

SECURITY AGREEMENT

6799-A
RECORDATION NO. _____ Filed & Recorded

(Chattel Mortgage and Assignment of Rents) JAN 2 1973 - 12 55 PM

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT (hereinafter sometimes called "this Agreement") dated as of December 27, 1972, between FIRST TCA ASSOCIATES, a partnership, with its principal place of business in Chicago Heights, Illinois (hereinafter called "Company"), and CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association (hereinafter called "Bank"), having its office at 231 South LaSalle Street, Chicago, Illinois 60693.

W I T N E S S E T H:

Company is indebted to Bank under that certain promissory note of Company dated December 27, 1972 in the principal amount of \$1,780,000, payable to the order of Bank (hereinafter called, together with any extension or renewal thereof, the "Note").

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. When used herein the following terms shall have the following meanings:

The term "Collateral" shall mean all property and rights in which a security interest is granted hereunder.

The term "Equipment" shall mean the railway freight cars and related equipment leased by Company to Lessee under the Lease (and described in the Equipment Schedule attached thereto), any and all accessories, replacements, repairs or substitutions of parts of the equipment, and all equipment now or hereafter affixed thereto or used in connection therewith.

The term "Lease" shall mean that certain instrument entitled "Master Car Service Contract No. 10872", dated October 30, 1972 between Company, as lessor, and Ashland Chemical Company, Division of Ashland Oil & Refinery Company, Carbon Black and Synthetic Rubber Division, as lessee (hereinafter, together with its successors and assigns, called "Lessee"), together with Rider Nos. 10872A, 10872B and 10872C.

The term "Liabilities" shall mean all obligations of Company under the Note and this Agreement, and all other obligations of Company to the Bank, its successors and assigns, however created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due.

The term "Rental" shall mean all sums due and to become due Company under the Lease or other chattel paper

covering the Equipment and shall also mean all accounts receivable arising out of the sale of the Equipment.

The terms "Event of Default" and "event which might mature into an Event of Default" shall have the meanings ascribed to them in Section 6 hereof.

2. GRANT OF SECURITY INTEREST. As security for payment of all Liabilities, Company hereby mortgages, transfers and assigns to Bank, and grants to Bank a continuing security interest in and to, the following: all right, title and interest whatsoever of Company in and to the Equipment; the Lease and all other chattel paper and all accounts receivable, whether now or hereafter existing or acquired, arising therefrom and all Rental due or to become due in respect of the Equipment; all other property of Company the possession of which may at any time now or hereafter be delivered to or for the account of Bank as security for the payment of the Liabilities; and all proceeds of any of the foregoing. The lien and security interest granted to Bank hereunder with respect to the Equipment is hereby expressly declared to be, and shall be, subordinate and subject to the Lease and to the rights of Lessee thereunder.

3. VARIOUS AGREEMENTS OF COMPANY. Company agrees with Bank that, except as Bank may otherwise consent in writing, until the Note and all other obligations of Company to Bank are paid and performed in full, Company will:

3.1 At all times (consistent with its rights and obligations under the Lease) cause the Equipment and every part thereof to be maintained, preserved and kept in good condition, repair and working order and will, within 20 days after knowledge by an officer or responsible employee of Company of the occurrence thereof, furnish or cause to be furnished to Bank a statement respecting any loss or damage to any of the Equipment which has not been corrected within 20 days after such knowledge;

3.2 Observe and perform all of its obligations under the Lease;

3.3 Send Bank, promptly upon receipt thereof, a copy of each notice (including, without limitation, notices regarding cancellation, termination, and renewal) received from the Lessee under the Lease and will not, without the prior written consent of Bank, permit any amendment or modification to or termination of, waive any provision of, or give any consent pursuant to the Lease;

3.4 Will cause each item of the Equipment to be kept insured to such extent and against such hazards as is commonly maintained by companies similarly situated. All such insurance shall be maintained with a responsible insurance company or companies, and shall insure, among others, Bank, its successors and assigns as their interest may appear and each policy of such insurance obtained by Company shall provide that (a) at least 10 days' prior notice shall be given to Bank of the expiration, termination, alteration or cancellation of such policy, and (b) Bank will be promptly notified in the event any premium shall not be paid when due or if such policy shall not be renewed at the expiration thereof. Upon request of Bank, Company will deliver to Bank policies of or certificates evidencing such insurance;

3.5 Not sell, loan pledge, mortgage, assign or otherwise dispose of (other than by the Lease and this Agreement), or create or suffer to be created any levies, liens or encumbrances on the Equipment or any interest therein or the Lease or any of the Rental, and will from time to time cause to be paid all liens, taxes, assessments and governmental charges law-

fully levied, assessed or imposed upon the Equipment or any interest therein or the Lease or of any of the Rental; provided, however, that nothing herein contained shall be deemed to require any lien, tax, assessment, charge, claim or demand to be paid or discharged prior to the due date thereof, or so long as the validity thereof is being contested by Company in good faith by appropriate proceedings, if Company shall have set aside on its books adequate reserves with respect thereto and shall cause the same to be paid prior to the foreclosure of any lien which may have attached as security therefor. Company will give Bank notice of any attachment or judicial process affecting the Equipment or the Rental as soon as Company has knowledge thereof.

3.6 Will at all times be qualified to do business under its present name in the State of Illinois and in each other jurisdiction in which it maintains an office or carries on business;

3.7 Pay and discharge all taxes, assessments and governmental charges or levies against it or against any of its property prior to the date on which penalties attach thereto; provided, however, that any such tax, assessment,

charge or levy need not be paid if the validity thereof shall currently be contested in good faith by appropriate proceedings and if Company shall have set aside on its books adequate reserves with respect thereto and shall pay all such taxes, assessments, charges or levies prior to foreclosure to any lien which may have attached as security therefor;

3.8 Furnish to Bank, (i) within 90 days after each fiscal year of Company, a copy of the annual report of Company prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year, and certified by a general partner, (ii) within 45 days after each quarter (except the last quarter) of each fiscal year of Company, a copy of its quarterly summary of its cash receipts and disbursements for the year to date as of the end of the quarter and certified by a general partner of the Company, and (iii) from time to time, such other information as Bank may reasonably request

3.9 Not permit any material change to be made in the character of the business of the Company nor sell, transfer, convey, or lease all or any substantial part of its property; and not purchase or otherwise acquire all or substantially all the assets of any person, corporation, or other entity, or any shares of stock of, or similar interest in, any corporation or entity;

3.10 Indemnify and hold harmless Bank against and from any and all claims, actions, expenses, penalties and liabilities (including, without limitation, reasonable attorneys' fees and legal expenses) of whatsoever nature (including, without limitation, those involving infringement or alleged infringement of patents or patent licenses), arising out of or resulting from the use by Company or the Lessee, or agents or employees of any thereof, of the Equipment or any alteration thereof or any addition or attachment thereto, and such obligation shall survive the termination of this Agreement;

3.11 Grant Bank at all times the right, subject, however, to the terms of the Lease, to enter into and upon the premises where the Equipment is located for the purposes of inspecting the same, observing its use or otherwise protecting Bank's interest therein;

3.12 Keep at its principal office all of its original records respecting sums due or to become due it under the Lease; will deliver to Bank an executed copy of the Lease;

3.13 From time to time upon the written request of Bank, execute and deliver such security instruments and other documents and do such other acts as Bank may reasonably request in order fully to achieve the purposes of this Agreement and of any instruments executed pursuant hereto; and

3.14 Give prompt written notice to Bank in case of any change in the positions, or responsibilities, held by Messrs. R. L. Duchossois, S. D. Christianson or Jerome A. Thrall in Company.

4. PAYMENT OF RENTAL; RESTRICTED ACCOUNT. In the event of an occurrence of an Event of Default or an event which might mature into an Event of Default, upon Bank's written request, Company shall promptly notify and direct Lessee in writing to make all payments of Rental directly to Bank, at such address as Bank may designate.

The Company will forthwith, upon receipt, transmit and deliver to Bank, in the form received, all cash, checks, drafts and other instruments for the payment of money (properly endorsed, where required, so that such items may be collected by Bank) which may be received by the Company at any time as payment on account of any Rental, and until

delivery to Bank, such items will not be commingled by the Company with any of its other funds or property, but will be held separate and apart from such other funds and property and upon trust for Bank.

Bank may endorse the name of Company on any check, draft or other instrument for the payment of money received by Bank on account of any Rental or the Equipment, or otherwise as proceeds of any Collateral, if it believes such endorsement is necessary or desirable for purposes of collection. Bank may also at any time enforce collection of any of the Rental, by suit or otherwise, and compromise or extend or renew for any period or any portion thereof; provided, however, that if at such time Company shall have already instituted collection procedures, Company shall assign to Bank any rights it may have theretofore so obtained. Company will reimburse Bank for all expenses, including (without limitation) reasonable attorneys' fees and legal expenses, incurred by Bank in seeking to collect any Rental or enforce any rights under the Lease.

Company will indemnify and save harmless Bank from and against all liabilities and expenses on account of any adverse claim asserted against Bank to any Rental or other moneys received by Bank from the Lessee under the Lease, and such obligation of Company shall continue in effect after and notwithstanding the discharge of the Liabilities and the release hereof.

All Rental received by Bank pursuant to the provisions hereof, all insurance proceeds received by Bank on account of any loss, damage or destruction to the Equipment and all other amounts received by Bank pursuant to this Agreement shall be deposited by Bank in a lease deposit account maintained by Bank (hereinafter called the "Restricted Account") as security for the payment of the Liabilities. Company shall have no right to withdraw any funds deposited in the Restricted Account. Upon receipt of such funds, Bank shall apply all or any of the then balance, representing collected funds, in the Restricted Account, toward payment of Liabilities then due, and except in the case of an Event of Default or event which might mature into an Event of Default, credit all or any of the balance remaining after payment of such Liabilities to the general deposit account maintained by Company with Bank.

Any amount of moneys in the Restricted Account to be remitted by Bank to Company, shall be so remitted by crediting such amount to a general deposit account maintained by Company with Bank, unless Company otherwise directs. Bank shall not be liable for any interest on any moneys deposited with it pursuant to this Agreement. Nothing contained herein shall preclude the deposit of any other amounts in the Restricted Account. Bank shall render to Company monthly

advices of debits and credits to such Account.

5. WARRANTIES. Company warrants to Bank that:

5.1 Company is a partnership duly organized and existing and in good standing under the laws of the State of Illinois, with full power and authority to enter into this Agreement, to execute and deliver the Note and to borrow moneys thereunder, to perform its obligations hereunder and under any instrument executed pursuant hereto, to own and operate its properties and to carry on its business as presently conducted and as proposed to be conducted;

5.2 Company is duly qualified to do business under its present name in the State of Illinois and in every other jurisdiction where the nature of its business or the property it has or in which it has an interest makes such qualification necessary.

5.3 The execution and delivery by Company of this Agreement, the Lease and the Note, and the performance by it of its obligations under each thereof, have been duly authorized by all necessary partnership action, do not and will not conflict with, result in a violation of, or constitute a default under, any provision of its presently existing Partnership Agreement or any agreement or other instrument

binding upon it or any law or governmental regulation or court decree or order applicable to it; and that except for the filing and recording of this Agreement, and the Lease with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, no consent, approval, order, authorization, registration with or notice to is required of the Interstate Commerce Commission or any other Federal or State Governmental agency, commission or instrumentality to insure the validity of the execution, delivery and enforceability of this Agreement, Lease and Note or the security interest or obligation created hereunder.

5.4. Company has no subsidiaries;

5.5. No litigation or governmental proceedings are pending against Company, and Company has no contingent liabilities;

5.6. Company is not in default in the payment of any indebtedness representing any borrowing or financing or any other material indebtedness or under any law or governmental regulation, agreement or other instrument or court decree or order materially affecting its property or business, or aware of any facts or circumstances which would give rise to any such default;

5.7 This Agreement and the Lease are, and the Note when executed and delivered pursuant hereto will be, legal, valid and binding obligations of Company enforceable in accordance with their respective terms against the present partnership constituting Company and against any partnership constituted as a successor partnership to such present partnership by reason of changes from time to time in the partners constituting the continuing partnership of Company, whether or not the obligations under this Agreement or the Note shall be expressly assumed by any such successor partnership, and constitute joint and several obligations of each partner of Company, subject only to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforceability generally of rights of creditors; the lien of this Agreement in favor of Bank on the Equipment, the Lease and the Rental affords Bank a valid first lien superior to the rights of all other persons whomever to the maximum extent permitted by law (assuming filing of this Agreement and the Lease with the Interstate Commerce Commission in accordance with Section 20(c) of the Interstate Commerce Act) except for the rights of the Lessee under the Lease;

5.8 There are no defaults existing or, to the knowledge of Company threatened, under the Lease;

5.9. The Equipment has been delivered to the Lessee and accepted by the Lessee under the Lease and the first payment of Rental is due under the Lease;

5.10 The Equipment is in good condition, repair and working order;

5.11 The Lease is a legal, valid, binding and enforceable obligation of the Lessee;

5.12 Company is the lawful owner, free and clear of all liens and encumbrances (except the security interest or lien granted pursuant hereto in favor of Bank and the rights of the Lessee under the Lease), of the Lease, the Equipment and of all sums due and to become due Company under the Lease, and such ownership interest is protected against all persons whomsoever, to the maximum extent permitted by law, except for (i) the rights under the Lease of the Lessee to use the Equipment during the term of the Lease and (ii) the security interest or lien granted pursuant hereto in favor of Bank;

5.13 Company and the Lessee have made no agreement with respect thereto or with respect to the Equipment leased thereunder other than as set forth in the Lease;

5.14 With respect to the Lease and as of the date hereof, the Company is not aware of any offset, counter-

claim, other defense on the part of the Lessee or matter of abatement.;

5.15. All information heretofore or contemporaneously furnished by or on behalf of Company in writing to Bank is true and accurate in every material respect; and

5.16 Messrs. Jerome A. Thrall, R. L. Duchossois, S. D. Christianson, J. P. Lynch and C. H. Wright are partners of Company and possess the management powers with respect to the Company specified in the Partnership Agreement of the Company.

6. EVENTS OF DEFAULT. Each of the following shall constitute an "Event of Default" under this Agreement:

(a) Default, and continuance thereof for fifteen days, in the payment of the principal of or any installment of interest on, the Note;

(b) Any indebtedness of Company becomes or is declared to be due and payable prior to its expressed maturity by reason of any default by Company in the performance or observance of any obligation or condition;

(c) Company becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee or receiver for Company or any property thereof; or, in the absence of such

application, consent, or acquiescence, a trustee or receiver is appointed for Company or for a substantial part of its property and is not discharged within 30 days; or any bankruptcy, reorganization, debt arrangement, or other proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against Company and if instituted against Company is consented to or acquiesced in by Company or remains for 30 days undismissed;

(d) Default in the performance of any of Company's agreements herein set forth (and not constituting an Event of Default under any of the preceding subsections of this Section 6) and continuance of such default for 30 days after notice thereof to Company from Bank or the holder of the Note; or

(e) Any warranty made by Company herein is untrue in any material respect, or any schedule, statement, report, notice, or writing furnished by Company to Bank is untrue in any material respect on the date as of which the facts set forth are stated or certified; or

(f) R. L. Duchossois, Jerome A. Thrall, S. D.

Christianson, C. H. Wright or J. P. Lynch shall die or for any other reason (including retirement or disability) cease to be a partner of the Company; or during the lifetime of either R. L. Duchossois, Jerome A. Thrall, S. D. Christianson, C. H. Wright or J. P. Lynch, as the case may be, such partners shall have less management control with respect to the affairs of Company than is the case on the date hereof; or any other change shall occur in the management control of Company which Bank, in its sole judgment, believes is not conducive to the best interests of Bank as a substantial creditor;

The term "event which might mature into an Event of Default" shall mean any event which with the lapse of time, or with notice to Company and lapse of time, would constitute an Event of Default.

Whenever an Event of Default shall be existing, Bank may, at its option and without demand or notice of any kind, declare all or any of the obligations of Company under the Note and under this Agreement to be immediately due and payable, notwithstanding any provision of any such Note or this instrument, and upon such declaration such obligations so declared due and payable shall immediately become due and payable and Bank may exercise from time to time any rights and remedies available

to it under applicable law. Company shall, after the occurrence of such an Event of Default and promptly upon request by Bank (but subject to any rights of the Lessee), assemble the Collateral and make it available to Bank at such place or places, reasonably convenient for both Bank and Company, as Bank shall designate.

Any notification required by law of intended disposition by Bank of any of the Collateral shall be deemed reasonably and properly given if given at least 5 days before such disposition.

Any proceeds of any disposition by Bank of any of the Collateral may be applied by Bank to the payment of expenses in connection with the Collateral, including, without limitation, reasonable attorneys' fees and legal expenses, and any balance of such proceeds shall be deposited in the Restricted Account of Company, hereinbefore provided for, and shall be applied in payment of the Note as Bank in its sole discretion may determine and Company shall continue obligated for all Liabilities remaining unpaid after such application.

7. PERFORMANCE BY BANK OF OBLIGATIONS OF COMPANY.

Bank may from time to time, at its option, perform any obligation to be performed by Company hereunder which Company shall fail to perform and take any other action which Bank deems necessary for the maintenance or preservation of any of the Collateral or its security interest in the Collateral.

All moneys advanced by Bank in connection with the foregoing, together with interest at the rate of 10% per annum (or such lower maximum rate as shall be legal under applicable law), shall be repaid by Company to Bank, upon the latter's demand, and shall be secured hereby prior to any other indebtedness or obligation secured hereby, but the making of any such advance by Bank shall not relieve Company of any default hereunder.

8. CONDITIONS PRECEDENT. Concurrently with the execution and delivery of this Agreement, Company agrees to furnish to Bank:

(a) Certified copies of any document evidencing necessary partnership action by Company hereunder and other matters contemplated under this Agreement, the Lease and the Notes.

(b) A certificate signed by an authorized partner of Company, which shall certify (i) a true copy of the Partnership Agreement of Company and

(ii) the names and true signatures of the partners of Company authorized to sign this Agreement, the Lease, the Notes and the other documents or certificates of the Company to be executed and delivered pursuant hereto. The Bank may conclusively rely on such certificate until it shall receive a further certificate of an authorized partner canceling or amending the prior certificate and submitting the signatures of the partners named in such further certificate.

(c) A favorable opinion of Messrs. Carroll, Connelly and Hartigan, counsel for Company, (i) as to matters referred to in Section 5 (except subsections 5.6, 5.8, 5.9, 5.10 and 5.15 thereof), (ii) to the effect that the obligations of the Company under this Agreement and the Notes constitute joint and several obligations of the partners of the Company, and (iii) as to such other matters as the Bank may reasonably request.

9. MISCELLANEOUS. Bank does not assume any obligation or liability to the Lessee, and any such assumption is hereby expressly disclaimed; provided, however, that the interest of Bank hereunder is subordinated and subject to the Lease.

Bank shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its

possession if it takes such action for that purpose as Company requests in writing, but failure of Bank to comply with any such request shall not in itself be deemed a failure to exercise reasonable care, and no failure of Bank to preserve or protect any rights with respect to any Collateral against prior parties or to do any act with respect to the preservation of any Collateral not so requested by Company, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

Company agrees with Bank to promptly pay, or reimburse Bank for the payment of, all fees and out-of-pocket expenses for the filing or recording of any security instrument which Bank determines should be filed or recorded adequately to protect the interests of Bank.

Any notice or other communication hereunder to either party shall be in writing and delivered or mailed to it at its address as set forth above with a carbon copy to Carroll, Connelly & Hartigan, Attention Mr. John M. Hartigan, One North LaSalle Street, Chicago, Illinois 60602; provided that either party may by notice to the other designate a changed address for such party. Any such notice, if mailed properly addressed, shall be deemed given on the first banking business day of Bank after mailing in Illinois, postage prepaid, registered or certified mail.

No remedy herein conferred is intended to be exclusive of any other remedy, but every such remedy shall be cumulative and shall be in addition to every other remedy herein con-

ferred, or conferred upon Bank by any other agreement or instrument or security, now or hereafter existing at law or in equity or by statute.

No failure or delay on the part of Bank in the exercise of any right or remedy hereunder or under any other instrument or otherwise shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude other or further exercise thereof or the exercise of any other right or remedy.

The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof.

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if, for any reason whatsoever, any one or more of the provisions of this Agreement shall be held or deemed to be inoperative, unenforceable or invalid as applied to any particular case or cases in any particular jurisdiction or jurisdictions or in all jurisdictions or in all cases, such circumstance shall not have the effect of rendering such provisions inoperative, unenforceable or invalid in any other jurisdiction or in any other case or of rendering any of the provisions of this Agreement inoperative or invalid.

This Agreement shall be a contract made under and governed by the laws of the State of Illinois.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and, without limiting the foregoing, all rights and powers hereunder or with respect hereto of Bank, or any agent or representative of Bank, may be exercised by any successor or assignee of Bank or any agent or representative of such successor or assignee.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall together constitute but one and the same instrument.

Company acknowledges receipt of a true, correct and complete counterpart of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first above written.

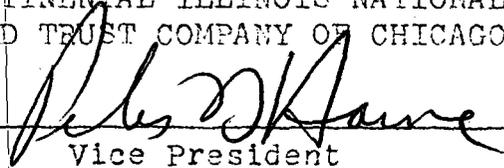
FIRST TCA ASSOCIATES

By

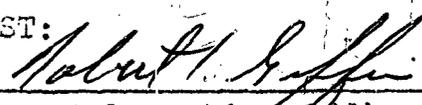

General Partner

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

By


Vice President

ATTEST:


Commercial Banking Officer

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 21st day of December 1972
before me personally appeared R. S. Duckert,
to me personally known, who being by me duly sworn, says that
he is a General Partner of FIRST TCA ASSOCIATES, that he signed
the foregoing on behalf of that Partnership, and that he
acknowledges the execution of the foregoing was his free and
voluntary act.

Anna R. Arney
Notary Public

(NOTARIAL SEAL)

My Commission expires:

January 7, 1973

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 27th day of December 1972
before me personally appeared PETER D. HORNE,
to me personally known, who being by me duly sworn, says that
he is a Vice President of the CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO, that the seal affixed to the fore-
going 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 he acknowledged that
the execution of the foregoing instrument was the free act and
deed of said corporation.

Lillian Nelson
Notary Public

(NOTARIAL SEAL)

My Commission expires:

9-22-70