credit Parties signatory thereto; General Electric Capital Corporation, a Delaware corporation (in its individual capacity, "GE Capital"), for itself, as Lender, and as Agent for Lenders, and the other Lenders signatory thereto from time to time (ii) that certain Security Agreement dated as of October ___, 2003 (the "Security Agreement") among the Borrowers and JAC Patent, and the Agent for the Lenders (as defined therein). Those capitalized terms used but not defined herein have the meanings assigned in the Credit Agreement.

The undersigned hereby certify to the Agent and the Lenders as follows:

1. Names. (a) the exact legal name of each Credit Party, as such name appears in its respective certificate of incorporation or any other organizational document, is set forth in **Schedule 1(a)**. Each of the Credit Parties is (i) the type of entity disclosed next to its name in **Schedule 1(a)** and (ii) a registered organization except to the extent disclosed in **Schedule 1(a)**. Also set forth in **Schedule 1(a)** is the organizational identification number, if any; of each of the Credit Parties that is a registered organization, the Federal Taxpayer Identification Number of each of the Credit Parties and the state of formation of each of the Credit Parties.

(b) Set forth in **Schedule 1(b)** hereto is the corporate or organizational name each of the Credit Parties has had in the past five years, together with the date of the relevant change.

(c) Set forth in **Schedule 1(c)** is a list of all other names (including trade names or similar appellations) used by each of the Credit Parties, or any other business or organization to which any of the Credit Parties became the successor by merger, consolidation, acquisition, change in form, nature or jurisdiction of organization or otherwise, now or at any time during the past five years. Also set forth in **Schedule 1(c)** is the information required by Section 1 of this certificate for any other business or organization to which each of the Credit Parties became the successor by merger, consolidation, acquisition, change in form, nature or jurisdiction of organization or otherwise, now or at any time during the past five years.

2. Current Locations.

(a) The chief executive office of each of the Credit Parties is located at the address set forth in **Schedule 2(a)** hereto.

(b) Set forth in **Schedule 2(b)** are all locations where each of the Credit Parties maintains any books or records relating to any Collateral.

(c) Set forth in **Schedule 2(c)** hereto are all the other places of business of each of the Credit Parties.

(d) Set forth in **Schedule 2(d)** hereto are all other locations where the Credit Parties maintain any of the Collateral consisting of inventory or equipment not identified above.

(e) Set forth in **Schedule 2(e)** hereto are the names and addresses of all persons or entities other than each of the Credit Parties, such as lessees, consignees, warehousemen or purchasers of chattel paper, which have possession or are intended to have possession of any of the Collateral consisting of instruments, chattel paper, inventory or equipment.

3. **Prior Locations.** (a) Set forth in **Schedule 3(a)** is the information required by **Schedule 2(a)**, **Schedule 2(b)**, or **Schedule 2(c)** with respect to each location or place of business previously maintained by any Credit Party at any time during the past four months in a state in which any Credit Party previously maintained a location or place of business at any time during the past four months.

(b) Set forth in **Schedule 3(b)** is the information required by **Schedule 2(d)** or **Schedule 2(e)** with respect to each other location at which, or other person or entity with which, any of the Collateral consisting of inventory or equipment has been previously held at any time during the past twelve months.

4. **Extraordinary Transactions.** Except for those purchases, acquisitions, and other transactions described on **Schedule 4** attached hereto, all of the Collateral has been originated by Credit Parties in the ordinary course of business or consists of goods which have been acquired by the Credit Parties in the ordinary course of business from a person in the business of selling goods of that kind.

5. **UCC Filings and IP Filings.** Credit Parties have duly authorized the filing of financing statements containing the indications of the collateral set forth on **Schedule 5** relating to the Security Agreement or the applicable Mortgage (as defined in the Credit Agreement).

6. **Schedule of Filings.** Attached hereto as **Schedule 6** is a schedule setting forth, with respect to the filings described in Section 5 above, each filing and the filing office in which such filing is to be made. No other filings or consents are required to create, preserve, protect and perfect the security interests in the Collateral granted to the Term Loan Agent pursuant to the Loan Documents.

7. **Real Property.** Attached hereto as **Schedule 7** is a list of all real property owned or leased by each of the Credit Parties. No real property owned or leased by any Credit Party is leased, subleased or otherwise subject to any other agreement granting any Person the right to use such real property except as disclosed in **Schedule 7**.

8. Termination Statements. A duly signed or otherwise authorized termination statement has been duly filed in each applicable jurisdiction identified in Schedule 8(a) hereto with respect to each Lien described therein. Attached hereto as Schedule 8(b) is a true copy of each filing referenced on Schedule 8(a) duly acknowledged or otherwise identified by the filing officer. Attached hereto as Schedule 8(c) is a list of liens appearing of record that have either been paid and/or are being contested in accordance with the provisions of the Credit Agreement.

9. No Change. The undersigned knows of no change or anticipated change in any of the circumstances or with respect to any of the matters contemplated in Sections 1 through 9 and Section 12 of this Perfection Certificate except as set forth on Schedule 9 thereto.

10. Filing Fees. All filing fees and taxes payable in connection with the filings described in Sections 5 and 6 will be paid at closing.

11. Stock Ownership and Other Equity Interests. Attached hereto as Schedule 11 is a true and correct list of all the issued and outstanding stock, partnership interests, limited liability company membership interests or other equity interest of the Credit Parties and the record and beneficial owners of such stock, partnership interests, membership interests or other equity interests. Also set forth on Schedule 11 is each equity investment of the Credit Parties that represents 50% or less of the equity of the entity in which such investment was made.

12. Instruments and Tangible Chattel Paper. Attached hereto as Schedule 12 is a true and correct list of all promissory notes, instruments, tangible chattel paper and other evidence of indebtedness held by the Credit Parties as of the Closing Date, including all intercompany notes between any Credit Party and any other Credit Party.

13. Advances. Attached hereto as Schedule 13 is (a) a true and correct list of all advances made by any Credit Party to any other Credit Party or by any Credit Party to any Subsidiary of any Credit Party (other than those identified on Schedule 12), which advances will be on and after the date hereof evidenced by one or more intercompany notes pledged to the Term Loan Agent and (b) a true and correct list of all unpaid intercompany transfers of goods sold and delivered by or to the Credit Parties as of the Closing Date.

14. Intellectual Property. Attached hereto as Schedule 14(a) in proper form for filing with the United States Patent and Trademark Office is a schedule setting forth all of the Credit Parties' Patents, Patent Licenses, Trademarks and Trademark Licenses (each as defined in the Credit Agreement), including the name of the registered owner, the registration number and the expiration date of each Patent, Patent License, Trademark and Trademark License owned by the Credit Parties. Attached hereto as Schedule 14(b) in proper form for filing with the United States Copyright Office is a schedule setting forth all of the Credit Parties' Copyrights and Copyright Licenses (each as defined in the Credit Agreement), including the name of the registered owner, the registration number and the expiration date of each Copyright or Copyright License owned by the Credit Parties.

15. Commercial Tort Claims. Attached hereto as **Schedule 15** is a true and correct list of all Commercial Tort Claims (as defined in the Security Agreement) held by the Credit Parties, including a brief description thereof.

16. Deposit Accounts, Securities Accounts and Commodity Accounts. Attached hereto as **Schedule 16** is a true and complete list of all Deposit Accounts, Securities Accounts and Commodity Accounts (each as defined in the Credit Agreement) maintained by the Credit Parties. In connection with the Deposit Accounts listed on **Schedule 16** each individually has an average monthly balance of less than \$_____ and an average monthly balance of less than \$_____ in the aggregate for all such Deposit Accounts.

17. Letter-of-Credit Rights. Attached hereto as **Schedule 17** is a true and correct list of all Letters of Credit issued in favor of the any Credit Party, as beneficiary thereunder.

(remainder of page intentionally left blank)

IN WITNESS WHEREOF, we have hereunto signed this Perfection Certificate as of
this ____ day of October, 2003,

CREDIT PARTIES

JOHNSTOWN AMERICA CORPORATION

By: _____
Name: _____
Title: _____

FREIGHT CAR SERVICES, INC.

By: _____
Name: _____
Title: _____

JAIX LEASING COMPANY

By: _____
Name: _____
Title: _____

JAC OPERATIONS, INC.

By: _____
Name: _____
Title: _____

JAC HOLDINGS INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

JAC INTERMEDCO, INC.

By: _____
Name: _____
Title: _____

JAC PATENT COMPANY

By: _____

Name: _____

Title: _____

Schedule 1(a)

Legal Name, Organizational Document, Type of Entity, Organizational Identification Number,
Federal Taxpayer Identification Number of each Credit Party:

Schedule 1(b)

Organizational Name of each Credit Party in last five (5) years:

Schedule 1(c)

All other Names (including trade names or similar appellations); Legal Name, Organizational Documents, Type of Entity, Organizational Identification Number and Federal Taxpayer Identification Number of any other business or organization of a Credit Party now or in the past five (5) years:

Schedule 2(a)

Chief Executive Office of each Credit Party:

Schedule 2(b)

Location Where Books and Records of Credit Parties are maintained:

Schedule 2(c)

Other Places of Business of each Credit Party:

Schedule 2(d)

Other Locations of Collateral of Credit Parties:

Schedule 2(e)

Names and Addresses of all Persons other than Credit Parties having possession of Collateral:

Schedule 3(a)

Prior Locations of Credit Party:

Schedule 3(b)

Information required by **Schedule 2(d)** or **Schedule 2(e)** with respect to each other location at which, or other person or entity with which, any of the Collateral consisting of inventory or equipment has been previously held:

Schedule 4

Purchases, Acquisitions, and other Transactions of the Collateral originated by Credit Parties in the ordinary course of business:

Schedule 5

Financing Statements:

Schedule 6

Filing and the Filing Office in which G.E. Capital's Filings are to be made:

Schedule 7

Real Property:

Schedule 8(a)

Signed or otherwise authorized Termination Statements and Filing Jurisdictions:

Schedule 8(b)

Copy of each filing referenced on **Schedule 8(a)** duly acknowledged or otherwise identified by the filing officer:

Schedule 8(c)

Liens appearing of record:

Schedule 9

Changes to/Exceptions from Perfection Certificate:

Schedule 11

Equity Interests and Capitalization of each Credit Party, Record and Beneficial owners of such
Equity Interests, Equity Investments of each Credit Party:

Schedule 12

Instruments and Tangible Chattel Paper:

Schedule 13

Intercompany Advances and Transfers:

Schedule 14(a)

Credit Parties' Patents, Patent Licenses, Trademarks and Trademark Licenses:

Schedule 14(b)

Credit Parties' Copyrights and Copyright Licenses:

Schedule 15

Commercial Tort Claims:

Schedule 16

Deposit Accounts Securities Accounts and Commodity Accounts:

Schedule 17

Letter-of-Credit Rights in favor of Credit Parties:

EXHIBIT B
PARTIAL RELEASE OF LIEN

KNOW ALL MEN BY THESE PRESENTS THAT:

WHEREAS, [JAIX LEASING COMPANY, a Delaware corporation ("JAIX")] [JOHNSTOWN AMERICA CORPORATION, a Delaware corporation ("JAC")], has heretofore executed and delivered the Security Agreement dated as of October __, 2003, as amended and supplemented through the date hereof (the "Security Agreement") among GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation, as secured party (the "Secured Party"), [JAIX] [JAC], AND [JAIX's], [JAC's] affiliates identified therein; and

WHEREAS, pursuant to the Security agreement, [JAIX] [JAC] granted to the Secured Party a lien on and security interest in, among other things, all chattel paper, inventory and equipment, including, without limitation, all railcars then owned or thereafter acquired by [JAIX] [JAC], including the railcars identified in Exhibit A hereto, (the railcars identified on Exhibit A, the "Released Railcars"; and

WHEREAS, to perfect and evidence the grant of the security interest to the Secured Party in all railcars then owned or thereafter acquired by [JAIX] [JAC], the of Security Agreement was duly recorded and filed with the Surface Transportation Board pursuant to 49U.S.C. § 11301 on _____, 2003, under Recordation Number _____ and all chattel paper was legended noting the security interest of Secured Party and assignment of such chattel paper to Secured Party; and

WHEREAS, [JAIX] [JAC] has requested the Secured Party to release from the lien of the Security Agreement the Released Railcars and any chattel paper in connection with the Released Railcars, and any right, title or interest which the Secured Party may have in or to the Released Railcars or chattel paper in connection with the Released Railcars, other than the continuing lien of the Secured Party in any proceeds from the sale or other disposition by [JAIX] [JAC] has represented and warranted to Secured Party the [JAIX] [JAC] has complied with all conditions of the Security Agreement precedent to such release.

NOW, THEREFORE, for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, receipt whereof is hereby acknowledged, and pursuant to the authority vested by the Security Agreement in the Secured Party, the Secured Party does hereby RELEASE, REMISE, CONVEY AND QUIT CLAIM unto [JAIX] [JAC], its successors and assigns (without representation, warranty or recourse of any kind), all of the right, title lien, interest, claims or demand whatsoever which the Secured Party has or may have acquired under,

EXHIBIT C

POWER OF ATTORNEY

This Power of Attorney is executed and delivered by _____, a _____ corporation ("Grantor") to General Electric Capital Corporation, a Delaware corporation (hereinafter referred to as "Attorney"), as Agent for the benefit of Agent and Lenders, under a Credit Agreement and a Security Agreement, both dated as of _____, and other related documents (the "Loan Documents"). No person to whom this Power of Attorney is presented, as authority for Attorney to take any action or actions contemplated hereby, shall be required to inquire into or seek confirmation from Grantor as to the authority of Attorney to take any action described below, or as to the existence of or fulfillment of any condition to this Power of Attorney, which is intended to grant to Attorney unconditionally the authority to take and perform the actions contemplated herein, and Grantor irrevocable waives any right to commence any suit or action, in law or equity, against any person or entity which acts in reliance upon or acknowledges the authority granted under this Power of Attorney. The power of attorney granted hereby is coupled with an interest, and may not be revoked or canceled by Grantor without Attorney's written consent.

Grantor hereby irrevocably constitutes and appoints Attorney (and all officers, employees or agents designated by Attorney), with full power of substitution, as Grantor's true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Grantor and in the name of Grantor or in its own name, from time to time in Attorney's discretion, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of the Loan Documents and, without limiting the generality of the foregoing, Grantor hereby grants to Attorney the power and right, on behalf of Grantor, without notice to or assent by Grantor, and at any time, to do the following: (a) change the mailing address of Grantor, open a post office box on behalf of Grantor, open mail for Grantor, and ask, demand, collect, give acquittances and receipts for, take possession of, endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, and notices in connection with any property of Grantor; (b) effect any repairs to any asset of Grantor, or continue or obtain any insurance and pay all or any part of the premiums therefor and costs thereof, and make, settle and adjust all claims under such policies of insurance, and make all determinations and decisions with respect to such policies; (c) pay or discharge any taxes, liens, security interests, or other encumbrances levied or placed on or threatened against Grantor or its property; (d) defend any suit, action or proceeding brought against Grantor if Grantor does not defend such suit, action or proceeding or if Attorney believes that Grantor is not pursuing such defense in a manner that will maximize the recovery to Attorney, and settle, compromise or adjust any suit, action, or proceeding described above and, in connection therewith, give such discharges or releases as Attorney may deem appropriate; (e) file or prosecute any claim, litigation, suit or proceeding in any court of competent jurisdiction or before any arbitrator, or take any other action otherwise deemed appropriate by Attorney for the purpose of collecting any and all such moneys due to Grantor whenever payable and to enforce any other right in respect of Grantor's property; (f) cause the certified public accountants then engaged by Grantor to prepare

and deliver to Attorney at any time and from time to time, promptly upon Attorney's request, the following reports: (1) a reconciliation of all accounts, (2) an aging of all accounts, (3) trial balances, (4) test verifications of such accounts as Attorney may request, and (5) the results of each physical verification of inventory; (g) communicate in its own name with any party to any Contract with regard to the assignment of the right, title and interest of such Grantor in and under the Contracts and other matters relating thereto; and (h) execute, in connection with any sale provided for in any Loan Document, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral and to otherwise direct such sale or resale, all as though Attorney were the absolute owner of the property of Grantor for all purposes, and to do, at Attorney's option and Grantor's expense, at any time or from time to time, all acts and other things that Attorney reasonably deems necessary to perfect, preserve, or realize upon Grantor's property or assets and Attorney's Liens thereon, all as fully and effectively as Grantor might do. Grantor hereby ratifies, to the extent permitted by law, all that said Attorney shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, this Power of Attorney is executed by Grantor, and Grantor has caused its seal to be affixed pursuant to the authority of its board of directors this _____ day of _____.

ATTEST:

By: _____ (SEAL)

Title: _____