

RECORDATION NO. 7465 Filed & Recorded

MAY 14 1974 - 9 00 AM

INTERIM SECURITY AGREEMENT INTERSTATE COMMERCE COMMISSION

THIS INTERIM SECURITY AGREEMENT (hereinafter some- times called "this Agreement") dated as of January 1, 1974 between J. M. NACHBIN and M. A. MARINI, as Trustees of the "Milwaukee Road Equipment Trust No. 1974-1" (hereinafter in such capacity called the "Borrower"), whose address is Room 1509, 231 South LaSalle Street, Chicago, Illinois 60693, and CONTINENTAL ILLINOIS LEASING CORPORATION, a Delaware corporation (hereinafter called the "Interim Lender"), having its office at 231 South LaSalle Street, Chicago, Illinois 60693:

W I T N E S S E T H :

WHEREAS, a certain Interim Loan Agreement dated as of January 1, 1974 (which Agreement, together with any amendments which may be thereafter made thereto, is hereinafter called the "Interim Loan Agreement"), between Interim Lender and the Borrower, is being executed and delivered contemporaneously with the execution and delivery of this Agreement, and provides, among other things, for certain loans thereunder by Interim Lender to the Borrower to be evidenced by non-recourse promissory notes of the Borrower;

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

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

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

The term "Equipment" shall mean the railroad cars owned by the Borrower from time to time as Lessor under the Lease Agreement and described as "Equipment" or "units of Equipment therein," as such Equipment is described in Interim Security Agreement Supplements from time to time executed and delivered by the Borrower to Interim Lender pursuant hereto, together with all accessories, equipment,

parts and appurtenances appertaining or attached to any of such Equipment, whether now owned or hereafter acquired, and all substitutions, renewals and replacements of, and additions, improvements, accessories and accumulations to, any and all of such Equipment.

The term "Lease Agreement" shall mean that certain Lease Agreement dated as of January 1, 1974 between the Borrower, as lessor, Chicago, Milwaukee, St. Paul and Pacific Railroad Company, as lessee (hereinafter called the "Lessee"), and Continental Illinois Leasing Corporation, as agent, as amended, modified or supplemented from time to time.

The term "Liabilities" shall mean all obligations of the Borrower under the Interim Loan Agreement and under each Interim Note and each other instrument (including, without limitation, this Agreement) executed by it pursuant to the Interim Loan Agreement.

The term "Interim Note" shall mean each promissory note of the Borrower evidencing any loan made by the Interim Lender under the Interim Loan Agreement.

The term "Rental" shall mean all sums due and to become due the Borrower under the terms of the Lease Agreement, including, without limitation, all interim rent, rent, additional rent, insurance proceeds and Stipulated Loss Value payments.

The term "Reconstruction Agreement" shall mean that certain Contract for Purchase and Construction dated as of January 1, 1974 between the Lessee and the Borrower, as amended, modified or supplemented from time to time.

The term "Default Event" shall mean the occurrence of any of the following events: (a) default by the Borrower in the due performance or observance of any agreement on its part hereunder, or (b) any event of default specified in Section 8 of the Interim Loan Agreement.

2. GRANT OF SECURITY INTEREST. As security for payment of all Liabilities, the Borrower hereby mortgages, transfers and assigns to the Interim Lender, and grants to the Interim Lender a continuing security interest in and to, the following: all right, title and interest whatsoever of the Borrower in and to the Equipment; the Lease Agreement;

all Rental due or to become due in respect of the Equipment; Part II of the Reconstruction Agreement; and all proceeds of any of the foregoing. The lien and security interest granted to the Interim Lender hereunder with respect to the Equipment is hereby expressly declared to be, and shall be, subordinate and subject to the Lease Agreement.

3. AGREEMENTS OF BORROWER. The Borrower will observe and perform all of its obligations under the Lease Agreement and the Reconstruction Agreement, subject to the terms and conditions thereof. Except for the Lease Agreement and the Reconstruction Agreement, the Borrower will not sell, loan, pledge, mortgage, assign or otherwise dispose of any of the Equipment or any interest therein or the Lease Agreement or the Reconstruction Agreement or any of the Rental. The Interim Lender shall have the right, subject, however, to the terms of the Lease Agreement and the Reconstruction Agreement, to enter into and upon any premises where any of the Equipment is located for the purposes of inspecting the same, observing its use or otherwise protecting Interim Lender's interest therein.

4. PAYMENT OF RENTAL. Until such time as the Interim Lender shall notify the Borrower of the revocation of such power and authority, the Borrower will, at its own expense, endeavor to obtain payment, when due and payable, of all Rental, including the taking of such action with respect thereto as the Interim Lender may reasonably request or, in the absence of such request, as the Borrower may deem advisable; provided, however, the Borrower shall not, without prior written consent of the Interim Lender, grant or agree to any rebate, refund or adjustment with respect to such Rental. The Interim Lender however may, at any time, whether before or after revocation of such power and authority, enforce collection of any of the Rental, by suit or otherwise, and compromise or extend or renew for any period all or any portion thereof. Upon the occurrence of an event of default under the Interim Loan Agreement (or an event which might mature into an event of default thereunder), the Interim Lender may notify and direct the Lessee or other obligor on any Collateral to make payment to the Interim Lender, or to the Borrower in care of the Interim Lender, at such address as the Interim Lender may designate, of all Rental payable under the Lease Agreement. The Borrower will reimburse the Interim Lender for all expenses, including (without limitation) reasonable attorneys' fees and legal expenses, incurred by the Interim Lender in seeking to collect any Rental or enforce any rights under the Lease Agreement.

Upon the occurrence of an event of default under the Interim Loan Agreement (or an event which might mature into an event of default thereunder), the Borrower will upon request of the Interim Lender forthwith from time to time thereafter upon receipt, transmit and deliver to the Borrower, in the form received, all cash, checks, drafts and other instruments for the payment of money (properly endorsed, where required, so that such items may be collected by the Interim Lender) which may be received by the Borrower at any time as payment on account of any Rental and as proceeds of any Collateral (including, without limitation, proceeds of any sale of any Equipment), and until delivery to the Interim Lender, such items will not be commingled by the Borrower with any of its other funds or property, but will be held separate and apart from such other funds and property and upon trust for the Interim Lender.

The Interim Lender may endorse the name of the Borrower on any check, draft or other instrument for the payment of money received by the Interim Lender on account of any Rental or Equipment, or otherwise as proceeds of any Collateral, if it believes such endorsement is necessary or desirable for purposes of collection.

All Rental received by the Interim Lender pursuant to the provisions hereof, all insurance proceeds received by the Interim Lender on account of any loss, damage or destruction to Equipment and all other amounts received by the Interim Lender pursuant to this Agreement shall be held by the Interim Lender and applied to the payment of the Liabilities in such order of application as the Interim Lender may elect.

5. INTERIM SECURITY AGREEMENT SUPPLEMENTS. Borrower shall execute and deliver to the Interim Lender an Interim Security Agreement Supplement concurrently with each borrowing under the Interim Security Agreement with respect to units of Equipment then being paid for by the Borrower, each of which Interim Security Agreement Supplements shall be substantially in the form of Appendix 1 to this Agreement, with appropriate insertions.

6. DEFAULT. Whenever a Default Event shall be existing, the Interim Lender may exercise any one or more or all, and in any order, of the remedies, hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy

or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Interim Lender may demand payment of the entire unpaid balance of each Interim Note; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) The Interim Lender may exercise any of the rights and remedies of the "Lessor" under the Lease Agreement; or

(c) The Interim Lender may exercise from time to time any rights and remedies available to it under applicable law.

Any notification required by law of intended disposition by the Interim Lender of any of the Collateral shall be deemed reasonably and properly given if given at least 10 days before such disposition. Any proceeds of any disposition by the Interim Lender of any of the Collateral may be applied by the Interim Lender to the payment of expenses in connection with the Collateral, including, without limitation, reasonable attorneys' fees and legal expenses, and any balance of such proceeds shall be applied as provided in the last paragraph of Section 4 hereof.

7. NO RECOURSE AGAINST BORROWER OR ANY TRUSTOR. All obligations of Borrower under this Agreement, the Interim Loan Agreement and the Interim Notes are limited to the Collateral and to the income and proceeds from the "Trust Estate" (as such term is defined in the Trust Agreement dated as of January 1, 1974 (hereinafter called the "Trust Agreement") among Continental Illinois Leasing Corporation, Cobak Corporation, Harriscorp Leasing, Inc. and Mellon National Leasing Corporation (such corporations being hereinafter called the "Trustors") and the Borrower, not in their individual capacities but solely as trustees organizing the Milwaukee Road Equipment Trust No. 1974-1); and the Interim Lender hereby acknowledges and agrees that it will look solely to the Collateral and to the income and proceeds from the Trust Estate to the extent available for distribution to the Interim Lender and that neither the

Trustors nor the Borrower shall be personally liable to the Interim Lender for any obligations under this Agreement, the Interim Loan Agreement or the Interim Notes.

8. MISCELLANEOUS. The Interim Lender does not assume any obligation or liability to the Lessee under the Lease Agreement, and any such assumption is hereby expressly disclaimed; provided, however, that the interest of the Interim Lender hereunder is, to the extent hereinabove provided, subordinated and subject to the Lease Agreement.

Any notice or other communication hereunder to either party shall be in writing and delivered or mailed to it at its address as set forth above; provided that either party may by notice to the other designate a changed address for such party. Any such notice, if mailed properly addressed, shall be deemed given when mailed, postage prepaid, by registered or certified mail.

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

The Interim Lender acknowledges and agrees that it is named as agent under the Lease Agreement as the fiscal agent thereunder for the Borrower; and such role as fiscal agent is separate and apart from its role as a secured party under this Agreement, the Interim Lender's rights and remedies as such a secured party being limited to those set forth or otherwise referred to in this Agreement.

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

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

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

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

Borrower shall cause this Agreement (and each Interim Security Agreement Supplement executed and delivered by Borrower from time to time hereunder) to be filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act.

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

J. M. NACHBIN and M. A. MARINI, as Trustees of the Milwaukee Road Equipment Trust No. 1974-1 (Borrower)

By J. M. Nachbin
J. M. Nachbin

By M. A. Marini
M. A. Marini

CONTINENTAL ILLINOIS LEASING CORPORATION (Interim Lender)

By John Deane
Second Vice President

ATTEST:

[Signature]
Its [Signature]

[Corporate Seal]

CONSENT OF LESSEE

Chicago, Milwaukee, St. Paul and Pacific Railroad Company (the "Railroad Company") hereby consents and agrees to the foregoing assignment to Continental Illinois Leasing Corporation by J. M. Nachbin and M. A. Marini, as Trustees of the Milwaukee Road Equipment Trust No. 1974-1, of all said Trustees' right, title and interest in and to (i) Part II of the Contract for Purchase and Construction dated as of January 1, 1974 between the Railroad Company and said Trustees and (ii) the Lease Agreement dated as of January 1, 1974 between said Trustees, as lessor, the Railroad Company, as lessee, and Continental Illinois Leasing Corporation, as fiscal agent, all on the terms and conditions set forth in the foregoing Interim Security Agreement.

Dated as of January 1, 1974.

CHICAGO, MILWAUKEE, ST. PAUL
AND PACIFIC RAILROAD COMPANY

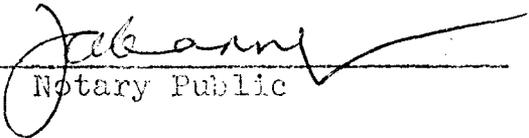
By



Vice President

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

On this 3rd day of April, 1974, before me personally appeared J. M. Nachbun and M. A. Marini to me personally known, who being by me duly sworn, say that they are the Trustees of the Milwaukee Road Equipment Trust No. 1974-1, that the foregoing instrument was signed on behalf of said Trust by authority of its Trust Agreement, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said Trust.



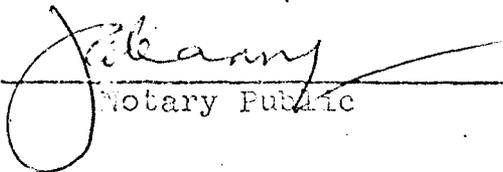
Notary Public

(NOTARIAL SEAL)

My Commission expires 4-15, 1974

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

On this 3rd day of April, 1974, before me personally appeared John B. [unclear], to me personally known, who being by me duly sworn, say that he is a Second Vice President of CONTINENTAL ILLINOIS LEASING CORPORATION, a Delaware corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

(NOTARIAL SEAL)

My Commission expires 4-15, 1974

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

On this 26th day of April, 1974, before me personally appeared R. F. Kratochwill, to me personally known, who being by me duly sworn, say that he is a Vice President of CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, that the foregoing Consent of Lessee 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 Consent of Lessee was the free act and deed of said corporation.



Notary Public

(NOTARIAL SEAT)

My Commission expires April 23, 1975.

INTERIM SECURITY AGREEMENT SUPPLEMENT
NO. _____

Interim Security Agreement Supplement ("this Supplement") dated as of _____, 197__ from J. M. NACHBIN and M. A. MARINI, as Trustees of the Milwaukee Road Equipment Trust No. 1974-1 ("Borrower"), whose office is at Room 1509, 231 South LaSalle Street, Chicago, Illinois 60693, to CONTINENTAL ILLINOIS LEASING CORPORATION, a Delaware corporation ("Interim Lender"), having its office at 231 South LaSalle Street, Chicago, Illinois 60693.

W I T N E S S E T H:

Borrower and Interim Lender have executed and delivered a certain Security Agreement dated as of January 1, 1974 (which agreement, together with any amendments which have been made thereto, is hereinafter called the "Interim Security Agreement" as security for certain loans made by Interim Lender to Borrower under that certain Interim Loan Agreement (and, if amended, all amendments thereto) dated as of January 1, 1974 (the "Interim Loan Agreement") between Borrower and Interim Lender.

The Interim Security Agreement was filed and recorded with the Interstate Commerce Commission under Section 20c of the Interstate Commerce Act on _____, 1974 with Recordation No. _____. The following Interim Security Agreement Supplement(s) (substantially in the form of this Supplement) were filed and recorded with the Interstate Commerce Commission as follows

<u>Supplement</u> <u>No.</u>	<u>Date of</u> <u>Supplement</u>	<u>Date of</u> <u>ICC Filing</u>	<u>ICC</u> <u>Filing Number</u>
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*/ This sentence and the related table of filings may be omitted in Supplement No. 1.

Borrower has assigned and granted to the Interim Lender under the Interim Security Agreement a security interest in and to certain equipment therein described, including the equipment described in Schedule I annexed hereto (the "Supplement Equipment").

NOW, THEREFORE, in consideration of the premises, Borrower does hereby agree as follows:

Borrower has, in and by the Interim Security Agreement, mortgaged, transferred and assigned to Interim Lender, and granted to Interim Lender a security interest in and to the Supplement Equipment described in Schedule I annexed hereto. This Supplement evidences and confirms the subjection of such Supplement Equipment to the security interest created by the Interim Security Agreement and secures the punctual payment of the principal of, and interest on, the non-recourse promissory notes of the Borrower evidencing loans under the Interim Loan Agreement and the performance and observance by the Borrower of all of its agreements herein and in the Interim Security Agreement and Interim Loan Agreement contained. To the extent, if any, that the Interim Security Agreement may not be effective in mortgaging and granting a security interest to the Interim Lender in such Supplement Equipment, the Borrower does by this Supplement hereby mortgage, transfer, and assign to the Interim Lender, and grant unto the Interim Lender a security interest in, the Supplement Equipment described in Schedule I hereto, all upon the terms set forth in the Interim Security Agreement.

IN WITNESS WHEREOF, Borrower has caused this Interim Security Agreement Supplement to be executed and delivered this _____ day of _____, 197__.

J. M. NACHBIN and M. A. MARINI,
as Trustees of the Milwaukee
Road Equipment Trust No.
1974-1 (Borrower)

By _____
Trustee

Schedule I to Interim
Security Agreement
Supplement

Description of Supplement Equipment:

Total No.
of Items

Lessee's Identifying
Nos.

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

On this _____ day of _____, 197_, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is one of the Trustees of the Milwaukee Road Equipment Trust No. 1974-1, that said instrument was signed by him on behalf of said Trust under authorization granted by the Trust Agreement, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Trust.

Notary Public

(NOTARIAL SEAL)

My Commission expires _____, 197_.

RECORDATION NO. 7465 Filed & Recorded

MAY 14 1974 - 9 00 AM

INTERSTATE COMMERCE COMMISSION

INTERIM SECURITY AGREEMENT SUPPLEMENT
NO. ONE

Interim Security Agreement Supplement ("this Supplement") dated as of April 30, 1974 from J. M. NACHBIN and M. A. MARINI, as Trustees of the Milwaukee Road Equipment Trust No. 1974-1 ("Borrower"), whose office is at Room 1509, 231 South LaSalle Street, Chicago, Illinois 60693, to CONTINENTAL ILLINOIS LEASING CORPORATION, a Delaware corporation ("Interim Lender"), having its office at 231 South LaSalle Street, Chicago, Illinois 60693.

W I T N E S S E T H:

Borrower and Interim Lender have executed and delivered a certain Security Agreement dated as of January 1, 1974 (which agreement, together with any amendments which have been made thereto, is hereinafter called the "Interim Security Agreement") as security for certain loans made by Interim Lender to Borrower under that certain Interim Loan Agreement (and, if amended, all amendments thereto) dated as of January 1, 1974 (the "Interim Loan Agreement") between Borrower and Interim Lender.

The Interim Security Agreement was filed and recorded with the Interstate Commerce Commission under Section 20c of the Interstate Commerce Act on _____, 1974 with Recordation No. _____.

Borrower has assigned and granted to the Interim Lender under the Interim Security Agreement a security interest in and to certain equipment therein described, including the equipment described in Schedule I annexed hereto (the "Supplement Equipment").

NOW, THEREFORE, in consideration of the premises, Borrower does hereby agree as follows:

Borrower has, in and by the Interim Security Agreement, mortgaged, transferred and assigned to Interim Lender, and granted to Interim Lender a security interest in and to the Supplement Equipment described in Schedule I annexed hereto. This Supplement evidences and confirms the subjection of such Supplement Equipment to the security interest created by the

Interim Security Agreement and secures the punctual payment of the principal of, and interest on, the non-recourse promissory notes of the Borrower evidencing loans under the Interim Loan Agreement and the performance and observance by the Borrower of all of its agreements herein and in the Interim Security Agreement and Interim Loan Agreement contained. To the extent, if any, that the Interim Security Agreement may not be effective in mortgaging and granting a security interest to the Interim Lender in such Supplement Equipment, the Borrower does by this Supplement hereby mortgage, transfer, and assign to the Interim Lender, and grant unto the Interim Lender a security interest in, the Supplement Equipment described in Schedule I hereto, all upon the terms set forth in the Interim Security Agreement.

IN WITNESS WHEREOF, Borrower has caused this Interim Security Agreement Supplement to be executed and delivered this 30th day of April, 1974.

J. M. NACHBIN and M. A. MARINI,
as Trustees of the Milwaukee
Road Equipment Trust No.
1974-1 (Borrower)

By M. A. Marini
Trustee

Schedule I to Interim
Security Agreement
Supplement

Description of Supplement Equipment:

<u>Total No. of Items</u>	<u>Lessee's Identifying Nos.</u>
Fifty (50) 40-foot box cars	MILW 40000-40049

