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November 13, 1979

11045

RECORDATION NO. Filed 1425

NOV 13 1979 - 10 PM

INTERSTATE COMMERCE COMMISSION

9-317AG7D
NOV 13 1979
Date
Fee \$ 50

ICC Washington, D. C.

Agatha L. Mergenovich, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Madam:

Enclosed for recordation under the provisions of 49 U.S.C. §11303(a) are eight counterparts of a Security Agreement-Trust Deed dated as of July 20, 1979 ("Document").

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

Debtor:	Continental Illinois National Bank and Trust Company of Chicago, as Trustee under 1979-1 Illinois Central Gulf Leasing Trust 30 North LaSalle Street Chicago, Illinois 60693
Secured Party:	Harris Trust and Savings Bank, as Security Trustee 111 West Monroe Street Chicago, Illinois 60690

A general description of the railroad equipment covered by the Document is as follows:

Eight (8) SD-20 Type Road Locomotives
bearing numbers ICG 2002 through 2009,
both inclusive.

The undersigned is agent for the Debtor names above for the purpose of recording the Document and has knowledge of the matters set forth therein.

Handwritten signature: C. T. Kappler

REC'D
NOV 13 1979

Agatha L. Mergenovich, Secretary
November 13, 1979
Page Two

Please return the counterparts of the Document not needed for recordation purposes to the bearer hereof or to Cary J. Malkin, Esq., Mayer, Brown & Platt, 231 South LaSalle Street, Chicago, Illinois 60604.

Also enclosed is a check in the amount of \$50.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Very truly yours,

ALVORD AND ALVORD
Agent for Continental Illinois
National Bank and Trust Company
of Chicago, as Trustee

By Charles T. Kappler
Charles T. Kappler

Interstate Commerce Commission
Washington, D.C. 20423

11/13/79

OFFICE OF THE SECRETARY

Charles T. Kappler, Esq.
Alvord and Alvord
200 World Center Bldg.
918 16th St., N.W.
Washington, D.C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/13/79 at 12:10pm, and assigned recordation number(s). 11045

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

11045

RECORDATION NO.....Filed 1425

NOV 13 1979 12 10 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT-TRUST DEED

Dated as of *July* 20, 1979

FROM

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO,
as Trustee under 1979-1 Illinois Central Gulf Leasing Trust
DEBTOR

TO

HARRIS TRUST AND SAVINGS BANK,
as Security Trustee

SECURED PARTY

(8 Remanufactured Locomotives)

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Attachments to Security Agreement:

Schedule 1 - Amortization Schedule
Schedule 2 - Description of Equipment

Exhibit A - Interim Note
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SECURITY AGREEMENT-TRUST DEED

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO,
as Trustee under 1979-1 Illinois Central Gulf Leasing Trust

THIS SECURITY AGREEMENT-TRUST DEED dated as of July 20, 1979 (the "Security Agreement") from CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not individually but solely as Trustee under 1979-1 Illinois Central Gulf Leasing Trust (the "Debtor"), whose post office address is 30 North LaSalle Street, Chicago, Illinois 60693, Attention: Corporate Trust Department, to HARRIS TRUST AND SAVINGS BANK (the "Secured Party") whose post office address is 111 West Monroe Street, Chicago, Illinois 60690, Attention: Indenture Trust Division;

R E C I T A L S:

A. The Debtor has entered into an Interim Loan Agreement dated as of July 20, 1979 (herein, as from time to time amended, called the "Interim Loan Agreement") with CONTINENTAL ILLINOIS LEASING CORPORATION, a Delaware corporation (the "Interim Lender"), providing for the commitment of the Interim Lender to make interim loans to the Debtor upon the terms and conditions and in the aggregate principal amount set forth in the Interim Loan Agreement. Such loans are to be evidenced by the Interim Notes (the "Interim Notes") of the Debtor to be dated the date of issue, to bear interest at a rate per annum equal to the prime rate from time to time in effect at Continental Illinois National Bank and Trust Company of Chicago (being the rate of interest charged by such Bank from time to time to its largest and most creditworthy commercial borrowers on 90-day unsecured commercial loans) (the "Continental Prime Rate"), which rate shall change when and as said Continental Prime Rate changes, and to be otherwise substantially in the form attached as Exhibit A hereto.

B. The Debtor and the Secured Party have entered into a Participation Agreement dated as of July 20, 1979 (the "Participation Agreement") with ILLINOIS CENTRAL GULF RAILROAD COMPANY, a Delaware corporation (the "Lessee"), CI LEASING CORPORATION, a Delaware corporation (the "Trustor"), and NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY (the "Lender"), providing for the commitment of the Lender to make the loan on or before January 14, 1980 not exceeding an aggregate principal amount of \$3,150,000 to be evidenced by the Secured Notes (the "Term Notes") of the Debtor. The Term Notes are to be dated the date of issue, to bear interest at the rate of 10.375% per annum, to be expressed to mature in sixty quarterly installments payable in accordance with the amortization schedule set forth in

Schedule 1 hereto on the payment dates of installments of Fixed Rental (as defined in the Equipment Lease referred to in Section 1 hereof) in respect of the Equipment financed with the proceeds of such Notes and to be otherwise substantially in the form attached as Exhibit B hereto.

C. The proceeds from the issuance of the Interim Notes are to be applied by the Debtor to finance the Total Cost of Remanufactured Equipment (as defined in the Participation Agreement) leased or to be leased to the Lessee under the Equipment Lease referred to in Section 1 hereof. The proceeds of the Term Notes are to be applied to the payment of a portion of the Interim Notes.

D. The Notes (as defined in Section 9.9 hereof) and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at the time due and owing from or required to be paid by the Debtor under the terms of the Notes, this Security Agreement, the Interim Loan Agreement or the Participation Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

E. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

SECTION 1 GRANT OF SECURITY.

The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Notes and in this Security Agreement, the Interim Loan Agreement and in the Participation Agreement contained, does hereby convey, warrant, mortgage, assign, pledge and grant the Secured Party, its successors in trust and assigns, a security interest in all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof subject always to Excepted Rights in Collateral (as defined in Section 1.5 hereof) (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1 Equipment Collateral. Collateral includes the equipment described in Schedule 2 attached hereto and made a part hereof and in any Supplement or Supplements hereto from

time to time executed (collectively the "Equipment" and individually an "Item" or "Item of Equipment"), constituting the Equipment leased or to be leased under that certain Equipment Lease dated as of July 20, 1979 (herein, as from time to time amended, called the "Lease") between the Debtor, as lessor, and the Lessee, as lessee; together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, except such thereof as remain the property of the Lessee under the Lease, together with all the rents, issues, income, profits and avails therefrom.

1.2 Rental Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor, as lessor under the Lease, including, without limitation, but subject always to the exceptions, reservations and limitations contained in Section 1.5 hereof:

- (a) the immediate and continuing right to receive and collect all Interim Rental, Fixed Rental and Casualty Value (as each such term is defined in the Lease), insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Debtor, as lessor under the Lease,
- (b) the right to make all waivers and agreements and to give and receive duplicate copies of all notices and other instruments or communications, and
- (c) the right, subject to Section 5.3 hereof, to take such action upon the occurrence of an Event of Default under the Lease or an event which with the lapse of time or giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease,

it being the intent and purpose hereof that, subject always to the exceptions, reservations and limitations contained in

Section 1.5 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all Interim Rental, Fixed Rental and Casualty Value and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

1.3 Limitations to Security Interest. The security interest granted by this Section 1 is subject to (a) the right, title and interest of the Lessee under the Lease, and (b) the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith. The liens, claims and encumbrances identified in clauses (a) and (b) of this Section 1.3 are hereinafter collectively referred to as the "Permitted Encumbrances".

1.4 Duration of Security Interest. The Secured Party, its successors in trust and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Interim Loan Agreement, the Participation Agreement and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void, otherwise this Security Agreement shall remain in full force and effect.

1.5 Excepted Rights in Collateral. There are expressly excepted and reserved from the security interest and operation of this Security Agreement the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "Excepted Rights in Collateral") and nothing herein or in any other agreement contained shall constitute an assignment of said Excepted Rights in Collateral to the Secured Party:

- (a) all payments of and indemnity under Sections 6, 10.2 and 20.3 of the Lease which by the terms of the Lease are payable to the Debtor or the Trustor for its own account;
- (b) all rights of the Debtor and the Trustor under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor or the

Trustor on account of any such indemnities or payments, provided that the rights excepted and reserved by this paragraph (b) shall not be deemed to include the exercise of any remedies provided for in Section 14 of the Lease except those contained in Section 14.2(a) thereof; and

- (c) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 11.1 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Debtor or the Trustor for its own account.

SECTION 2 COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1 Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Interim Loan Agreement, the Participation Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Interim Loan Agreement or the Participation Agreement were fully set out in an amendment or supplement to this Security Agreement.

2.2 Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only Permitted Encumbrances). The Debtor also agrees that it will, in its individual capacity and at its own cost and expense, without regard to the provisions of Section 7 hereof, promptly take such action as may be necessary to duly discharge any liens, charges or encumbrances on the Collateral which result from claims against the Debtor in its individual capacity and not related to the ownership of the Equipment or the administration of the Trust Estate (as defined in the Trust Agreement) or any transactions pursuant to the Operative Agreements (as defined in the Participation Agreement); and the Debtor further agrees to indemnify and hold harmless the Secured Party and the holders of the Notes from and against any cost or expenses (including legal fees and expenses) incurred, in each case, as a result

of the imposition or enforcement of any liens, charges or encumbrances referred to in the foregoing clause of this second sentence of Section 2.2. Without limiting the foregoing, there is no financing statement or other filed or recorded instrument in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor now on file in any public office covering any of the Collateral excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein.

2.3 Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of the assignment of the Lease pursuant to Section 16 thereof and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease, other than Excepted Rights in Collateral, directly to the Secured Party or as the Secured Party may direct.

2.4 After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5 Recordation and Filing. The Debtor will cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at no expense to the Secured Party furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of each supplement to this Security Agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

2.6 Modifications of the Lease. The Debtor will not:

- (a) declare a default or exercise the remedies of the lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof (other than the lien of this Security Agreement); or
- (b) receive or collect any rental payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or
- (c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

2.7 Power of Attorney in Respect of the Lease. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney, with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Sections 1.1 and 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in partial payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

2.8 Notice of Default. The Debtor further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an Event of Default under the Lease if any officer of the Debtor has actual knowledge of such event or condition and is also aware, or should reasonably have been aware, that such event or condition constitutes such an Event of Default.

SECTION 3 POSSESSION, USE AND RELEASE OF PROPERTY.

3.1 Possession of Collateral. While the Debtor is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, always, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

3.2 Release of Equipment - Casualty Occurrence. So long as no default referred to in Section 14 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 11 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and the receipt from the Lessee of the Casualty Value payment for such Item of Equipment in compliance with Section 11 of the Lease.

3.3 Release of Equipment - Consent of Noteholders. In addition to the sale, exchange or release pursuant to the foregoing Section 3.2, the Debtor may sell or otherwise dispose of any Equipment then subject to the lien of this Security Agreement, and the Secured Party shall release its interest in the same from the lien hereof, to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the holder or holders of the indebtedness hereby secured.

3.4 Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 4 APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

4.1 Application of Rents and Other Payments. As more fully set forth in Section 1.2 hereof the Debtor has hereby granted to the Secured Party a security interest in rents,

issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment as security for the Notes. So long as no Event of Default as defined in Section 5 hereof has occurred and is continuing:

- (a) The amount from time to time received by the Secured Party which constitutes payment of Interim Rent under the Lease shall be applied to the ratable payment of the interest on the then outstanding Interim Notes.
- (b) The amounts from time to time received by the Secured Party which constitute payment by the Lessee under the Lease of the installments of Fixed Rental under the Lease shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the Term Notes which have matured or will mature on or before the due date of the installments of rental which are received by the Secured Party, and second, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor.
- (c) The amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the "Casualty Value" of an Item of Equipment pursuant to Section 11 of the Lease shall be applied by the Secured Party as follows:
 - (i) If such Casualty Value payment is received by the Secured Party on or prior to the Term Lease Commencement Date (as defined in the Lease), the amount so received shall be applied first, to the payment of that portion of the principal of the then outstanding Interim Notes as shall equal the Total Cost of Remanufactured Equipment of such Item, together with accrued and unpaid interest thereon, and second, the balance, if any, of such amount shall promptly be released to or upon the order of the Debtor; and
 - (ii) If such Casualty Value payment is received by the Secured Party after the Term Lease Commencement Date, the amount so received shall be applied as follows: first, an amount equal to the Loan Value (as hereinafter defined) of such Item shall be applied to the prepayment of the principal of and accrued interest on the Term Notes so that each of the remaining installments of the Term Notes shall be reduced

in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of such prepaid Term Notes immediately prior to the prepayment, and second, the balance, if any, of such amounts shall promptly be released to or upon the order of the Debtor.

For purposes of this Section 4.1(c), the "Loan Value", in respect of any Item of Equipment, shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Total Cost of Remanufactured Equipment with respect to the Item of Equipment for which settlement is then being made and the denominator of which is the aggregate Total Cost of Remanufactured Equipment (including the Total Cost of Remanufactured Equipment of the Item of Equipment for which settlement is then being made) for all Equipment, times (B) the unpaid principal amount of the Term Notes immediately prior to the prepayment provided for in this Section 4.1(c).

- (d) The amounts, if any, received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of an Item of Equipment, shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:
 - (i) So long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if such Item of Equipment is to be repaired, be released to the Lessee for expenditures made for such repair.
 - (ii) If the Lessee shall have notified the Secured Party in writing that the Lease is to be terminated in respect of such Item, then, so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:
 - (A) First, to the prepayment of the Notes all in the manner and to the extent provided for by Section 4.1(c) hereof; and

- (B) Second, the balance, if any, of such insurance proceeds held by the Secured Party after making the application provided for by the preceding subparagraph (A) shall be released to or upon the order of the Debtor.

4.2 Default. If an Event of Default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5 DEFAULTS AND OTHER PROVISIONS.

5.1 Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

- (a) Default in payment of an installment of the principal of, or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for five calendar days; or
- (b) An Event of Default as set forth in Section 14 of the Lease; or
- (c) Default on the part of the Debtor in the due observance or performance of any other covenant, condition or agreement to be observed or performed by the Debtor under this Security Agreement, the Interim Loan Agreement or the Participation Agreement, and such default shall continue unremedied for 30 days after written notice from the Secured Party to the Debtor specifying the default and demanding the same to be remedied; or
- (d) Any representation or warranty on the part of the Debtor or the Trustor made herein, in the Interim Loan Agreement or in the Participation Agreement or in any certificate or statement furnished in connection with this Security Agreement, the Interim Loan Agreement or the Participation Agreement, or the transactions contemplated therein shall prove to be false or misleading in any material respect when made; or

- (e) Any claim, lien or charge (other than the Permitted Encumbrances and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 9 of the Lease) shall be asserted against or levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed within thirty days after written notice from the Secured Party or the holder of any Note to the Debtor and the Lessee demanding the discharge or removal thereof.

5.2 Secured Party's Rights. The Debtor agrees that when any Event of Default as defined in Section 5.1 has occurred and is continuing, but subject always to Sections 5.3 and 7 hereof, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

- (a) The Secured Party may, and upon the written request of the holders of 51% of the principal amount of the Notes then outstanding shall, by notice in writing to the Debtor declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued and unpaid interest thereon, shall be and become immediately due and payable.
- (b) Subject always to the rights of the Lessee under the Lease, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold.

- (c) Subject always to the rights of the Lessee under the Lease, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor and the Lessee once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; provided, however, that any such sale shall be held in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of the Notes, or of any interest therein, may bid and become the purchaser at any such sale.
- (d) Subject always to the rights of the Lessee under the Lease, the Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or subject to the provisions of Section 7 hereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable laws.
- (e) Subject always to the rights of the Lessee under the Lease, the Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Lease, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

5.3 Certain Rights of the Debtor on the Occurrence of an Event of Default under a Lease. Except as hereinafter provided, if an Event of Default under the Lease of which the Secured Party has knowledge shall have occurred and be continuing, the Secured Party shall give the Debtor and the Trustor not less than 20 days' prior written notice of the date (the "Enforcement Date") on which the Secured Party will exercise any remedy or remedies pursuant to Section 5.2 hereof. If an Event of Default under the Lease shall have occurred and be continuing, the Debtor shall have the following rights hereunder:

- (a) Right to Cure. In the event that as the result of the occurrence of an Event of Default under Section 14.1(a) of the Lease in respect of the payment of Interim Rental or Fixed Rental on the day it becomes due and payable, the Trustor may, but shall not be obligated to, pay to the Secured Party prior to the Enforcement Date an amount equal to any principal and interest (including interest, if any, on overdue payments of principal and interest) then due and payable on the Notes, and any such payment by the Debtor or the Trustor shall be deemed to cure any such Event of Default which would otherwise have arisen on account of such non-payment. Anything contained herein to the contrary notwithstanding, the Debtor and the Secured Party understand and agree that in the case of a default in the payment of an installment of rental under the Lease, the Debtor or the Trustor may cure such default through payment thereof not more than a total of six times on or prior to April 14, 1987 and thereafter not more than a total of four times. The Debtor understands and agrees that the right to cure monetary defaults shall not be cumulative and all or any part of such monetary cure rights with respect to rental payments not exercised on or prior to April 14, 1987 shall thereupon cease and lapse and will be of no further force or effect.

Except as hereinafter in this Section 5.3(a) provided, neither the Debtor nor the Trustor shall obtain any lien, charge or encumbrance of any kind on any of the Collateral, including any rent payable under the Lease, for or on account of costs or expenses incurred in connection with the exercise of such right, nor shall any claim of the Debtor or the Trustor against the Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Secured

Party in and to the Collateral. Upon such payment by the Debtor or the Trustor of the amount of principal and interest then due and payable on the Notes, the Debtor or the Trustor, as the case may be, shall be subrogated to the rights of the Secured Party and the holders of the Notes in respect of the rental which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue, and, therefore, if no other Event of Default or other event which with the lapse of time or the giving of notice, or both, would constitute an Event of Default shall have occurred and be continuing hereunder and if all principal of and interest payments then due on the Notes have been paid at the time of receipt by the Secured Party of such rental and interest, the Debtor shall be entitled to receive such rental and such interest; provided that (i) in the event the principal and interest on the Notes shall have become due and payable pursuant to Section 5.2(a) hereof, such subrogation shall, until principal of and interest on all Notes and all other indebtedness hereby secured shall have been paid in full, be subordinated and junior in rank to the rights of the Secured Party and the holders of the Notes hereunder to receive payment of the indebtedness hereby secured, and (ii) neither the Debtor nor the Trustor shall be entitled to seek to recover any such payment (or any payment in lieu thereof) except pursuant to the foregoing right of subrogation.

- (b) Option to Prepay or Purchase Notes. At any time after the Lease has been declared in default and upon the written request of the Trustor made after receipt of notice of an Enforcement Date, each holder of a Note agrees that it will, upon receipt from the Trustor of an amount equal to the aggregate unpaid principal amount of all Notes then held by such holder, together with accrued interest thereon to the date of payment, plus all other sums then due and payable to such holder hereunder or under the Participation Agreement, the Lease or such Notes, forthwith sell, assign, transfer and convey to the Trustor (without recourse or warranty of any kind), all of the right, title and interest of such holder in and to this Security Agreement, the Lease and the Notes held by such holder, and the Trustor shall assume all of such holder's obligations under the Participation Agreement, provided, the Trustor shall so purchase all of the Notes then outstanding hereunder and shall pay all other then due and owing

indebtedness hereby secured. If the Trustor shall so request, such holder will comply with all of the provisions of Section 9.4 hereof to enable new Notes to be issued to the Trustor in such denominations as the Trustor shall request. All charges and expenses required pursuant to Section 9.5 hereof in connection with the issuance of any such new Note shall be borne by the Trustor.

(c) Right of Substitution. If (i) the Lessee is no longer entitled to the use and possession of the Equipment under the Lease, (ii) no Event of Default under this Security Agreement, other than an Event of Default under Section 5.1(b) hereof, or event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default under this Security Agreement shall have occurred and be continuing, and (iii) any amounts theretofore and then due to the Secured Party under the Lease (other than Interim Rental and Fixed Rental payments and payments under Sections 6, 10.2, 11.1 (with respect to public liability insurance) and 14.2 (b) of the Lease) have been paid by the Lessee or the Debtor, then the Debtor, with the consent of the Trustor, shall have the right from time to time to obtain a new lessee (the "New Lessee") and enter into a new lease (the "New Lease"), provided that:

(A) at the time of the execution and delivery of the New Lease by the New Lessee, the New Lessee shall be a corporation duly incorporated under the laws of the United States of America or any state thereof with an equipment trust certificate or bond credit rating of "A" or better or its equivalent as provided by either Moody's Investors Service, Inc. or Standard & Poor's Corporation (or by such other nationally recognized rating service as the holders of at least 51% of the aggregate principal amount of the Notes then outstanding shall approve);

(B) the New Lease shall be a net lease incorporating substantially all of the

terms, conditions and provisions of the Lease, provided that (1) the New Lease shall include an agreement of the New Lessee pursuant to which the New Lessee agrees that the rights of any assignee of the Debtor to the sums payable by the New Lessee under the New Lease shall not be subject to any defense whatsoever, including any liability of the Debtor to the New Lessee, and (2) the rents and casualty values payable under the New Lease shall be at least sufficient to fully pay and discharge the principal of, and premium and interest on, the Notes then outstanding as the same become due and payable;

- (C) the New Lessee shall make representations and warranties of substantially the same scope and form as those of the Lessee set forth in the Participation Agreement;
- (D) concurrently with the execution and delivery of the New Lease, the Debtor shall have entered into a supplement to this Security Agreement (the "Supplement") assigning all of its right, title and interest in and to the New Lease and the rents and other sums due and to become due thereunder to the Secured Party as additional security for the Notes;
- (E) prior to the delivery of any item of equipment to the New Lessee under the New Lease, the Debtor will, at its or the New Lessee's expense, cause the New Lease and the Supplement to be duly filed, recorded and deposited with the Interstate Commerce Commission in conformity with 49 U.S.C. §11303 and in such other places within the United States as any holder of the Notes may reasonably request for the protection of the title to or the security interest of the Secured Party in the Collateral and will furnish the Secured Party and each holder of the Notes proof thereof;
- (F) concurrently with the execution and delivery of the New Lease, the New Lessee shall have accepted delivery of all Items

of Equipment under the New Lease and the Secured Party shall have received a certificate of the New Lessee to that effect; and

- (G) the New Lessee and the Debtor shall have delivered to the Secured Party or the holder of any Note such certificates, opinions of counsel or other documents as the Secured Party or such holder shall reasonably request in connection with the substitution of the New Lessee.

Once the substitution provided for in this Section 5.3(c) has been accomplished, any Event of Default under Section 5.1(b) hereof shall be deemed to be cured. Thereafter the New Lease shall be deemed to be the Lease for the purposes of this Security Agreement and the Secured Party shall release, by proper instrument or instruments, the security interest granted by this Security Agreement in the old Lease; provided, however, that all of the rights of the Secured Party and the Lender against the Lessee as indemnitees or additional insured parties contained in the indemnities and agreements set forth in Sections 6, 10.2 and 11.1 (with respect to public liability insurance) of the Lease shall be retained by the Secured Party and the Lender and shall survive the release of the security interest in the old Lease.

5.4 Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest then accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers of the Collateral, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

5.5 Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit

or advantage of, any delay, stay or extension law now or at any time hereafter in force, nor claim, take or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgement or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, the Debtor hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

5.6 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

5.7 Application of Proceeds. The rentals, proceeds and/or avails of any lease or sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

- (a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

- (b) Second, to the payment of the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal, interest and premium, if any; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest and premium, if any, with application on each Note to be made, first, to the unpaid principal thereof, second, to unpaid premium, if any, thereon, and third, to unpaid interest thereon; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and
- (c) Third, the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

5.8 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Secured Party and the holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

5.9 Cumulative Remedies. No delay or omission of the Secured Party or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor hereunder shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing. The giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement shall not operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder; nor shall the Secured Party or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 6 THE SECURED PARTY.

6.1 Certain Duties and Responsibilities of Secured Party.

- (a) Except during the continuance of an Event of Default:
- (i) the Secured Party undertakes to perform such duties and only such duties as are specifically set forth in this Security Agreement, and no implied covenants or obligations shall be read into this Security Agreement against the Secured Party; and
 - (ii) in the absence of bad faith on its part, the Secured Party may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Secured Party and conforming to the requirements of this Security Agreement or the Lease; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Secured Party, the Secured Party shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Security Agreement.
- (b) In case an Event of Default has occurred and is continuing, the Secured Party shall exercise such of the rights and powers vested in it by this Security Agreement for the benefit of the holders of the Notes, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.
- (c) No provision of this Security Agreement shall be construed to relieve the Secured Party from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:
- (i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;
 - (ii) the Secured Party shall not be liable for any error of judgment made in good faith by an officer of the Secured Party unless it shall be proved that the Secured Party was negligent in ascertaining the pertinent facts; and

- (iii) the Secured Party shall not be liable to the holder of any Note with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of 51% of the principal amount of the Notes outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Secured Party, or exercising any trust or power conferred upon the Secured Party under this Security Agreement.
- (d) No provision of this Security Agreement shall require the Secured Party to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.
- (e) Whether or not therein expressly so provided, every provision of this Security Agreement relating to the conduct or affecting the liability of or affording protection to the Secured Party shall be subject to the provisions of this Section.

6.2 Compensation and Expenses of Secured Party; Indemnification; Lien Therefor.

- (a) The Debtor covenants to pay to the Secured Party such compensation for its services hereunder as shall be agreed to by the Debtor and the Secured Party or, in the absence of such agreement, reasonable compensation therefor (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and to pay, or reimburse, the Secured Party for all reasonable expenses incurred hereunder, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Secured Party may employ in connection with the exercise and performance of its powers and duties hereunder.
- (b) The Debtor will also indemnify and save the Secured Party harmless against any liabilities, not arising from the Secured Party's own default or negligence

or bad faith which it may incur in the exercise and performance of its rights, powers, trusts, duties and obligations hereunder.

- (c) As security for such compensation, expenses, disbursements and indemnification, the Secured Party shall have the benefit of the lien hereby created in priority to the indebtedness evidenced by the Notes issued hereunder.

6.3 Certain Rights of Secured Party.

- (a) The Secured Party shall not be responsible for any recitals herein or in the Participation Agreement (except recitals made by it on its own behalf) or for insuring the Equipment, or for paying or discharging any tax, assessment, governmental charge or lien affecting the Collateral, or for the recording, filing or refileing of this Security Agreement, or of any supplemental or further mortgage or trust deed, nor shall the Secured Party be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements contained herein or in the Participation Agreement, and, except in the case of a default in the payment of the principal of, or interest or premium, if any, on any Note or a default of which the Secured Party has actual knowledge, the Secured Party shall be deemed to have knowledge of any default in the performance or observance of any such covenants, conditions or agreements only upon receipt of written notice thereof from one of the holders of the Notes. The Secured Party shall promptly notify all holders of the Notes of any default of which the Secured Party has actual knowledge. Upon receipt by the Secured Party of such written notice from a holder of a Note, the Secured Party shall promptly notify all other holders of the Notes of such notice and the default referred to therein by prepaid registered mail addressed to them at their addresses set forth in the Register (as defined in Section 9.3 hereof).
- (b) The Secured Party makes no representation, or warranty as to the validity, sufficiency or enforceability of this Security Agreement, the Notes, the Interim Loan Agreement, the Participation Agreement or any instrument included in the Collateral, or as to the value, title, condition, fitness for use of, or otherwise with respect to, any Equipment or Item of Equipment or any substitute therefor. The Secured Party shall not be accountable

to anyone for the use or application of any of the Notes or the proceeds thereof or for the use or application of any property or the proceeds thereof which shall be released from the lien and security interest hereof in accordance with the provisions of this Security Agreement.

- (c) The Secured Party may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.
- (d) Any request, direction or authorization by the Debtor or the Lessee shall be sufficiently evidenced by a request, direction or authorization in writing, delivered to the Secured Party, and signed in the name of the Debtor or the Lessee, as the case may be, by its Chairman of the Board, President, any Vice President, Treasurer or Secretary; and any resolution of the Board of Directors of the Debtor or the Lessee shall be sufficiently evidenced by a copy of such resolution certified by its Secretary or an Assistant Secretary to have been duly adopted and to be in full force and effect on the date of such certification, and delivered to the Secured Party.
- (e) Whenever in the administration of the trust herein provided for the Secured Party shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate purporting to be signed by the Chairman of the Board, the President, any Vice President, the Treasurer or the Secretary of the Debtor and delivered to the Secured Party, and such certificate shall be full warrant to the Secured Party or any other person for any action taken, suffered or omitted on the faith thereof, but in its discretion the Secured Party may accept, in lieu thereof, other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.
- (f) The Secured Party may consult with counsel, appraisers, engineers, accountants and other skilled

persons to be selected by the Secured Party, and the written advice of any thereof shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

- (g) The Secured Party shall be under no obligation to take any action to protect, preserve or enforce any rights or interests in the Collateral or to take any action towards the execution or enforcement of the trusts hereunder or otherwise hereunder, whether on its own motion or on the request of any other person, if the taking of any such action in the opinion of the Secured Party may involve loss, liability or expense, unless the Debtor or one or more holders of the Notes outstanding shall offer and furnish reasonable security or indemnity against loss, liability and expense to the Secured Party.
- (h) The Secured Party shall not be liable to the holder of any Note for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Security Agreement.
- (i) The Secured Party shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, unless requested in writing to do so by the holders of not less than a majority in principal amount of the Notes then outstanding.
- (j) The Secured Party may execute any of the trusts or powers thereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Secured Party shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care.
- (k) The provisions of paragraphs (c) to (j), inclusive, of this Section 6.3, shall be subject to the provisions of Section 6.1 hereof.

6.4 Showings Deemed Necessary by Secured Party.

Notwithstanding anything elsewhere in this Security Agreement contained, the Secured Party shall have the right, but shall not be required, to demand in respect of withdrawal of any cash, the release of any property, the subjection of any after-acquired property to the lien of this Security Agreement, or any other

action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information by the Secured Party deemed reasonably necessary or appropriate in addition to the matters by the terms hereof required as a condition precedent to such action.

6.5 Status of Moneys Received; Payments to the Debtor.

All moneys received by the Secured Party shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and may be deposited by the Secured Party under such general conditions as may be prescribed by law in the Secured Party's general banking department, and the Secured Party shall be under no liability for interest on any moneys received by it hereunder. The Secured Party and any affiliated corporation may become the owner of any Note secured hereby and be interested in any financial transaction with the Debtor or any affiliated corporation or the Lessee or any affiliated corporation, or the Secured Party may act as depository or otherwise in respect to the securities of the Debtor or any affiliated corporation or the Lessee or any affiliated corporation, all with the same rights which it would have if not the Secured Party. The Security Trustee will cause all amounts payable to the Debtor to be paid by wire transfer of immediately available funds, or in such other manner as may be designated by the Debtor in writing.

6.6 Resignation of Secured Party. The Secured Party may resign and be discharged of the trusts hereby created by mailing notice specifying the date when such resignation shall take effect to the Debtor and to the holders of the Notes at their respective addresses set forth in the Register (as hereinafter defined). Such resignation shall take effect on the date specified in such notice (being not less than thirty days after the mailing of such notice) unless previously a successor secured party shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor.

6.7 Removal of Secured Party. The Secured Party may be removed and/or a successor secured party may be appointed at any time by an instrument or concurrent instruments in writing signed and acknowledged by the holders of a majority in principal amount of the Notes and delivered to the Secured Party and to the Debtor and, in the case of the appointment of a successor secured party, to such successor secured party.

6.8 Successor Secured Party. Each secured party appointed in succession of the Secured Party named in this Security Agreement, or its successor in trust, shall be a trust

company or banking corporation having an office in the State of Illinois, in good standing and having a capital and surplus aggregating at least \$50,000,000, if there be such a trust company or banking corporation qualified, able and willing to accept the trust upon reasonable or customary terms.

6.9 Appointment of Successor Secured Party. If the Secured Party shall have given notice of resignation to the Debtor and the holders of the Notes pursuant to Section 6.6 hereof or if notice of removal shall have been given to the Secured Party and the Debtor pursuant to Section 6.7 hereof, and such notice does not appoint a successor secured party, then a successor secured party may be appointed by the Debtor, or, if such successor secured party shall have been so appointed and shall not have accepted such appointment within fifteen calendar days after the giving of such notice of resignation or the giving of any such notice of removal, as the case may be, a successor secured party may be appointed by the Debtor, the holder of any outstanding Note, or, upon application of the retiring secured party, by any court of competent jurisdiction.

6.10 Merger or Consolidation of Secured Party. Any company into which the Secured Party, or any successor to it in the trust created by this Security Agreement, may be merged or converted or with which it or any successor to it may be consolidated or any company resulting from any merger or consolidation to which the Secured Party or any successor to it shall be a party (provided such company shall be a corporation organized under the laws of the State of Illinois or of the United States of America, having a capital and surplus of at least \$50,000,000), shall be the successor to the Secured Party under this Security Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Debtor covenants that in case of any such merger, consolidation or conversion it will, upon the request of the merged, consolidated or converted corporation, execute, acknowledge and cause to be recorded or filed suitable instruments in writing to confirm the estates, rights and interests of such corporation as secured party under this Security Agreement.

6.11 Conveyance Upon Request of Successor Secured Party. Should any deed, conveyance or instrument in writing from the Debtor reasonably be required by any successor secured party for more fully and certainly vesting in and confirming to such new secured party such estates, rights, powers and duties, then upon request any and all such deeds, conveyances and instruments in writing shall be made, executed, acknowledged and delivered, and shall be caused to be recorded and/or filed, by the Debtor.

6.12 Acceptance of Appointment by Successor Secured Party. Any new secured party appointed pursuant to any of the provisions hereof shall execute, acknowledge and deliver to the Debtor an instrument accepting such appointment; and thereupon such new secured party, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers and trusts of its predecessor in the rights hereunder with like effect as if originally named as secured party herein; but nevertheless, upon the written request of the Debtor or of the successor secured party, the secured party ceasing to act shall execute and deliver an instrument transferring to such successor secured party, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the Secured Party so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such secured party to the successor secured party so appointed in its or his place, which obligation of the Secured Party to assign, transfer and deliver shall survive its resignation.

SECTION 7 LIMITATIONS OF LIABILITY.

It is expressly understood and agreed by and between the Debtor, the Trustor, the Secured Party and the holder of any Note and their respective successors and assigns that, except as expressly provided in the Participation Agreement and herein, this Security Agreement is executed by Continental Illinois National Bank and Trust Company of Chicago, not individually or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee (and Continental Illinois National Bank and Trust Company of Chicago hereby warrants that it possesses full power and authority to enter into and perform this Security Agreement). It is also expressly understood and agreed by and between the parties hereto that each and all of the representations, undertakings and agreements herein made on the part of the Debtor or the Trustor are each and every one of them made and intended not as personal representations, undertakings and agreements by the Debtor or the Trustor, or for the purpose or with the intention of binding the Debtor or the Trustor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Trust Agreement, that this Security Agreement is executed and delivered by the Debtor solely in the exercise of the powers expressly conferred upon the Debtor as trustee under the Trust Agreement and that actions to be taken by the Debtor pursuant to its obligations hereunder may, in certain instances, be taken by the Debtor only upon specific authority of the Trustor. Accordingly, nothing herein contained shall be construed as creating any liability on the Debtor or the Trustor individually or any incorporator or any past, present or future subscriber

to the capital stock of, or stockholder, officer or director of, Continental Illinois National Bank and Trust Company of Chicago or the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Secured Party and the holders of the Notes and by any person claiming by, through or under the Secured Party and the holders of the Notes, and that so far as Debtor or the Trustor individually are concerned, the Secured Party and the holders of the Notes and any person claiming by, through or under the Secured Party and the holders of the Notes shall look solely to the Trust Estate for the payment of the indebtedness evidenced by any Note and the performance of any obligation under any of the instruments referred to herein.

SECTION 8 SUPPLEMENTAL SECURITY AGREEMENTS: WAIVERS.

8.1 Supplemental Security Agreements Without Noteholders' Consent. The Debtor and the Secured Party from time to time and at any time, subject to the restrictions in this Security Agreement contained, may enter into an agreement or agreements supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

- (a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon the Debtor;
- (b) to subject to the security interest of this Security Agreement additional property hereafter acquired by the Debtor and intended to be subjected to the security interest of this Security Agreement, and to correct and amplify the description of any property subject to the security interest of this Security Agreement;
- (c) to permit the qualification of this Security Agreement under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, except that nothing herein contained shall permit or authorize the inclusion of the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939 or any corresponding provision in any similar Federal statute hereafter in effect; or
- (d) for any other purpose not inconsistent with the terms of this Security Agreement, or to cure any ambiguity or cure, correct or supplement any defect or inconsistent provisions of this Security Agreement or any supplement;

and the Debtor covenants to perform all requirements of any such supplemental agreement. No restriction or obligation imposed upon the Debtor may, except as otherwise provided in this Security Agreement, be waived or modified by such supplemental agreements, or otherwise.

8.2 Waivers and Consents by Noteholders; Supplemental Security Agreements with Noteholders' Consent. Upon the waiver or consent of the holders of at least 51% in aggregate principal amount of the Notes (a) the Debtor may take any action prohibited, or omit the taking of any action required, by any of the provisions of this Security Agreement or any agreement supplemental hereto, (b) the Secured Party may, upon the occurrence and continuation of an Event of Default hereunder, exercise such of the remedies set forth in Section 5 hereof as such holders have so elected or consented to, or (c) the Debtor and the Secured Party may enter into an agreement or agreements supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Security Agreement or of any agreement supplemental hereto or modifying in any manner the rights and obligations of the holders of the Notes and the Debtor; provided, that no such waiver or supplemental agreement shall (i) impair or affect the right of any holder to receive payments or prepayments of the principal of and payments of the interest and premium, if any, on its Note, as therein and herein provided, without the consent of such holder, (ii) permit the creation of any lien or security interest with respect to any of the Collateral, without the consent of the holders of all the Notes at the time outstanding, (iii) effect the deprivation of the holder of any Note of the benefit of the security interest of this Security Agreement upon all or any part of the Collateral without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of Notes, the holders of which are required to consent to any such waiver or supplemental agreement pursuant to this Section, without the consent of the holders of all of the Notes at the time outstanding, (v) modify the rights, duties or immunities of the Secured Party, without the consent of the holders of all of the Notes at the time outstanding, or (vi) modify, waive or rescind a direction of noteholders to the Secured Party to accelerate the Notes in accordance with Section 5.2(a) hereof.

8.3 Notice of Supplemental Security Agreements. Promptly after the execution by the Debtor and the Secured Party of any supplemental agreement pursuant to the provisions of Section 8.1 or 8.2 hereof, the Secured Party shall give written notice, setting forth in general terms the substance of such supplemental agreement, together with a conformed copy thereof, mailed, first-class, postage prepaid, to each holder of the Notes. Any failure of the Secured Party to give such notice, or any defect therein,

shall not, however, in any way impair or affect the validity of any such supplemental agreement.

8.4 Opinion of Counsel Conclusive as to Supplemental Security Agreements. The Secured Party is hereby authorized to join with the Debtor in the execution of any such supplemental agreement authorized or permitted by the terms of this Security Agreement and to make the further agreements and stipulations which may be therein contained, and the Secured Party may receive an opinion of counsel as conclusive evidence that any supplemental agreement executed pursuant to the provisions of this Section 8 complies with the requirements of this Section 8.

SECTION 9 MISCELLANEOUS.

9.1 Registration and Execution. The Notes shall be signed on behalf of the Debtor by its President or any Vice President or any other officer of the Debtor who, at the date of the actual execution thereof, shall be a proper officer to execute the same.

9.2 Payment of the Notes.

- (a) The principal of, premium, if any, and interest on the Term Notes shall be payable at the principal corporate trust office of the Secured Party, in lawful money of the United States of America. Payment of principal of the Term Notes shall be made only upon presentation of such Term Notes to the Secured Party for notation thereon of the amount of such payment.
- (b) Notwithstanding the foregoing provisions of paragraph (a) of this Section 9.2, if any Term Note is held by an original holder of the Term Notes or a nominee thereof, the Secured Party shall make payment of interest on such Term Notes and shall make payments or prepayments (except in the case of a payment or prepayment which will discharge all indebtedness of the Debtor evidenced by such Term Note) of the principal thereof, and any premium, by check, duly mailed, by first-class mail, postage prepaid, or delivered to such holder at its address appearing on the Register as defined in Section 9.3 and such holder (or the person for whom such holder is nominee) will, before selling, transferring or otherwise disposing of such Term Note, present such Term Note to the Secured Party for transfer and notation as provided in Sections 9.4 and 9.5 hereof. All payments so made shall be valid and effectual

to satisfy and discharge the liability upon such Term Note to the extent of the sums so paid. The Secured Party is authorized to act in accordance with the foregoing provisions and shall not be liable or responsible to any such holder or to the Debtor or to any other person for any act or omission on the part of the Debtor such holder in connection therewith.

- (c) So long as any Term Note is held by the original holder or a nominee thereof, the Secured Party will, upon written notice from such original holder or its nominee given not less than 20 days prior to the payment or prepayment of the Term Notes, cause all subsequent payments and prepayments of the principal of, and interest and premium, if any, on the Term Notes held by such original holder or its nominee to be made to any bank in the continental United States as shall be specified in such notice by wire transfer in immediately available Federal Reserve funds to such bank, on each such date such payment or prepayment is due provided that such bank has facilities for the receipt of a wire transfer. Subject to timely receipt by the Secured Party of available funds, the Secured Party will transmit any such wire transfer from its offices not later than 10:00 A.M., local time, on each such date payment or prepayment is due.
- (d) Anything contained in this Section 9.2 to the contrary notwithstanding, it is understood and agreed by the parties hereto that the Debtor shall make payments in respect of the Interim Notes upon the terms and in the manner provided therefor in the Interim Loan Agreement.

9.3 The Register. The Secured Party will keep at its principal office a register for the registration and transfer of Term Notes (herein called the "Register"). The names and addresses of the holders of the Term Notes, the transfers of the Term Notes and the names and addresses of the transferees of all Term Notes shall be registered in the Register.

9.4 Transfers and Exchanges of Notes; Lost or Mutilated Notes.

- (a) The holder of any Note may transfer such Note upon the surrender thereof at the principal corporate trust office of the Secured Party. Thereupon, the Debtor shall execute in the name of the transferee a new Note or Notes in denominations not less than

\$50,000 in aggregate principal amount equal to the unpaid principal amount of the Note so surrendered and deliver such new Note or Notes to the Secured Party for delivery to such transferee.

- (b) The holder of any Note or Notes may surrender such Note or Notes at the principal corporate trust office of the Secured Party, accompanied by a written request for a new Note or Notes in the same aggregate principal amount as the then unpaid principal amount of the Note or Notes so surrendered and in denominations of \$50,000 or such amount in excess thereof as may be specified in such request. Thereupon, the Debtor shall execute in the name of such holder a new Note or Notes in the denomination or denominations so requested in aggregate principal amount equal to the aggregate unpaid principal amount of the Note or Notes so surrendered and deliver such new Note or Notes to the Secured Party for certification and delivery to such holder.
- (c) All Notes presented or surrendered for exchange or transfer shall be accompanied (if so required by the Debtor or by the Secured Party) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Secured Party, duly executed by the registered holder or by its attorney duly authorized in writing. The Debtor and the Secured Party shall not be required to make a transfer or an exchange of any Note for a period of ten days preceding any installment payment date with respect thereto.
- (d) No notarial act shall be necessary for this transfer or exchange of any Note pursuant to this Section 9.4, and the holder of any Note issued as provided in this Section 9.4 shall be entitled to any and all rights and privileges granted under this Security Agreement to a holder of a Note.
- (e) In case any Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Note in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Debtor and to the Secured Party such security or indemnity as may be required by them to save each of them harmless from all risks, and

the applicant shall also furnish to the Debtor and to the Secured Party evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof. In case any Note which has matured or would mature within three months following the issuance of a substituted Note shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substituted Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note), if the applicant for such payment shall furnish to the Debtor and to the Secured Party such security or indemnity as they may require to save them harmless, and shall evidence to the satisfaction of the Debtor and the Secured Party the mutilation, destruction, loss or theft of such Note and the ownership thereof. If the Lender, or its nominee, is the owner of any such lost, stolen or destroyed Note, then the affidavit of the president or any vice president of the Lender setting forth the fact of loss, theft or destruction and of its ownership of the Note, at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no indemnity shall be required as a condition to execution and deliver of a new Note other than the written agreement of the Lender to indemnify the Debtor and the Secured Party (including their attorneys' fees) for any claims or action against them resulting from the issuance of such new Note or the reappearance of the old Note.

9.5 The New Notes.

- (a) Each new Note (herein, in this Section 9.5, called a "New Note") issued pursuant to Section 9.4(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Note (herein, in this Section 9.5, called an "Old Note") shall be dated the date of such Old Note. The Secured Party shall mark on each New Note (i) the dates to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) the amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear the same proportion to the installment payment payable on such Old Note on such date as the original principal amount of such New Note bears to the original aggregate principal

amount of such Old Note. Interest shall be deemed to have been paid on such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

- (b) Upon the issuance of a New Note pursuant to Section 9.4(a), (b) or (e), the Debtor may require from the holder thereof the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge or any other charges and expenses connected therewith which are paid or payable by the Debtor.
- (c) All New Notes issued pursuant to Section 9.4(a), (b) or (e) in exchange for or in substitution or in lieu of Old Notes shall be valid obligations of the Debtor evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as the Old Notes.
- (d) The Debtor shall prepare an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of issuance thereof and the unpaid principal balance of such Note after each such installment payment, and the Debtor shall furnish a copy thereof to the Secured Party. The Secured Party shall deliver, or send by first-class mail, postage prepaid, a copy of the amortization schedule to the holder of such Note at its address set forth in the Register.

9.6 Cancellation of Notes. All Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Secured Party for cancellation or, if surrendered to the Secured Party, shall be cancelled by it, and no Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Security Agreement. The Secured Party shall deliver a certificate to the Debtor specifying any cancellation of Notes which has been made, and all such cancelled Notes shall be delivered to or disposed of as directed by the Debtor.

9.7 Secured Party as Agent. The Secured Party is hereby appointed the agent of the Debtor for the limited purpose of payment, transfer and exchange of Notes. Subject to the provisions of Section 9.2 hereof, Notes may be presented for payment at, and notices or demands with respect to the Notes

or this Security Agreement may be served or made at, the principal corporate trust office of the Secured Party. Any such notices or demands shall promptly be delivered by the Secured Party to the Debtor.

9.8 Registered Owner. The person in whose name any Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Security Agreement and neither the Debtor nor the Secured Party shall be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor and the Secured Party may deem and treat the registered owner of any Note as the owner thereof without production of such Note.

9.9 Definition of "Note". "Note" shall mean any of, and "Notes" shall mean all of, the then outstanding Interim Notes and Term Notes referred to in the Recitals hereof. The term "outstanding" when used with reference to Notes shall mean, as of any particular time, all Notes delivered by the Debtor pursuant to the Interim Loan Agreement or the Participation Agreement and secured hereby except:

- (a) Interim Notes following the payment thereof;
- (b) Notes theretofore cancelled by the Debtor or delivered to the Debtor for cancellation;
- (c) Notes for the payment or prepayment of which moneys in the necessary amount shall have been paid to the noteholders or deposited in trust with the Secured Party;
- (d) Notes in lieu of or in substitution for which other Notes shall have been delivered pursuant to the terms of Sections 9.4 and 9.5 of this Security Agreement; and
- (e) Notes held by or under the direct or indirect control of the Debtor.

9.10 Successors and Assigns. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

9.11 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid, provided that nothing contained in this Section 9.11 shall be construed to be in derogation of any rights or immunities of the Debtor under Section 7 hereof, or to amend or modify any limitations or restrictions on the Secured Party or the holder of any Note or their respective successors or assigns under said Section 7.

9.12 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor: Continental Illinois National Bank
and Trust Company of Chicago,
as Trustee under 1979-1 Illinois
Central Gulf Leasing Trust
30 North LaSalle Street
Chicago, Illinois 60693

Attention: Corporate Trust Department

If to the Secured Party: Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

Attention: Indenture Trust Division

or to any such party at such other address as such party may designate by notice duly given in accordance with this Section to the other party.

9.13 Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

9.14 Governing Law. This Security Agreement and the Notes shall be construed in accordance with and governed by the internal laws of the State of Illinois; provided, however, that the Secured Party shall be entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

9.15 Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of

counterparts, each of such counterparts constituting an original but all together only one Security Agreement. Each of the Debtor and the Secured Party acknowledge receipt of a true, correct and complete counterpart of this Security Agreement.

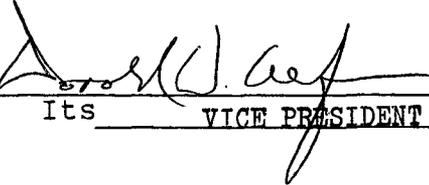
9.16 Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO,
as Trustee under 1979-1 Illinois
Central Gulf Leasing Trust

ATTEST:


Trust Officer
(Corporate Seal)

By 
Its VICE PRESIDENT

DEBTOR

HARRIS TRUST AND SAVINGS BANK

ATTEST:


Assistant Secretary
(Corporate Seal)

By 
Its VICE PRESIDENT

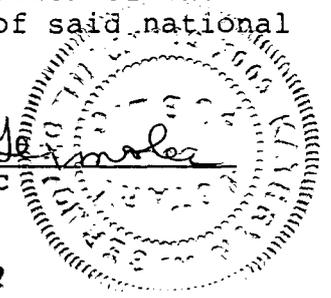
SECURED PARTY

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 6th day of November, 1979, before me personally appeared DONALD W. ALFVIN, to me personally known, who being by me duly sworn, says that he is a VICE PRESIDENT of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, that one of the seals affixed to the foregoing instrument is the corporate seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association 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 national banking association.

(SEAL)

Kathryn A. Germer
Notary Public



My commission expires: **My Commission Expires December 28th, 1982**

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 8th day of NOVEMBER, 1979, before me personally appeared R. G. MASON, to me personally known, who being by me duly sworn, says that he is a VICE PRESIDENT of HARRIS TRUST AND SAVINGS BANK, that one of the seals 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 he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

Rose Marie Marini
Notary Public



My commission expires: **FEB 20 1983**

SCHEDULE 1
(to Security Agreement)

AMORTIZATION SCHEDULE

Payments Required Per \$1,000,000 Principal Amount
of Secured Notes Issued by the Debtor

<u>Installment Number</u>	<u>Principal Amount</u>
1	9,733.96
2	9,986.43
3	10,245.46
4	10,511.20
5	10,783.83
6	11,063.54
7	11,350.50
8	11,644.90
9	11,946.94
10	12,256.82
11	12,574.73
12	12,900.88
13	13,235.50
14	13,578.80
15	13,931.00
16	14,292.33
17	14,663.04
18	15,043.36
19	15,433.55
20	15,833.86
21	16,244.55
22	16,665.89
23	17,098.16
24	17,541.65
25	17,996.63
26	18,463.42
27	18,942.32
28	19,433.63
29	19,937.69
30	20,454.83
31	20,985.37
32	21,529.68
33	22,088.11
34	22,661.02
35	10,931.60
36	16,154.04
37	16,573.03
38	20,692.03
39	5,054.02
40	16,979.80

41	17,420.17
42	21,906.62
43	3,050.66
44	16,898.29
45	17,336.56
46	22,631.39
47	2,321.76
48	17,698.92
49	18,157.96
50	23,841.38
51	2,366.60
52	18,711.80
53	19,197.11
54	25,205.94
55	12,694.93
56	29,076.21
57	29,830.38
58	30,604.10
59	31,397.90
60	32,213.22

SCHEDULE 2
(to Security Agreement)

DESCRIPTION OF EQUIPMENT

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Numbers</u>
8	SD-20 Type Road Locomotives	ICG 2002 through 2009, inclusive

EXHIBIT A
(to Security Agreement)

PROMISSORY NOTE

\$ _____, 197_

ON DEMAND, Continental Illinois National Bank and Trust Company of Chicago, not individually but as Trustee under a Trust Agreement, dated as of July 20, 1979 (herein called the "Trustee"), for value received, promises to pay to the order of Continental Illinois Leasing Corporation (herein called the "Interim Lender") the principal sum of

_____ Dollars
(\$ _____) in lawful money of the United States at its principal office in Chicago, Illinois. Interest shall be payable on the outstanding balance hereof from and including the date hereof to but not including the date paid at a rate per annum (on a 365 day-year basis) which shall be equal to the prime rate from time to time in effect at Continental Illinois National Bank and Trust Company of Chicago, being the rate of interest charged by such bank from time to time to its largest and most creditworthy commercial borrowers on 90-day unsecured commercial loans, which rate shall change when and as said prime rate changes. Interest shall be payable on demand, but absent demand shall be payable on September 30, 1979, December 31, 1979 and January 14, 1980.

This Note is issued pursuant to the provisions of the Interim Loan Agreement (and all amendments, if any, thereto), dated as of July 20, 1979, between the Trustee and Continental Illinois Leasing Corporation to which Agreement reference is hereby made for a statement of the terms and conditions under which the loans in part evidenced hereby were made and are to be repaid.

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO
as Trustee

By _____
Its _____

EXHIBIT B
(to Security Agreement)

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO,
as Trustee under 1979-1 Illinois Central
Gulf Leasing Trust

SECURED NOTE

\$ _____, 1980

FOR VALUE RECEIVED, the undersigned, CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not individually but solely as Trustee under 1979-1 Illinois Central Gulf Leasing Trust (the "Debtor") promises to pay to _____

_____ or its registered assigns, the principal sum of _____ ^{1/} DOLLARS (\$ _____) in sixty (60) quarterly installments in the respective amounts set forth below, payable on the fourteenth day of each April, July, October and January in each year, commencing April 14, 1980 to and including January 14, 1995:

<u>Quarterly Installment No.</u>	<u>Amount of Payment</u>
--------------------------------------	--------------------------

and to pay interest (computed on the basis of ^{2/} a 360-day year of twelve consecutive 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of 10.375% per annum from the date hereof until maturity, payable quarterly in the case of all such interest payments on the fourteenth day of April, July, October and January in each year and at maturity commencing April 14, 1980; and to pay interest on overdue principal and (to the extent legally enforceable) on overdue interest at the rate of 11.375% per annum after maturity, whether by acceleration or otherwise, until paid, payable upon demand. Both the principal hereof and interest hereon are

1/ The initial Note shall be in an amount determined in accordance with Section 2.2 of the Participation Agreement

2/ To be determined in accordance with the amortization schedule set forth in Schedule 1 to the Security Agreement.

payable to the registered holder hereof at the principal office of the Secured Party referred to below in Chicago, Illinois, in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the Secured Notes (the "Notes") of the Debtor not exceeding \$3,150,000 in aggregate original principal amount which are issued under and pursuant to the Participation Agreement dated as of July 20, 1979 (the "Participation Agreement") among the Debtor, Illinois Central Gulf Railroad Company (the "Lessee"), CI Leasing Corporation (the "Trustor"), Harris Trust and Savings Bank (the "Secured Party") and New England Mutual Life Insurance Company, and also issued under and equally and ratably with said other Notes secured by that certain Security Agreement-Trust Deed dated as of July 20, 1979 (the "Security Agreement") from the Debtor to the Secured Party. Reference is made to: (a) the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement, and (b) the Participation Agreement and all supplements and amendments thereto executed pursuant to the Participation Agreement, for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Notes and of the Debtor in respect thereof.

Certain prepayments are required to be made on this Note and any other Notes outstanding under the Security Agreement. The Debtor agrees to make such required prepayments on the Notes in accordance with the provisions of the Security Agreement.

The terms and provisions of the Security Agreement and the rights and obligations of the Debtor and the rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note and the Security Agreement are governed by and construed in accordance with the internal laws of the State of Illinois.

It is expressly understood and agreed by and between the Debtor, the Trustor and the holder of this Note and their respective successors and assigns that, except as expressly provided in the Participation Agreement and in the Security Agreement, this Note is executed by Continental Illinois National Bank and Trust Company of Chicago not individually or personally but solely as Trustee under 1979-1 Illinois Central Gulf Leasing Trust in the exercise of the power and authority conferred and vested in it as such Trustee (and Continental Illinois National Bank and Trust Company of Chicago hereby warrants that in such

capacity it possesses full power and authority to enter into and perform this Note). It is also understood and agreed that each and all of the representations, undertakings and agreements herein made on the part of the Debtor are each and every one of them made and intended not as personal representations, undertakings and agreements by the Debtor or the Trustor, or for the purpose or with the intention of binding the Debtor or the Trustor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Participation Agreement and that this Note is executed and delivered by the Debtor solely in the exercise of the powers expressly conferred upon the Debtor as Trustee under 1979-1 Illinois Central Gulf Leasing Trust. Accordingly, nothing herein contained shall be construed as creating any liability on the Debtor or the Trustor, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, Continental Illinois National Bank and Trust Company of Chicago or the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the holder of this Note and by each and every person now or hereafter claiming by, through or under the holder of this Note and that so far as the Debtor or the Trustor, individually or personally are concerned, the Debtor and any person claiming by, through or under the Debtor shall look solely to such Trust Estate for the performance of any obligation under this Note.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed, not individually but solely as Trustee under 1979-1 Illinois Central Gulf Leasing Trust.

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO,
as Trustee under 1979-1 Illinois
Central Gulf Leasing Trust

By _____
Vice President

NOTICE: THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933 OR UNDER THE SECURITIES LAWS OF ANY STATE. THE NOTE MAY NOT BE OFFERED OR SOLD UNLESS IT IS REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.