RECORDATION NO. 10071 Filed 1425

FEB 2 1979 -1 40 PM

INTERSTATE COMMERCE COMMISSION

FEB 2 1 36 PM '79

I.C.C.
FEE OPERATION BR.

LETTER OF TRANSMITTAL

No.

Date FEB 2 1979

Fee $ 50.00

Washington, D. C.

Secretary of the Interstate
Commerce Commission
Constitution and 12th Street, N.W.
Washington, DC 20423

Re: Security Agreement - Trust Deed from The Connecticut Bank and Trust Company, not in its individual capacity by solely as Trustee, to Continental Illinois National Bank and Trust Company of Chicago, not in its individual capacity but solely as Security Trustee, dated as of November 15, 1978

Dear Sir:

Pursuant to Part 1116 of the regulations of the Inter-State Commerce Commission, 49 CFR Part 1116, I hereby request that you record under 49 U.S.C. § 11303 a certain Security Agreement-Trust Deed (the "Security Agreement") dated as of November 15, 1978, from The Connecticut Bank and Trust Company, not in its individual capacity but solely as Trustee to Continental Illinois National Bank and Trust Company of Chicago, not in its individual capacity but solely as Security Trustee.

I am an officer of Continental Illinois National Bank and Trust Company of Chicago and have knowledge of the matters set forth therein.

The parties to the instant transaction, and their addresses, are as follows:

LESSOR - DEBTOR

The Connecticut Bank and Trust Company
One Constitution Plaza
Hartford, Connecticut 06115
Attention: Corporate Trust Department

SECURED PARTY

Continental Illinois National Bank
and Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois 60693
Attention: Corporate Trust Department

The equipment assigned by the Security Agreement is 215 covered hopper cars. The A.A.R. mechanical designation of the equipment is "LO," and the car numbers are ROCK 801285 through ROCK 801499, both inclusive.

Enclosed herewith for filing purposes are the original and 2 executed counterparts of the Security Agreement. The original should be returned to Mr. Donn Beloff of Schiff Hardin & Waite.

A $50.00 check, payable to the Interstate Commerce Commission, also is enclosed to cover the required recordation fee.

Very truly yours,

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not in its individual capacity but solely as Security Trustee

By: _____
Vice President

Dated: January 5, 1979.

Interstate Commerce Commission
Washington, D.C. 20423

2/2/79

OFFICE OF THE SECRETARY

Donn Beloff
Continental Illinois National Bank & Trust Co
231 South LaSalle Street
Chicago, Illinois 60603

Dear
Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 2/2/79 at 1:40pm, and assigned recordation number(s) 10071 & 10071-A

Sincerely Yours,

H.G. Homme, Jr.,
Secretary

Enclosure(s)

SE-30-T
(2/78)

RECORDATION NO. 10071 Filed 1425

FEB 2 1979 -1 40 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT-TRUST DEED

Dated as of November 15, 1978

FROM

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity
but solely as Trustee

DEBTOR

TO

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO,
not in its individual capacity
but solely as Security Trustee

SECURED PARTY

(215 100-Ton Covered Hopper Cars)

[Filed and recorded with the Interstate Commerce Commission pursua
to 49 U.S.C. §11303 on December __, 1978, at _____, Recordation No.
_____.]

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ATTACHMENTS TO SECURITY AGREEMENT-TRUST DEED:

Schedule 1 - Amortization Schedule

Schedule 2 - Description of Equipment

Exhibit A - Form of 11% Secured Note

SECURITY AGREEMENT-TRUST DEED

THIS SECURITY AGREEMENT-TRUST DEED dated as of November 15, 1978 (the "Security Agreement") from THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, not in its individual capacity but solely as trustee (the "Debtor") under a Trust Agreement dated as of November 15, 1978 (the "Trust Agreement") with Heleasco Six, Inc., a Delaware corporation (the "Trustor"), the Debtor's post office address being One Constitution Plaza, Hartford, Connecticut 06115, Attention: Corporate Trust Department, to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO (the "Secured Party"), whose post office address is 231 South La Salle Street, Chicago, Illinois 60693, Attention: Corporate Trust Department;

R E C I T A L S:

A. The Debtor and the Secured Party have entered into a Participation Agreement dated as of November 15, 1978 (the "Participation Agreement") with the Trustor, William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company (the "Lessee") and The Prudential Insurance Company of America, Bankers Life Insurance Company of Nebraska, American Mutual Life Insurance Company, The State Auto and Casualty Company and Southern Life & Health Insurance Company (the "Note Purchasers") providing for the issuance and sale by the Debtor and the

purchase by the Note Purchasers on the dates provided therein of the Debtor's 11% Notes (the "Notes") in an aggregate principal amount not to exceed $5,568,500 to finance a portion of the cost of the Equipment (as hereinafter defined). The Notes are to be dated the date of issue, to bear interest from such date at the rate of 11% per annum prior to maturity, and to be otherwise substantially in the form attached hereto as Exhibit A. One installment of interest only on the Notes shall be payable on March 15, 1979, and thereafter principal of and interest on the Notes shall be payable in 60 consecutive quarterly installments in the manner set forth in the Amortization Schedule attached hereto as Schedule 1,

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

C. All of the requirements of law relating to the transaction contemplated hereby 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.

NOW, THEREFORE, in consideration of the agreements and the covenants hereinafter contained, the parties hereto hereby agree as follows:

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 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, 1.2 and 1.3 hereof, (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral"), subject always to the limitations set forth in Section 1.4 hereof and to Excepted Rights in Collateral (as defined in Section 1.6 hereof). Nothing in this Section 1 is intended or shall be construed

as conveying, warranting, mortgaging, assigning, pledging or granting a security interest in any and all payments due and to become due to the Trustor for its own account pursuant to Section 9 of the Participation Agreement.

1.1. Equipment Collateral. Collateral includes the railroad equipment described in Schedule 2 attached hereto and made a part hereof (collectively the "Equipment" and individually an "Item" or "Item of Equipment") constituting the Equipment leased and delivered under that certain Equipment Lease dated as of November 15, 1978 (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:

(1) the immediate and continuing right to receive and collect all rental payments, casualty value payments, insurance proceeds, condemnation awards and other payments, tenders and security (except those sums reserved as Excepted Rights in Collateral under Section 1.6 hereof) now or hereafter payable to or receivable by the Lessor under the Lease pursuant thereto;

(2) the right to make all waivers and agreements and to enter into any amendments relating to the Lease or any provision thereof except with regard to the right of the Debtor to receive those sums reserved as Excepted Rights in Collateral under Section 1.6 hereof; and

(3) the right 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 the 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 Excepted Rights in Collateral (as defined in Section 1.6 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 rental, casualty value payments 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. Remarketing Agreement Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor in, to and under the Remarketing Agreement dated as of November 15, 1978 among the Debtor, the Trustor and Itel Corporation, Equipment Finance Division, and any and all other contracts and agreements relating to the remarketing of the Equipment following an Early Termination Order (as defined in the Lease) to which the Debtor is now or may hereafter be a party, together with all rights, powers, privileges, options and other benefits of the Debtor under the Remarketing Agreement or any other such contract

or agreement, it being the intent and purpose hereof that subject always to Excepted Rights in Collateral (as defined in Section 1.6 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 until the indebtedness hereby secured has been fully paid and discharged.

1.4. 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, (b) the lien of current taxes and assessments not yet due and payable, or, if delinquent, the validity of which is being contested in good faith pursuant to Section 10.2 of the Lease, and (c) liens and charges permitted by Section 9 of the Lease (hereinafter collectively referred to as "Permitted Encumbrances").

1.5. Duration of Security Interest. The Secured Party, its successors 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, whether pursuant to Section 5.4(b) hereof or otherwise, and shall observe, keep and perform all the terms and conditions, covenants and agree-

ments to be observed, kept and performed by the Debtor herein and in the Lease and 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, to remain in full force and effect.

1.6. 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 herein shall constitute an assignment of the Excepted Rights in Collateral to the Secured Party:

(a) all payments of any indemnity under Sections 6 and 10.2 of the Lease, and any repayment or interest thereon under Section 21.2 of the Lease, which by the terms of any of such Sections 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 applicable to it and set forth in 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 Participation Agreement was fully set out in an amendment or supplement to this Security Agreement. The Debtor undertakes to perform only such duties as are expressly and specifically set forth herein and in any other Operative Agreement (as defined in the Participation Agreement) and no implied obligations or covenants shall be read into this Security Agreement or any other Operative Agreement against the Debtor.

2.2. Warranty of Title. The Debtor has the right, power and authority under the Trust Agreement 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 this Security Agreement and 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 and 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. 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, upon the request of the Secured Party, and 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, pursuant to Section 16 of the Lease, notify the Lessee of the assignment hereunder 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 from the 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, at the request of the Secured Party, 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 determined by the Secured Party 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 and to the Note Purchasers promptly after the execution and delivery of this Security Agreement and of each supplemental Security Agreement an opinion of counsel, which may be counsel for the Lessee, stating that in the opinion of such counsel, this Security Agreement or such supplement or financing or continuation statement, 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;

(b) except in respect of Expected Rights in Collateral, 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 rental payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) except in respect of Excepted Rights in Collateral, 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, 1.2 and 1.3 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 part payment thereof, and in its discretion to file any claim, institute any proceedings or take any other action, 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 the Debtor has actual knowledge of such event or condition.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

3.1. Possession of Collateral. So long as 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 Property. 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 suffering a Casualty Occurrence 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 or the Lessor of all sums payable for such Item of Equipment in compliance with Section 11 of the Lease.

3.3. Protection of Purchaser. No purchaser in good faith of any Item of Equipment 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 all or part 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 amounts from time to time received by the Secured Party which constitute payment by the Lessee under the Lease of the installments of 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 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 then the balance, if any, of such amounts shall be paid to or upon the order of the Debtor not later than the first business day following the receipt thereof;

(b) The amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the Casualty Value for any Item of Equipment pursuant to Section 11 of the Lease shall be applied by the Secured Party as follows:

(i) First, an amount equal to the accrued and unpaid interest on that portion of the Notes to be prepaid pursuant to the following subparagraph (ii) shall be applied on the Notes;

(ii) Second, an amount equal to the Loan Value (as hereinafter defined) of such Item of Equipment for which settlement is then being made shall be applied to the prepayment of the Notes without premium so that each of the remaining installments of each Note shall be reduced in the proportion that the principal amount of the prepayment bears

to the unpaid principal amount of the Notes immediately prior to the prepayment; and

(iii) Third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (i) and (ii) shall be released to or upon the order of the Debtor on the date of payment of the amounts provided in the preceding clauses (i) and (ii).

For the purposes of this Section 4.1(b), 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 Purchase Price (as defined in the Participation Agreement) of such Item of Equipment for which settlement is then being made and the denominator of which is the aggregate Purchase Price of all Items of Equipment then subject to the Lease (including the Purchase Price of such Item of Equipment for which settlement is then being made), times (B) the unpaid principal amount of Notes immediately prior to the prepayment provided for in this Section 4.1(b) (after giving effect to all payments of installments of principal made

or to be made on the date of prepayment provided for in this Section 4.1(b)); and

(c) The amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of the 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 the Item of Equipment is to be repaired, be released to the Debtor to reimburse the Lessee for expenditures made for such repair upon receipt by the Secured Party of an Officer's Certificate (as defined in the Participation Agreement) from the Lessee to the effect that any damage to such Item in respect of which such proceeds were paid has been fully repaired; and

(ii) If the insurance proceeds shall not have been released to the Debtor pursuant

to the preceding paragraph (i) within 180 days from the receipt thereof by the Secured Party, or if within such period the Lessee shall have notified the Secured Party in writing that the Lease is to be terminated as to one or more Items in accordance with the provisions of Section 11.2 of the Lease, 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 clauses First and Second of Section 4.1(b) hereof; and

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

date of such prepayment of the Notes.

4.2. Multiple Notes. If more than one Note is outstanding at the time any such application is made, such application shall be made on all outstanding Notes ratably in accordance with the aggregate principal amount remaining unpaid thereon.

4.3. 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 or 1.3 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 days; provided, that the receipt by the Secured Party of rentals or other sums

constituting Collateral hereunder which, by the terms of this Security Agreement, are to be applied to the payment of the Notes, shall constitute payment thereof by the Debtor to the extent of such required application;

(b) an Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease;

(c) the Lease shall be terminated pursuant to clause (b) of Section 3 thereof;

(d) default on the part of the Debtor or the Trustor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor or the Trustor under this Security Agreement or the Participation Agreement, and such default shall continue unremedied for 20 days after written notice from the Secured Party to the Debtor and the Trustor specifying the default and demanding the same to be remedied;

(e) any representation or warranty on the part of the Debtor or the Trustor made herein or in the Participation Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease or the Participation Agreement,

or the transactions contemplated therein, shall prove to be false or misleading in any material respect when made; or

(f) any claim, lien or charge (other than Permitted Encumbrances) shall be asserted against or levied or imposed upon any Item of 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 30 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 hereof, has occurred and is continuing, but subject always to Section 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, subject to the provisions of Section 5.3 hereof, 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 direction of the holders of at least 25% 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 interest thereon, shall be and become immediately due and payable.

(b) Subject to the rights of the Lessee under the Lease and any mandatory legal requirements, the Secured Party, personally or by agents or attorneys, shall have the right 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 to the rights of the Lessee under the Lease and any mandatory legal requirements, the Secured Party may, 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 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 to the rights of the Lessee under the Lease, the Secured Party or a holder of at least 25% of the principal amount of the Notes then outstanding, 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 Collateral 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 law.

(e) Subject to the rights of the Lessee under the Lease, the Secured Party or a holder of at least 25% of the principal amount of the

Notes then outstanding, 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 Limitations on the Rights of the Secured Party Upon Early Termination of the Lease. In the event of the occurrence of an Event of Default arising under Section 5.1(c) hereof, the Secured Party agrees that it will not exercise any remedy under this Security Agreement during a period of 180 days from and after the date the Court (as defined in the Lease) enters an Early Termination Order (as defined in the Lease); provided that during such period:

(a) all payments of principal and interest (including interest, if any, on overdue payments of principal and interest) on the Notes shall be paid in full by the Debtor when and as such payments become due and payable;

(b) the Equipment shall be stored, maintained and insured, at the cost and expense of the Debtor, in a manner satisfactory to the holders of at least 66-2/3% of the aggregate principal amount of the Notes then outstanding; and

(c) Itel Corporation (or such other agent as the Debtor may appoint or employ) shall continue to perform its obligations under the Remarketing Agreement (or such other agreement as the Debtor may enter into which shall be substantially in the form of the Remarketing Agreement), such performance in all cases to be in a manner satisfactory to the holders of at least 66-2/3% of the aggregate principal amount of the Notes then outstanding.

During such 180-day period (but only so long as the conditions set forth in the proviso in the preceding sentence are being satisfied), the Debtor shall have the following rights hereunder:

(1) Option to Prepay Notes. The Debtor may, at its option, prepay all of the Notes then outstanding, without premium or penalty, by payment of the entire principal amount thereof, together with accrued interest thereon to the date of prepayment.

(2) Option to Substitute Lessee. The Debtor may, at its option, obtain a new lessee (the "New Lessee") to 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 with a bond credit rating of "A" or better as provided by Moody's Investors Services, Inc. (or by such other nationally recognized rating service as the holders of at least 66-2/3% 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 (i) the New Lease shall not include certain provisions of the Lease relating to the early termination thereof if certain events set forth in clause (b) of Section 3 of the Lease occur and (ii) the rents and other sums payable under the New Lease shall be at least sufficient to fully pay and discharge the principal of 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 certain other sums due and to become due thereunder to the Secured Party as additional security for the Notes; and

(E) prior to the delivery of any Item of Equipment to the New Lessee under the New Lease, the Debtor will, at its sole expense, cause the New Lease and the Supplement to be duly filed, recorded and deposited with the Interstate Commission in accordance with 49 U.S.C. §11303 and with the Registrar General of Canada (with notice of such deposit to be published in The Canada

Gazette in accordance with Section 86 of the Railway Act of Canada) and in such other places as any holder of the Notes may reasonably request for the protection of the title to or the security interest of the Security Trustee in the Equipment and will furnish the Secured Party and each holder of the Notes proof thereof.

If the Debtor obtains a New Lessee to enter into a New Lease and all of the conditions set forth in this Section 5.3(b)(ii) have been satisfied, then the provisions of this Section 5.3 shall be of no further force and effect without any further action on the part of the Debtor and the Secured Party.

5.4. Certain Rights of the Debtor on the Occurrence of an Event of Default under the Lease. Except as hereinafter provided, 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 of the occurrence of an Event of Default in respect of the payment of Fixed Rental under the Lease on the day it becomes due and payable (unless there shall have occurred and be continuing any Event

of Default under the Lease other than such failure to pay Fixed Rental) the Debtor may pay to the Secured Party an amount equal to any principal and interest (including interest, if any, on over-due payments of principal and interest) then due and payable on the Notes, and such payment by the Debtor shall be deemed to cure any Event of Default under the Lease which would otherwise have arisen on account of the non-payment by the Lessee of such installment of Fixed Rental under the Lease; provided, however, that the Debtor may not exercise such right in respect of more than two consecutive Fixed Rental payment defaults or in any event more than a total of four times throughout the term of the Lease. Except as hereinafter in this Section 5.4(a) provided, the Debtor shall not, by exercising the right to cure any such Event of Default, obtain any lien, charge or encumbrance of any kind on any of the Collateral for or on account of costs or expenses incurred in connection with the exercise of such right nor shall any claims of the Debtor 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 of the amount of principal and interest then due and payable on the Notes, the Debtor shall be subrogated to the rights of the Secured Party in respect of the Fixed 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 shall have occurred and be continuing and if all principal and interest payments due on the Notes have been paid at the time of receipt by the Secured Party of such Fixed Rental, the Debtor shall be entitled to receive such Fixed Rental and such interest upon receipt thereof by the Secured Party; 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 shall have been paid in full, be subordinate to the rights of the Secured Party in respect of such payment of Fixed Rental and such interest on such overdue Fixed Rental prior to receipt by the Debtor of any amount pursuant to such subrogation, and (ii) the Debtor shall not 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 Notes. Whether or not the Debtor shall then have the right to cure an Event of Default under the Lease pursuant to Section 5.4(a) above, the Debtor may at its option, from or after any date upon which an Event of Default shall have occurred and be continuing or upon which the Secured Party shall have delivered written notice of an Event of Default, whichever is earlier, prepay the Notes, without premium or penalty, by payment of the entire unpaid principal amount thereof, together with accrued interest thereon to the date of prepayment.

5.5. 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 accrued thereon, shall at once become and be immediately due and payable; also, in the case of any such sale, the purchaser or purchasers, 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.

5.6. 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 stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, will Debtor 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, and Debtor hereby expressly waives for itself and on behalf of each and every person 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. Debtor further covenants and agrees 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.

5.7. 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, and 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).

5.8. Application of Sale Proceeds. The proceeds and avails of any 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 compensation and costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper ex-

penses, 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 interest thereon, second, to unpaid premium, if any, thereon, and third, to unpaid principal thereof; 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, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

5.9. 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 holder or 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.

5.10. 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, 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; nor shall 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 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.

5.11. Control by Holders of Notes. The registered holders of a majority in aggregate unpaid principal amount of the then outstanding Notes, by an instrument or instruments in writing executed and delivered to the Secured Party, shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Secured Party, or exercising any trust or power conferred on the Trustee; provided, however, that the Secured Party shall have the right to decline to follow any such direction (i) if the Secured Party shall be advised by counsel that the action so directed may not lawfully be taken or (ii) if the Secured Party shall be advised by counsel that the action so directed would involve it in personal liability. The Secured Party may take any other

action deemed proper by the Secured Party which is not inconsistent with any such direction given hereunder.

5.12. Unconditional Right of Holders of Notes to Sue for Principal and Interest. Notwithstanding any other provisions in this Security Agreement, the right of any holder of any Note to receive payment of the principal of and interest on such Note, on or after the respective due dates expressed in such Note, or to institute suit for the enforcement of any such payment on or after such respective dates shall not be impaired or affected without the consent of such holder, except no such suit shall be instituted if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the title reserved under this Security Agreement upon any property subject hereto.

SECTION 6. THE SECURED PARTY.

6.1. Certain Duties and Responsibilities of Secured Party.

(a) Except during the continuance of an Event of Default:

(1) 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

(2) 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 (subject to Section 5.11 hereof) 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:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(2) 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

(3) 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 Section 5.11 hereof, or exercising in good faith any trust or power conferred upon the Secured Party under this Security Agreement.

(d) The Secured Party shall be entitled to reasonable compensation for its services hereunder and to be reimbursed for its reasonable expenses when incurred. 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. In case an Event of Default has occurred and is continuing or in the event the Secured Party is acting pursuant to the direction of the holders of any Note, the Secured Party shall be entitled to be indemnified by such holders with respect to compensation for its services in connection therewith and against any liability or expense (including, without limitation, reasonable counsel fees) in connection with taking such action or asserting such rights.

(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. Certain Rights of Secured Party. (a) The Secured Party shall not be responsible for any recitals herein or in the Participation Agreement 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 refiling of this Security

Agreement, or of any supplemental or further mortgage or trust deed, or of any financing or continuation statements, 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 registered mail, postage prepaid, addressed to them at their addresses set forth in the Register.

(b) The Secured Party makes no representation or warranty as to the validity, sufficiency or enforceability of this Security Agreement, the Notes, 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, which 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 hereunder 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 6.2, shall be subject to the provisions of Section 6.1 hereof.

6.3. 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 deemed necessary or appropriate by the Secured Party or any Note Purchaser, in addition to the matters by the terms hereof required as a condition precedent to such action.

6.4. Status of Moneys Received. 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, if and to the extent permitted by applicable law or regulations of governmental authorities having jurisdiction over the Secured Party, the Secured Party may allow interest upon any such moneys held by it in trust at the rate generally prevailing among banks and trust companies in Chicago, Illinois, or allowed by Secured Party upon deposits of a similar character. 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 depositary or otherwise in respect to other 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 Secured Party agrees that, whenever it shall be required to disburse moneys to any Note Purchaser under the provisions hereof, it shall do so by wire transfer of immediately available funds to a designated location in the continental United States whenever such method of payment is provided for in Schedule 1 to the Participation Agreement or is requested in writing by such Note Purchaser.

6.5. Resignation of Secured Party. The Secured Party may resign and be discharged of the Trust 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 addresses set forth in the Register. 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.

6.6. Removal of Secured Party. The Secured Party may be removed and 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.

6.7. Successor Secured Party. Each secured party appointed in succession of the Secured Party named in this Security Agreement, or its successor in the 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.

6.8. Appointment of Successor Secured Party. If the Secured Party shall have given notice of resignation to the Debtor pursuant to Section 6.5 hereof, if notice of removal shall have been given to the Secured Party and the Debtor pursuant to Section 6.6 hereof, which notice does not appoint a successor secured party, a successor secured party may be appointed by the Debtor, or, if such successor secured party shall not have been so appointed or 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 or 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.

6.9. 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.

6.10. Conveyance Upon Request of Successor Secured Party. Should any deed, conveyance or instrument in writing from the Debtor 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 or filed, by the Debtor.

6.11. 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.

SECTION 7. LIMITATIONS OF LIABILITY.

It is expressly understood and agreed by and between the Debtor, the Trustor, the Secured Party and their respective successors and assigns that, except as expressly provided in Section 2.2 hereof, this Security Agreement is executed by The Connecticut Bank and Trust Company, 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, that each and all of the representations, warranties, 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, warranties, undertakings and agreements by The Connecticut Bank and Trust Company or the Trustor, or for the purpose or with the intention of binding The Connecticut Bank and Trust Company 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 Connecticut Bank and Trust Company solely in the exercise of the powers expressly conferred upon The Connecticut Bank and Trust Company as trustee under the Trust Agreement, 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, that nothing herein contained shall be construed as creating any liability on The Connecticut Bank and Trust Company 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, The Connecticut Bank and Trust Company 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 by any person claiming by, through or under the Secured Party, and that so far as The Connecti-

cut Bank and Trust Company or the Trustor, individually or personally are concerned, the Secured Party and any person claiming by, through or under the Secured Party shall look solely to the Collateral for the performance of any obligation under any of the instruments referred to herein; provided that nothing in this Section 7 shall be construed to limit in scope or substance those representations and warranties, if any, of The Connecticut Bank and Trust Company made expressly in its individual capacity set forth herein or in the Participation Agreement or the Trustor's indemnification obligations under Section 7 of the Participation Agreement. Any obligation of the Debtor hereunder may be performed by the Trustor, and any such performance shall not be construed as revocation of the trust created by the Trust Agreement. Nothing contained in this Security Agreement shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee thereunder.

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 supple-

ment 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 66-2/3% 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, or (b) 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, or (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.

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, by registered mail, 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 and each Note Purchaser shall 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 registered as to both principal and interest and shall be signed in the name and on behalf of the Debtor by its President, one of its Vice Presidents or any other authorized officer of the Debtor and its corporate seal shall be affixed thereon and attested by one of its officers. In case any officer of the Debtor whose signature, shall appear on any of the Notes shall cease to be such officer of the Trustee before the Notes shall have been issued and delivered by the Debtor or shall not have been acting in such capacity on the date of the Notes, such Notes shall be adopted by the Debtor and be issued and delivered as

though such person had not ceased to be or had then been such officer of the Debtor.

9.2. Payment of the Notes. (a) Subject to Section 2.3 hereof and Section 2.3 of the Lease, the principal or premium, if any, and interest on the Notes shall be payable by wire transfer of immediately available funds, to Secured Party, at the address provided in Section 9.10 or as the Secured Party shall otherwise designate, and in the case of all holders of the Notes, to such bank or trust company in the continental United States for the account of such holder as the holder shall designate to the Debtor from time to time in writing, and if no such designation is in effect, by check, duly mailed, by certified or registered mail, postage prepaid, or delivered to such holder at its address appearing on the Register as defined in Section 9.3. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums so paid. Each holder (or the person for whom such holder is a nominee) by its acceptance of any Notes agrees that, before selling, transferring or otherwise disposing of such Note, it will present such Note to the Debtor for transfer and notation as provided in Sections 9.4 and 9.5.

(b) All amounts constituting payment of the installments of rental under the Lease or Casualty Value re-

ceived by the Secured Party and applied on the Notes pursuant to Section 4 hereof shall be valid and effectual to satisfy and discharge the liability upon such Notes to the extent of the amounts so received and applied.

9.3 The Register. The Secured Party will keep at its principal corporate trust office a register for the registration and transfer of Notes (herein called the "Register"). The names and addresses of the holders of the Notes, the transfers of the Notes and the names and addresses of the transferees of all 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, whereupon 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 and in an 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 such holder.

(c) All Notes presented or surrendered for exchange or transfer shall be accompanied (if so required 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 the 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 substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Debtor and 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 evidence to its satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof; provided, however, that no such security, indemnity or evidence shall be required from a Note Purchaser. In case any Note which has matured or is about to mature 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 the Secured Party such security or indemnity as the Debtor may require to save it harmless, and shall furnish evidence to the satisfaction of the Debtor of the mutilation, destruction, loss or theft of such Note and the ownership thereof; provided, however, that no such secu-

rity, indemnity or evidence shall be required from a Note Purchaser.

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 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) Upon the issuance of any Note pursuant to this Security Agreement, the Debtor shall prepare and deliver to the Secured Party a copy of 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. The Secured Party shall deliver, or send by registered mail, postage prepaid, one copy of the applicable 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.

9.7. 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 may deem and treat the registered owner of any Note as the owner thereof without production of such Note.

9.8. 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.

9.9. Partial Invalidity. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforce-

ability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.10. 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 at any United States main or branch post office, registered or certified mail, postage prepaid, addressed as follows:

If to the Debtor:	The Connecticut Bank and Trust Company One Constitution Plaza Hartford, Connecticut 06115 Attention: Corporate Trust Department (with a copy of such notice to the Trustor)
If to the Trustor:	Heleasco Six, Inc. Suite 203, Springer Building 3411 Silverside Road Wilmington, Delaware 19810 Attention: President
If to the Secured Party:	Continental Illinois National Bank and Trust Company of Chicago 231 South La Salle Street Chicago, Illinois 60693 Attention: Corporate Trust Department

(with a copy to:

Each Note Purchaser and

Itel Corporation, Equipment
Finance Division
One Embarcadero Center
San Francisco, California 94111
Attention: Contract Administration)

If to a Note Purchaser or another holder of Notes: At either the address set forth in Schedule 2 to the Participation Agreement or the address for notices set forth in the Register

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 parties.

9.11. 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.

9.12. Governing Law. This Security Agreement and the Notes shall be construed in accordance with and governed by the 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.

9.13. 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.

9.14. 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 Debtor has caused this Security Agreement to be executed, and Secured Party in evidence of its acceptance of the trusts hereby created, has caused this Security Agreement to be executed on its behalf by one of its authorized Officers and its corporate seal to be hereunto affixed, and said seal and this Security Agreement to be attested by one of its authorized Officers, as of the day and year first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee

[SEAL]

By _____
Authorized Officer

ATTEST:

_____
Authorized Officer

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not in its individual capacity but solely as Security Trustee

[SEAL]

By _____
Authorized Officer

ATTEST:

_____
Authorized Officer

STATE OF CONNECTICUT)
) SS
COUNTY OF HARTFORD)

On this 20th day of December, 1978, before me personally appeared Donald E. Smith, to me personally known, who being by me duly sworn, says that he is an authorized officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that 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.

Barbara A. Kacich
Notary Public

[NOTARIAL SEAL]

BARBARA S. KACICH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1982

My commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 19 day of December 1978, before me personally appeared DONALD W. ALFVIN, to me personally known, who being by me duly sworn, says that he is an Authorized Officer of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the 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.

Notary Public

[NOTARIAL SEAL]

My commission expires: December 6, 1981

AMORTIZATION SCHEDULE

(Payment Required Per $1,000,000 Principal Amount of 11% Notes Issued by Debtor)

Number of Installment	Portion Allocated to Interest	Portion Allocated to Principal	Total Payment
1	27500.00	8410.13	35910.13
2	27268.72	8641.41	35910.13
3	27031.08	8879.05	35910.13
4	26786.91	9123.22	35910.13
5	26536.02	9374.11	35910.13
6	26278.23	9631.90	35910.13
7	26013.35	9896.78	35910.13
8	25741.19	10168.94	35910.13
9	25461.55	10448.58	35910.13
10	25174.21	10735.92	35910.13
11	24878.97	11031.16	35910.13
12	24575.62	11334.51	35910.13
13	24263.92	11646.21	35910.13
14	23943.65	11966.48	35910.13
15	23614.57	12295.56	35910.13
16	23276.44	12633.69	35910.13
17	22929.01	12981.12	35910.13
18	22572.03	13338.10	35910.13
19	22205.24	13704.89	35910.13
20	21828.35	14081.78	35910.13
21	21441.10	14469.03	35910.13
22	21043.20	14866.93	35910.13
23	20634.36	15275.77	35910.13
24	20214.28	15695.85	35910.13
25	19782.64	16127.49	35910.13
26	19339.14	16570.99	35910.13
27	18883.44	17026.69	35910.13
28	18415.20	17494.93	35910.13
29	17934.09	17976.04	35910.13
30	17439.75	18470.38	35910.13
31	16931.81	18978.32	35910.13
32	16409.91	19500.22	35910.13
33	15873.65	20036.48	35910.13
34	15322.65	20587.48	35910.13
35	14756.50	21153.63	35910.13
36	14174.77	18858.77	33033.54
37	13656.16	19377.38	33033.54
38	13123.28	19910.26	33033.54
39	12575.74	20457.80	33033.54

SCHEDULE I
(to Security Agreement-Trust Deed)

Number of Installment	Portion Allocated to Interest	Portion Allocated to Principal	Total Payment
40	12013.16	18062.27	30075.43
41	11516.44	18558.99	30075.43
42	11006.07	19069.36	30075.43
43	10481.66	19593.77	30075.43
44	9942.83	17218.80	27161.63
45	9469.32	17692.32	27161.63
46	8982.78	18178.85	27161.63
47	8482.86	18678.77	27161.63
48	7969.19	16325.57	24294.76
49	7520.24	16774.51	24294.75
50	7058.94	17235.81	24294.75
51	6584.96	17709.79	24294.75
52	6097.94	15379.61	21477.55
53	5675.00	15802.56	21477.56
54	5240.43	16237.12	21477.55
55	4793.91	16683.64	21477.55
56	4335.11	29137.18	33472.29
57	3533.11	29938.45	33472.29
58	2710.53	30761.76	33472.29
59	1864.58	31607.71	33472.29
60	995.37	36195.18	37190.55
	972105.89	1000000.00	1972105.89

DESCRIPTION OF EQUIPMENT

Number of of Items	Description	Identifying Mark and Numbers
215	100-ton Covered Hopper Cars	ROCK 801285 through ROCK 801499 both inclusive

SCHEDULE 2
(to Security Agreement-Trust Deed)

THE CONNECTICUT BANK AND TRUST COMPANY
not in its individual capacity but solely as Trustee
11% SECURED NOTE, DUE 1979-1994

No. R-

$, 1978

FOR VALUE RECEIVED, the undersigned, THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as trustee (the "Trustee") under a Trust Agreement dated as of November 15, 1978 (the "Trust Agreement") with Heleasco Six, Inc. (the "Trustor") promises to pay to

or registered assigns, the principal sum of

DOLLARS ($)

together with interest from the date hereof until maturity at the rate of 11% per annum (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal hereof. One installment of interest only shall be payable on March 15, 1979, and thereafter principal and interest shall be payable in 60 consecutive substantially equal quarterly installments due on the fifteenth day of each March, June, September, and December, commencing June 15, 1979, with a final maturity of June 15, 1994, with interest on overdue principal and (to the extent legally enforceable) on overdue interest at the rate of 12% per annum after maturity, whether by acceleration or otherwise, until paid.

EXHIBIT A

Both the principal hereof and interest hereon are payable to the registered holder hereof 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 an authorized issue of 11% Notes (the "Notes") of the Trustee, in an aggregate principal amount, not exceeding $5,568,500, issued under and pursuant to the Participation Agreement dated as of November 15, 1978 (the "Participation Agreement") among the Trustee, the Trustor, William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company (the "Lessee"), Continental Illinois National Bank and Trust Company of Chicago, as security trustee (the "Secured Party") and The Prudential Insurance Company of America, Bankers Life Insurance Company at Nebraska, American Mutual Life Insurance Company, The State Auto and Casualty Company and Southern Life & Health Insurance Company, and is also issued under, and equally and ratably with said other Notes secured by, that certain Security Agreement-Trust Deed dated as of November 15, 1978 (the "Security Agreement") from the Trustee to the Secured Party. Reference is made to the Security Agreement (a copy of which is on file with the Secured Party) and all supplements and amendments thereto executed pursuant to the Security Agreement for a more complete 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 Trustee in respect thereof.

Certain prepayments may be made on this Note at the option of the Trustee and certain prepayments are required to be made on this Note and any other Notes outstanding under the Security Agreement. The Trustee agrees to make the 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 Secured Party 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 is a registered Note and is transferable only by surrender thereof at the principal office of the Secured Party, duly endorsed or accompanied by a written instrument of transfer, duly executed by the registered holder of this Note or his attorney duly authorized in writing, subject to the terms of the Security Agreement.

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

It is expressly understood and agreed by and between the Trustee, the Trustor and the holder of this Note and their respective successors and assigns that this Note

is executed by The Connecticut Bank and Trust Company, 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 The Connecticut Bank and Trust Company hereby warrants that acting pursuant to the Trust Agreement it possesses full power and authority to enter into and perform this Note), that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Trustee are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by the Trustee or the Trustor, or for the purpose or with the intention of binding the Trustee 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 nothing herein contained shall be construed as creating any liability on The Connecticut Bank and Trust Company, the Trustee 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 The Connecticut Bank and Trust Company 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 Trustee or the Trustor, individually or personally are concerned, the holder of this Note and any person claiming by, through or under such holder shall look solely to the Collateral as defined in the Security Agreement for the performance of any obligation under this Note; provided that nothing in this paragraph shall be construed to limit in scope or substance those representations, warranties, undertakings and agreements of The Connecticut Bank and Trust Company, if any, in its individual capacity expressly set forth in the Participation Agreement and the Security Agreement or the indemnification obligations of the Trustor expressly set forth in the Participation Agreement. The term "Trustee" as used in this Note shall include any trustee succeeding the Trustee as trustee under the Trust Agreement or the Trustor if the trust created thereby is revoked. Any obligation of the Trustee hereunder may be performed by the Trustor, and any such performance shall not be construed as revocation of the trust created by the Trust Agreement. Nothing contained in this Note shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee hereunder.

IN WITNESS WHEREOF, the Trustee has caused this Note to be duly executed.

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee

By_____
Authorized Officer

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.

ANNEX 1 TO SCHEDULE C
(to Equipment Lease)

The percentages set forth in Table 1 to this Schedule C have been computed without regard to recapture of the Investment Credit provided for in Section 38 and related sections of the Internal Revenue Code of 1954, as amended. Consequently, the Casualty Value of a..y Item of Equipment suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Item shall be increased by the applicable percentage of the Purchase Price set forth below:

Anniversary of Delivery and Acceptance	Percentage of Purchase Price
Third	19.0476%
Fifth	12.6984%
Seventh	6.3492%