

NOVEMBER 13 19

SECURITY AGREEMENT-TRUST DEED

Dated as of October 1, 1973

7242

RECORDATION NO. _____ Filed & Recorded

FROM

NOV 20 1973 -10 15 AM

INTERSTATE COMMERCE COMMISSION

TRUST COMPANY FOR USL, INC.,

as Debtor

TO

WELLS FARGO BANK, N. A.,

as Secured Party

S.C.L. Trust No. 20

TABLE OF CONTENTS

<u>Section</u>	<u>Heading</u>	<u>Page</u>
Parties		1
Recitals		1
1. Grant of Security		2
1.1. Equipment Collateral		2
1.2. Rental Collateral		3
1.3. Limitations to Security Interest		3
1.4. Duration of Security Interest		3
2. Covenants and Warranties of the Trust		3
2.1. Debtor's Duties		3
2.2. Warranty of Title		4
2.3. Further Assurances		4
2.4. After-acquired Property		4
2.5. Recordation and Filing		4
2.6. Modifications of the Lease		5
2.7. Power of Attorney in Respect of the Lease		5
3. Possession, Use and Release of Property		6
3.1. Possession of Collateral		6
3.2. Release of Property		7
3.3. Release of Equipment - Consent of Noteholders		7
3.4. Protection of Purchaser		7
4. Application of Assigned Rentals and Certain Other Moneys Received by the Secured Party		7
4.1. Application of Rents		7
4.2. Multiple Series 1 Notes		9
4.3. Multiple Series 2 Notes		9
4.4. Present Value of Schedule I Rents for Any Item of Schedule I Equipment		10
4.5. Present Value of Schedule II Rents for any Item of Schedule II Equipment		10
4.6. Default		10
5. Defaults and Other Provisions		10
5.1. Events of Default		10
5.2. Secured Party's Rights		11

<u>Section</u>	<u>Heading</u>	<u>Page</u>
5.3.	Acceleration Clause	13
5.4.	Waiver by Debtor	13
5.5.	Effect of Sale	14
5.6.	Application of Sale Proceeds	14
5.7.	Discontinuance of Remedies	14
5.8.	Cumulative Remedies	15
5.9.	Waivers, Consents and Amendments to Security Agreement and Notes	15
6.	Successor Trustees and Other Provisions	16
7.	Limitations of Liability	19
8.	Miscellaneous	20
8.1.	Successors and Assigns	20
8.2.	Partial Invalidity	20
8.3.	Communications	21
8.4.	Release	21
8.5.	Governing Law	21
8.6.	Counterparts	22
8.7.	Headings	22
8.8.	Effective Date	22

Attachments to Security Agreement-Trust Deed

Schedule I -- Description of General Motors Equipment

Schedule II -- Description of General Electric Equipment

SECURITY AGREEMENT-TRUST DEED

RE:

Seaboard Coast Line Railroad
(S.C.L. Trust No. 20)

THIS SECURITY AGREEMENT-TRUST DEED (the "Security Agreement") dated as of October 1, 1973 from TRUST COMPANY FOR USL, INC., an Illinois corporation, as Trustee under a Trust Agreement dated as of October 1, 1973 (the "Debtor"), to WELLS FARGO BANK, N. A., as Trustee (the "Secured Party").

RECITALS:

A. The Debtor had entered into separate Loan Agreements each dated as of October 1, 1973 (the "Loan Agreements") providing for the commitment of Connecticut General Life Insurance Company, The Lincoln National Life Insurance Company, Allstate Insurance Company, Aid Association for Lutherans, Farm Bureau Life Insurance Company, Indianapolis Life Insurance Company and United Farm Bureau Family Life Insurance Company (the "Lenders") to make loans to the Debtor on or before December 31, 1973 in the maximum aggregate principal amount of \$10,750,000 to be evidenced by

(i) the 8.75% Secured Notes, Series 1 (the "Series 1 Notes") of the Debtor, said Notes to bear interest at the rate of 8.75% per annum prior to maturity, to be issued in November, 1973 and to mature in 27 substantially equal semiannual installments, including both principal and interest, with the final installment payable not later than May 31, 1987, and to be otherwise substantially in the form attached as Exhibit A to the Loan Agreements;

(ii) the 8.75% Secured Notes, Series 2 (the "Series 2 Notes") of the Debtor, said Notes to bear interest at the rate of 8.75% per annum prior to maturity, to be issued in December, 1973 and to mature in 27 substantially equal semiannual installments, including both principal and interest, with the final installment payable not later than June 30, 1987, and to be otherwise substantially in the form attached as Exhibit A to the Loan Agreements.

B. The Series 1 Notes and the Series 2 Notes are herein-
after sometimes referred to collectively as the "Notes".

C. The Notes and all principal thereof and interest
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 Loan Agreements are
hereinafter sometimes referred to as "indebtedness hereby secured".

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

SECTION 1. GRANT OF SECURITY.

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

Section 1.1. Equipment Collateral. Collateral includes
the equipment described in Schedule I attached hereto and made a
part hereof (the "Schedule I Equipment") and the equipment described
in Schedule II attached hereto and made a part hereof (the "Schedule
II Equipment") (which Schedule I Equipment and Schedule II Equipment
is hereinafter sometimes referred to collectively as the "Equipment"
and individually as "Item of Equipment") constituting Equipment leased
and delivered under that certain Equipment Lease dated as of October
1, 1973 (the "Lease") between the Debtor, as Lessor, and Seaboard
Coast Line Railroad Company, a Virginia corporation, as Lessee (the
"Lessee"); together with all accessories, equipment, parts and appur-
tenances appertaining or attached to any of the Equipment hereinabove
described, whether now owned or hereafter acquired, and all substitu-
tions, renewals or replacements of and additions, improvements,
accessions and accumulations to any and all of said Equipment, together
with all the rents, issues, income, profits and avails therefrom.

Section 1.2. Rental Collateral. Collateral also includes the Lease and all rents (the "Fixed Rentals") and other sums due and to become due thereunder, including any and all extensions or renewals thereof insofar as the same cover or relate to the Equipment; it being the intent and purpose thereof that the assignment and transfer to the Secured Party of said rents and other sums due and to become due under the Lease 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 said rents 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.

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

Section 1.4. Duration of Security Interest. The Secured Party, its successors in trust and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Loan Agreements 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.

SECTION 2. COVENANTS AND WARRANTIES OF THE TRUST.

The Debtor covenants, warrants and agrees as follows:

Section 2.1. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Loan Agreements, 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 successor 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 Loan Agreements were fully set out in an amendment or supplement to this Security Agreement.

Section 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 the right, title and interest of the Lessee under the Lease and of persons claiming by, through or under the Lessee).

Section 2.3. Further Assurances. The Debtor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of such assignment pursuant to Section 16 of the Lease and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease directly to the Secured Party or as the Secured Party may direct.

Section 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.

Section 2.5. Recordation and Filing. The Debtor will cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of each supplemental Security Agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

not: Section 2.6. Modifications of the Lease. The Debtor will

(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; or

(b) receive or collect or permit the receipt or collection of any rental payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment except that if and so long as no event of default (as defined in Section 5.1 hereof) shall have occurred and be continuing and no event has occurred and is continuing which the lapse of time or the giving of notice, or both, which would constitute such an event of default, this restriction shall not apply to an amount equal to 0.26478% of the cost of the Schedule I and Schedule II Equipment payable on the payment dates for the first 27 installments of Fixed Rental and the final three installments of Fixed Rental payable under the Lease in respect of the Schedule I and Schedule II Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

Section 2.7. Power of Attorney in Respect of the Lease. 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 Section 1.1 and Section 1.2 hereof (except, so long as no event of default (as defined in Section 5.1 hereof) shall have occurred and be continuing and no event of default has occurred and is continuing which with the lapse of time or the giving of notice, or both, which would constitute such an event of default, an amount equal to 0.26478% of the cost of the Schedule I and Schedule II

Equipment payable on the payment dates for the first 27 installments of Fixed Rental and the final three installments of Fixed Rental payable under the Lease in respect of the Schedule I and Schedule II Equipment) 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 or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby. The Secured Party shall defend, indemnify and save harmless the Debtor, its successor, agents and assigns from and against any claim, cause of action, damage, liability, cost or expense (including attorneys' fees and costs in connection therewith) incurred as a result of any action taken by the Secured Party under this Section 2.7 which is wrongful or which exceeds the power and authorities herein granted.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

Section 3.1. Possession of Collateral. While the Debtor is not in default hereunder it shall be suffered and permitted to

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

Section 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 designated by the Lessee for settlement pursuant to Section 11 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and the receipt from the Lessee of the Casualty Value payment for such Item of Equipment in compliance with Section 11 of the Lease.

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

Section 3.4. Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the mortgaged property 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.

Section 4.1. Application of Rents. 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 of the installments of Fixed Rental under the Lease for the Schedule I Equipment 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 Series 1 Notes which have matured or will mature on or before the due date of the installments of Fixed Rental for the Schedule I Equipment 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 within 30 days of the receipt thereof; and

(b) The amounts from time to time received by the Secured Party which constitute payment of the installments of Fixed Rental under the Lease for the Schedule II Equipment 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 Series 2 Notes which have matured or will mature on or before the due date of the installments of Fixed Rental for the Schedule II Equipment 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 within 30 days of the receipt thereof; and

(c) 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 Schedule I Equipment (as defined in Section 11 of the Lease) pursuant to Section 11 of the Lease shall be paid and applied on the Series 1 Notes, all in such manner and in such amounts so that after giving effect to such application and the release of such Item of Schedule I Equipment from the Lease and the lien of this Security Agreement:

(i) The aggregate principal amount remaining unpaid on the Series 1 Notes, if any, does not exceed the "Present Value of Schedule I Rents" as hereinafter defined in respect of all other Schedule I Equipment which then remains subject to the Lease and the security interest of this Security Agreement; and

(ii) Each of the remaining installments of the Series 1 Notes shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Series 1 Notes immediately prior to the prepayment.

Any amounts in excess of the "Present Value of Schedule I Rents" as hereinafter defined in respect of any Item of Schedule I Equipment for which settlement is made by the Lessee pursuant to Section 11 of the Lease shall be released to or upon the order of the Debtor, within 30 days from the receipt thereof by the Secured Party.

(d) 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 Schedule II Equipment (as defined in Section 11 of the Lease) pursuant to Section 11 of the Lease, shall be paid and applied on the Series 2 Notes, all in such manner and in such amounts so that after giving effect to such application and the release of such Item of Schedule II Equipment from the Lease and the lien of this Security Agreement:

(i) the aggregate principal amount remaining unpaid on the Series 2 Notes, if any, does not exceed the "Present Value of Schedule II Rents" as hereinafter defined in respect of all other Schedule II Equipment which then remains subject to the Lease and the security interest of this Security Agreement; and

(ii) each of the remaining installments of the Series 2 Notes shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Series 2 Notes immediately prior to the prepayment;

Any amounts in excess of the "Present Value of Schedule II Rents" as hereinafter defined in respect of any Item of Schedule II Equipment for which settlement is made by the Lessee pursuant to Section 11 of the Lease, shall be released to or upon the order of the Debtor, within 30 days from the receipt thereof by the Secured Party.

Section 4.2. Multiple Series 1 Notes. If more than one Series 1 Note is outstanding at the time any application is made pursuant to Section 4.1(a), the application shall be made on all outstanding Series 1 Notes ratably in accordance with the principal amount remaining unpaid thereon and on the installments of each Series 1 Note, respectively, in the manner provided for by paragraphs (a) and (c) of Section 4.1.

Section 4.3. Multiple Series 2 Notes. If more than one Series 2 Note is outstanding at the time any application is made pursuant to Section 4.1(b), the application shall be made on all

outstanding Series 2 Notes ratably in accordance with the principal amount remaining unpaid thereon and on the installments of each Series 2 Note, respectively, in the manner provided for by paragraphs (b) and (d) of Section 4.1.

Section 4.4. Present Value of Schedule I Rents for Any Item of Schedule I Equipment. The term "Present Value of Schedule I Rents" for any Item of Schedule I Equipment shall mean as of any date an amount equal to the aggregate Fixed Rents in respect of such Item of Schedule I Equipment reserved for the balance of the rental period originally provided for in the Lease and remaining unpaid as of the close of business on such date (less an amount, for the first 27 semiannual Fixed Rental payments, equal to 0.26478% of the cost of the Schedule I Equipment and, for the final three Fixed Rental payments the entire amount thereof) discounted on the basis of 8.75% per annum interest factor compounded semiannually to the respective dates on which such installments are payable, with all such discounts to be computed on the basis of a 360-day year of twelve 30-day months.

Section 4.5. Present Value of Schedule II Rents for any Item of Schedule II Equipment. The term "Present Value of Schedule II Rents" for any Item of Schedule II Equipment shall mean as of any date an amount equal to the aggregate Fixed Rents in respect of any Item of Schedule II Equipment reserved for the balance of the rental period originally provided for in the Lease and remaining unpaid as of the close of business on such date (less an amount, for the first 27 semiannual Fixed Rental payments equal to 0.26478% of the cost of the Schedule II Equipment and, for the final three Fixed Rental payments, the entire amount thereof), discounted on the basis of 8.75% per annum interest factor compounded semiannually to the respective dates on which such installments are payable, with all such discounts to be computed on the basis of a 360-day year of twelve 30-day months.

Section 4.6. Default. If an event of default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5. DEFAULTS AND OTHER PROVISIONS.

Section 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 ten calendar days; or

(b) An event of default as set forth in Section 14 of the Lease; or

(c) Default on the part of the Debtor or United States Leasing International, Inc., Agent for the Debtor, in the due observance or performance of any covenant or agreement to be observed or performed by either the Debtor or said Agent under this Security Agreement or any Loan Agreement, and such default shall continue unremedied for 30 calendar days; or

(d) Any representation or warranty made herein or in any Loan Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease or any Loan Agreement, or the transactions contemplated therein shall prove to be false or misleading in any material respect; or

(e) Any claim, lien or charge (other than the Lease and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 9 of the Lease) shall be asserted against or levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed within 30 calendar 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.

Section 5.2. Secured Party's Rights. The Debtor agrees that when any "event of default" as defined in Section 5.1 has occurred and is continuing, but subject always to 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 exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

(a) The Secured Party may, and upon the written request of the holders of 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 always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said 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. 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) The Secured Party may proceed to protect and enforce this Security Agreement and said Notes by suit or suits or proceedings in equity, at law or in bankruptcy,

and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or subject to the provisions of Section 7 hereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law;

(e) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may proceed to exercise all rights, privileges and remedies of the Lessor 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.

Section 5.3. 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.

Section 5.4. Waiver by Debtor. 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 appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and

hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

Section 5.5. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

Section 5.6. Application of Sale Proceeds. The proceeds and/or 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) To the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made.

(b) To the payment of the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal and interest;

(c) 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.

Section 5.7. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and

such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Secured Party and the holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

Section 5.8. 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.

Section 5.9. Waivers, Consents and Amendments to Security Agreement and Notes. Compliance with any term, covenant, agreement or condition of this Security Agreement or the Loan Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), if the Secured Party shall have obtained the consent in writing of the holders of not less than 66 2/3% in aggregate principal amount of outstanding Notes; provided, however, that without the written consent of the holders of all of the Notes then outstanding no such waiver, modification, alteration or amendment shall be effective against the holder of any Note without his consent to change the obligation of the Debtor in respect of the amount or time of payment of the principal or interest on any Note then outstanding as set forth therein, or to reduce the percentage in principal amount of the Notes required to approve any such amendment, or to subordinate the Notes or the lien and security interest created by this Security Agreement in favor of other creditors of the Debtor, and no such waiver shall be effective against the Secured Party without its consent to modify its rights and duties hereunder. This Security Agreement and the Notes may also be amended from time to time by agreements expressly amending the same, which agreements, when duly executed by the Debtor may be executed by the Secured Party:

(a) to the extent permitted hereby and not inconsistent herewith, to subject other property to the lien and security interest hereof, to add further covenants and conditions to be observed by the Debtor for the further security of the holders of the Notes, to conform to the requirements of the Trust Indenture Act of 1939 and regulations thereunder as the same may from time to time be amended, or to cure any ambiguity or to correct any defective or inconsistent provisions herein or in any such amendment contained, but in each case only after 15 days prior written notice has been sent to the holders of all of the Notes; and

(b) upon receipt of the written consent of the holders of not less than 66 2/3% in aggregate principal amount of the Notes then outstanding, to make any other changes in the provisions of this Security Agreement and/or the Notes, but no such amendment shall be effective against the holder of any Note without his consent to change the obligation of the Debtor in respect of the amount or time of payment of the principal or interest on any Note then outstanding as set forth therein, or to reduce the percentage in principal amount of the Notes required to approve any such amendment, or to subordinate the Notes or the lien and security interest hereof in favor of other creditors of the Debtor, and no such amendment shall be effective against the Secured Party without its consent to modify its rights and duties hereunder.

SECTION 6. SUCCESSOR TRUSTEES AND OTHER PROVISIONS.

Section 6.1. The Secured Party shall not be answerable for the default or misconduct of any agent or attorney appointed in pursuance hereof if such agent or attorney shall have been selected with reasonable care, or for anything whatsoever in connection with this Security Agreement or the Notes or the proceeds thereof except for its own wilful misconduct or negligence, nor shall the Secured Party be under any obligation to take any action toward the execution or enforcement of the trusts hereby created which in its opinion shall be likely to involve expense or liability, unless as often as required the holder or holders of the Notes shall furnish indemnity satisfactory to the Secured Party against such expense or liability.

Section 6.2. The Secured Party shall be entitled to reasonable compensation for all services rendered in and about the administration of the trusts herein provided for and in and about foreclosure, enforcement or other protection of this Security Agreement or the lien hereof, and the Debtor agrees to pay such compensation

and to indemnify the Secured Party against any liability or damages incurred or sustained by it under this Security Agreement. Without limiting the foregoing, the Secured Party shall have a lien for such compensation and indemnity as well as for all out-of-pocket expenses and counsel fees and court costs incurred by the Secured Party in any foreclosure, enforcement or other protection of this Security Agreement or the lien hereof, on the Collateral and the trust estate prior to the lien for the benefit of the Notes.

Section 6.3. The Secured Party shall not be responsible for any recitals herein or in the Loan Agreements or for insuring the Collateral, or for the recording, filing or refiling of this Security Agreement, or of any supplemental or further mortgage or trust deed, nor shall the Secured Party be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Debtor contained herein or in the Loan Agreements, and the Secured Party shall be deemed to have knowledge of any default on the part of the Debtor in the performance or observance of any such covenants, conditions or agreements only upon receipt of written notice thereof from the Debtor or one of the holders of the Notes; provided, however, that upon receipt by the Secured Party of such written notice from the Debtor or one of the holders of the Notes, the Secured Party shall promptly notify all holders of Notes of such notice and the default referred to therein.

Section 6.4. Subject to the provisions of Section 6.1 hereof, the Secured Party shall not be liable for any action taken or omitted to be taken in good faith and believed by it to be within the discretion or power conferred upon the Secured Party by this Security Agreement, or be responsible for the consequences of any oversight or error of judgment, and the Secured Party shall be protected in acting upon any notice, consent, certificate or other instrument believed by it to be genuine and correct and to have been signed by the proper person or persons and in conformity with the provisions of this Agreement.

Section 6.5. Notwithstanding anything elsewhere in this Security Agreement contained, the Secured Party shall have the right, but shall not be required, to demand in respect of withdrawal of any cash, the release of any property, the subjection of any after acquired property to the lien of this Security Agreement, or any other action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information by the Secured Party deemed necessary or appropriate in addition to the matters by the terms hereof required as a condition precedent to such action.

Section 6.6. All moneys received by the Secured Party shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and may be deposited by the Secured Party under such general conditions as may be prescribed by law in the Secured Party's general banking department, and the Secured Party shall be under no liability for interest on any moneys received by it hereunder. The Secured Party and any affiliated corporation may become the owner of any Note secured hereby, or the Secured Party may act as depositary or a custodian in respect to other securities of the Debtor or any affiliated corporation, all with the same rights which it would have if not the Secured Party.

Section 6.7. The Secured Party may resign and be discharged of the trusts hereby created by giving notice specifying the date when such resignation shall take effect to the Debtor and to the holders of the Notes. Such resignation shall take effect on the day specified in such notice (being not less than 30 days after the first mailing of such notice) unless previously a successor trustee shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor.

The Secured Party may be removed and/or a successor trustee 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 appointment of a successor trustee, to such successor trustee.

Each trustee 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 City of San Francisco, California, in good standing and having a capital and surplus aggregating at least \$100,000,000, if there be such a trust company or banking corporation qualified, able and willing to accept the trust upon reasonable or customary terms.

Section 6.8. 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 California or of the United States of America, having a capital and surplus aggregating at least \$100,000,000), 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 interest of such corporation as trustee under this Security Agreement.

Section 6.9. Should any deed, conveyance or instrument in writing from the Debtor be required by any successor trustee for more fully and certainly vesting in and confirming to such new trustee such estates, rights, powers and duties, then upon request any and all such deeds, conveyances and instruments in writing shall be made, executed, acknowledged and delivered, and shall be caused to be recorded and/or filed, by the Debtor.

Section 6.10. Any new trustee 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 trustee, 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 trustee, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such trustee to the successor trustee so appointed in its or his place.

SECTION 7. LIMITATIONS OF LIABILITY.

Anything in this Agreement, the Loan Agreements, the Notes, any certificate, opinion or document of any nature whatsoever to the contrary notwithstanding, neither the Secured Party nor the holder of any Note nor the successors or assigns of any of said persons, shall have any claim, remedy or right to proceed (at law or in equity against the Debtor in its individual corporate capacity or against Commercial Credit Capital Corporation (the "Trustor"), the Trustor under the Trust Agreement, or United States Leasing International, Inc (the "Agent"), or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor, the Trustor or the Agent (excepting in the case of the fraudulent or willful misconduct of any such party, it being understood that the fraudulent or willful misconduct of the

Trustor shall not be imputed to the Debtor or the Agent) for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Notes or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever, from any source other than the Collateral, and the Secured Party by execution of this Agreement and the holders of the Notes by acceptance thereof waive and release any personal liability of the Debtor in its individual corporate capacity, the Trustor and the Agent or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor, the Trustor or the Agent (except for the case of the fraudulent or willful misconduct of any such party, it being understood that the fraudulent or willful misconduct of the Trustor shall not be imputed to the Debtor or the Agent) for and on account of such indebtedness or such liability, and the Secured Party and the holders of the Notes agree to look solely to the Collateral for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the holders of the Notes to accelerate the maturity of the Notes upon a default under this Security Agreement; to bring suit and obtain a judgment against the Debtor on the Notes (provided that neither the Debtor in its individual corporate capacity nor the Trustor nor the Agent or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor, the Trustor or the Agent shall have any personal liability on any such judgment and the satisfaction thereof shall be limited to the Collateral, including any interest therein of the Debtor, the Trustor and the Agent) or to exercise all rights and remedies provided under this Security Agreement or otherwise realize upon the Collateral, including the right to proceed against the Lessee under the Lease.

SECTION 8. MISCELLANEOUS.

Section 8.1. 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, premises 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.

Section 8.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid, provided that nothing

contained in this Section 8.2 shall be construed to be in derogation of any rights or immunities of the Debtor in its individual capacity or the Trustor or the Agent, under Section 7 hereof, or to amend or modify any limitations or restrictions of the Secured Party or the holder of any Note or their respective successors or assigns under said Section 7.

Section 8.3. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor: Trust Company for USL, Inc.,
Trustee under S.C.L. Trust No. 20
P. O. Box 66011, AMF O'Hare
Chicago, Illinois 60666

With a copy to: United States Leasing International,
Inc. (S.C.L. Trust No. 20)
P. O. Box 3985
San Francisco, California 94119
Attention: Vice President-Lease
Underwriting Group

If to the Secured Party: Wells Fargo Bank, N. A.
P. O. Box 44011
San Francisco, California 94144
Attention: Corporate Trust Department

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

Section 8.4. 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.

Section 8.5. 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.

Section 8.6. 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.

Section 8.7. 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.

Section 8.8. Effective Date. This Security Agreement is dated as of the date designated in the initial paragraph hereof for convenience of identification and has been executed by the Debtor on the date shown in the acknowledgment attached hereto, but is delivered by the Debtor to the Secured Party and becomes effective on the date of purchase of the Notes by the Lenders and the filing and recording of this Security Agreement with the Secretary of the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed and Wells Fargo Bank, N. A., 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 trust officers and its corporate seal to be hereunto affixed, and said seal and this Security Agreement to be attested by one of its Assistant Secretaries, all as of the day and year first above written.

(CORPORATE SEAL)

ATTEST:

Joanne L. Miller
ASST Secretary

(CORPORATE SEAL)

ATTEST:

[Signature]
Assistant Secretary

TRUST COMPANY FOR USL, INC., as
Trustee under S.C.L. Trust No. 20

By B. Marshardt
Its PRESIDENT

DEBTOR

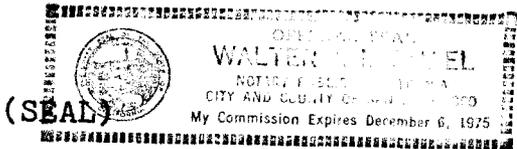
WELLS FARGO BANK, N. A., as Trustee
as aforesaid

By [Signature]
Its TRUST OFFICER

SECURED PARTY

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On this 15th day of NOVEMBER, 1973, before me personally appeared BEN MAUSHARDT, to me personally known, who being by me duly sworn, says that he is the _____ President of TRUST COMPANY FOR USL, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

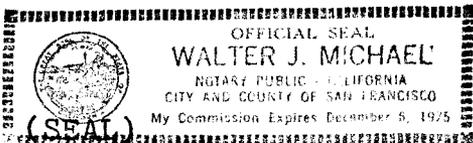


Walter J. Michael
Notary Public

My Commission Expires:

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On this 16th day of November, 1973, before me personally appeared F. R. RICO, to me personally known, who being by me duly sworn, says that he is a TRUST OFFICER of WELLS FARGO BANK, N.A., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Walter J. Michael
Notary Public

My Commission Expires:

SCHEDULE I TO SECURITY AGREEMENT - TRUST DEED

DESCRIPTION OF EQUIPMENT

MANUFACTURER:	GENERAL MOTORS CORPORATION [ELECTRO-MOTIVE DIVISION]
PLANT OF MANUFACTURER:	LaGrange, Illinois
DESCRIPTION OF EQUIPMENT:	Thirteen (13) 2000 H. P. Model GP 38-2 diesel electric locomotive units lettered SCL and numbered 525 to 537, both inclusive

SCHEDULE II TO SECURITY AGREEMENT - TRUST DEED

DESCRIPTION OF EQUIPMENT

MANUFACTURER: GENERAL MOTORS CORPORATION
[ELECTRO-MOTIVE DIVISION]

PLANT OF MANUFACTURER: LaGrange, Illinois

DESCRIPTION OF EQUIPMENT: Eighteen (18) 2000 H. P. Model
GP 38-2 diesel electric locomotive
units lettered SCL and numbered
538 to 555, both inclusive

MANUFACTURER: GENERAL ELECTRIC COMPANY

PLANT OF MANUFACTURER: Erie, Pennsylvania

DESCRIPTION OF EQUIPMENT: Nineteen (19) 1800 H. P., standard
weight diesel-electric locomotive
units lettered SCL and numbered
325 to 343, both inclusive;

twelve (12) 1800 H. P., lightweight
diesel-electric locomotive units
lettered SCL and numbered 250 to
261, both inclusive.