

RECORDATION NO. 9090 Filed & Recorded

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NOV 17 1977

INTERSTATE COMMERCE COMMISSION

Date Fee \$ 50

Interstate Commerce Commission
Washington, D. C.

FEE OPERATION DEPT
T.O.C.
CC Washington, D.C.

Gentlemen:

Enclosed for recordation under the provisions of Section 20(c) of the Interstate Commerce Act, as amended, are the original and three counterparts of Security Agreement-Trust Deed dated as of August 2, 1977.

A general description of the railroad rolling stock covered by the enclosed document is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Debtor: No. 5 Rail Car Leasing Company
P. O. Box 218
Chicago Heights, Illinois 60411

Secured Party: Continental Illinois National Bank
and Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois 60693

The undersigned is the Secured Party mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return all copies of the Security Agreement-Trust Deed to Robert C. Nash, Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

By Donald J. Day
Its Vice President

SECURED PARTY AS AFORESAID

Enclosures

*Chapman & Cutler
C. F. Kammer*

DESCRIPTION OF EQUIPMENT

DESCRIPTION:	Fifty 52' 6" Gondola Cars
MANUFACTURER:	Thrall Car Manufacturing Company
IDENTIFICATION MARKS AND NUMBERS (BOTH INCLUSIVE):	ROCK 680100 through 680149, both inclusive
ORIGINAL LOAN VALUE PER ITEM:	\$18,600
INVOICE COST:	\$25,743 (\$1,287,150 for 50 Items)

Interstate Commerce Commission
Washington, D.C. 20423

11/17/77

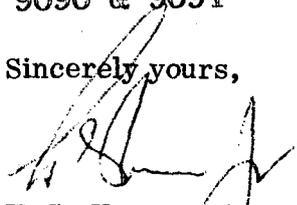
OFFICE OF THE SECRETARY

Robert C. Nash
Chapman And Cutler
111 West Monroe 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 11/17/77 at 12:40pm, and assigned recordation number(s) 9090 & 9091

Sincerely yours,


H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)

9090

RECORDATION NO. Filed & Recorded

NOV 17 1977 -12 42 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT-TRUST DEED

Dated as of August 2, 1977

FROM

NO. 5 RAIL CAR LEASING COMPANY

Debtor

TO

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO,
as Trustee

Secured Party

Relating to

\$930,000 9% Secured Notes
Due 1978-1992

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ATTACHMENTS TO SECURITY AGREEMENT-TRUST DEED:

SCHEDULE A - Description of Equipment

Exhibit 1 - Form of 9% Secured Note

SECURITY AGREEMENT-TRUST DEED

SECURITY AGREEMENT-TRUST DEED dated as of August 2, 1977 (the "Security Agreement") from NO. 5 RAIL CAR LEASING COMPANY, an Illinois corporation, having a Post Office address at P. O. Box 218, Chicago Heights, Illinois 60411 (the "Debtor"), to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, having a Post Office address at 231 South LaSalle Street, Chicago, Illinois 60693, as Trustee (the "Security Trustee").

R E C I T A L S:

A. The defined terms used in this Security Agreement shall have the respective meanings indicated in Section 8.01 unless elsewhere defined or the context shall otherwise require.

B. The Debtor and the Lender have entered into a Loan Agreement dated as of August 2, 1977 (the "Loan Agreement") providing for the commitment of the Lender to make a loan to the Debtor on or prior to November 30, 1977 not exceeding \$930,000 in aggregate principal amount to be evidenced by the 9% Secured Notes (the "Notes") of the Debtor described in Section 1 hereof.

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

NOW, THEREFORE, the Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Security Trustee 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 Agreement contained, hereby grants to the Security Trustee, its successors in trust and assigns, a security interest in, all and singular of the Debtor's right, title and interest in, all and singular, the following described properties, rights, interests and privileges (hereinafter collectively referred to as the "Collateral"):

DIVISION I

The Items of Equipment described in Schedule A attached hereto and made a part hereof, together with all accessories, equipment, parts and appurtenances whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Items of Equipment, together with all the rents, issues, income, profits and avails therefrom, subject, however, to Permitted Encumbrances referred to in Section 8.01.

DIVISION II

All right, title, interest, claims and demands of the Debtor, as lessor or otherwise, in, under and to the Lease between the Debtor, as lessor, and the Lessee, as lessee, and all Rentals and Supplemental Rent 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 hereof that the assignment and transfer to the Security Trustee of said Rentals and Supplemental Rent due and to become due under the Lease shall be effective and operative immediately and shall continue in full force and effect and the Security Trustee shall have the right to collect and receive said Rentals 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.

DIVISION III

All property of any kind that may hereafter be conveyed by the Debtor, or by anyone on its behalf and with its consent, to the Security Trustee as trustee hereunder, the Security Trustee being hereby authorized to receive any property so conveyed and to hold it as additional security hereunder, subject to all provisions hereof not inconsistent with the terms of such conveyance.

The Security Trustee, its successors in trust and assigns shall have and hold the Collateral forever; IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of all present and future holders of the Notes outstanding under the Loan Agreement from and after the issuance of the Notes, without preference, priority or distinction of any Note over any other Note by reason of priority at the time of issue, sale, negotiation, date of maturity thereof or otherwise or any cause whatsoever; 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 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.

SECTION 1. THE NOTES; REGISTRATION; TRANSFERS, ETC.

Section 1.01. The Notes.

The Notes shall be limited to \$930,000 in aggregate principal amount, except for Notes issued upon transfer, exchange or substitution as provided herein. The Notes shall be dated the date of issue, shall bear interest at the rate of 9% per annum prior to maturity (computed on the basis of a 360-day year of twelve 30-day months), such interest to be payable semiannually on May 30 and November 30 commencing on May 30, 1978, shall be expressed to mature in 30 equal consecutive installments of principal payable on May 30, 1978 and on each November 30 and May 30 thereafter to and including November 30, 1992 (each such semiannual date for payment of principal and interest being hereinafter referred to as a "Payment Date"), and shall be otherwise substantially in the form attached hereto as Exhibit 1.

Section 1.02. Interest Accrued.

The Notes shall be dated as of their date of issue, and shall bear interest from and including their date of issue to but excluding the dates upon which interest is due and payable; provided, however, that, in the case of any Note issued upon transfer of or in exchange for an outstanding Note or Notes, such Note shall bear interest from, and shall be dated as of, the date to which interest has previously been paid or made available on the outstanding Notes, or, if no interest has previously been so paid or made available on the outstanding Note, such Note shall bear interest from, and shall be dated as of, the date of the Notes so transferred or exchanged.

Section 1.03. Registration, Transfer and Exchange of Notes.

(a) The Debtor shall cause to be kept at the corporate trust office of the Security Trustee a register for the registration and registration of the transfer of the Notes and, upon presentation at such office for such purpose, the Debtor will, under such reasonable regulations as it may prescribe, cause to be registered or transferred thereon Notes as herein provided. The Debtor hereby appoints the Security Trustee its Note Registrar to register Notes and to register the transfer of Notes as herein provided.

(b) Whenever any Note shall be surrendered for transfer at the corporate trust office of the Security Trustee, together with a written instrument of transfer, in form approved by the Security Trustee, duly executed by the registered owner, or by his attorney authorized in writing, the Debtor shall execute, and the Security Trustee shall authenticate and deliver in exchange therefor, a new Note or Notes of the same maturity for the same aggregate unpaid principal amount. All Notes so surrendered shall be promptly cancelled by the Security Trustee.

(c) The holder of any Note outstanding hereunder may surrender the same to be exchanged for Notes of different denominations. Upon cancellation of the surrendered Note, the Debtor shall execute and the Security Trustee shall register, authenticate and deliver in exchange therefor a like aggregate original principal amount of Notes of the same maturity date in the denomination of Fifty Thousand Dollars (\$50,000) each or any multiple thereof except that any principal amount of such surrendered Note in excess of a multiple of Fifty Thousand Dollars (\$50,000) shall be evidenced by a Note in principal amount equal to such excess, provided, however, any Notes so delivered in exchange may be in any denominations approved by the Debtor.

Section 1.04. Payment of the Notes.

(a) The principal of, premium, if any, and interest on the Notes shall be payable at the principal corporate trust office of the Security Trustee, in lawful money of the United States of America. Payment of principal and interest on the Notes shall be made only upon presentation of such Notes to the Security Trustee for notation thereon of the amount of such payment.

(b) Notwithstanding the foregoing provisions of paragraph (a) of this Section 1.04, if any Note is registered in the name of the Lender or a nominee thereof, or registered in the name of any subsequent holder named in a written notice from the Debtor to the Security Trustee and stating that the provisions of this paragraph shall apply, the Security Trustee shall make payment of interest on such Notes and shall make payments or prepayments (except in the case of a payment or prepayment which will discharge all indebtedness of the Debtor evidenced by such Note) of the principal thereof, and any premium, by check, duly mailed, by first-class mail, postage prepaid, or delivered to such holder at its address appearing on the register referred to in Section 1.03(a) hereof and such holder (or the person for whom such holder is a nominee) will, before selling, transferring or otherwise disposing of such Note, present such Note to the Security Trustee for transfer as provided in Section 1.03 hereof. 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. The Security Trustee is authorized to act in accordance with the foregoing provisions and shall not be liable or responsible to any such holder or to the Debtor or to any other Person for any act or omission on the part of the Debtor or such holder in connection therewith.

(c) So long as any Note is registered in the name of the Lender or a nominee thereof, the Security Trustee will, upon written notice from the Lender or its nominee given not less than 20 days prior to the payment or prepayment of the Notes, cause all subsequent payments and prepayments of the principal of, and interest and premium, if any, on the Notes registered in the name of the Lender or its nominee to be made to any bank in the continental United States as shall be specified in such notice by wire transfer to such bank in funds immediately available on each such date such payment or prepayment is due.

Section 1.05. Persons Deemed Owners.

The Debtor and the Security Trustee may treat the Person in whose name any Note shall be registered upon the books of the Debtor as the absolute owner of such Note for the purpose of receiving payment of or on account of the principal of and interest on such Note and for all other purposes, whether or not such Note shall be overdue; and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the Debtor nor the Security Trustee shall be affected by any notice to the contrary.

Section 1.06. Charges on Exchanges.

In connection with any exchange or transfer hereunder, the Debtor will pay the cost of delivery to or from the principal place of business of a Noteholder of any surrendered Note and any Note issued in substitution or replacement for the surrendered Note.

Section 1.07. Execution, Authentication and Delivery of Notes.

(a) The Notes shall be executed on behalf of the Debtor by its President or a Vice President, under its corporate seal attested by its Secretary or an Assistant Secretary, or by such other form of execution as may be prescribed by a resolution of its Board of Directors.

(b) The Notes when executed shall be delivered to the Security Trustee for authentication; and the Security Trustee shall authenticate and deliver said Notes as in this Security Agreement provided and not otherwise. Only such Notes as shall bear thereon a certificate of authentication substantially in the form and text set forth in Exhibit 1 attached hereto, executed by the Security Trustee, shall be secured by this Security Agreement or be entitled to any lien, right or benefit hereunder; and such authentication by the Security Trustee upon any Note shall be conclusive evidence that such Note has been duly authenticated and delivered hereunder.

Section 1.08. Mutilated, Lost, Stolen and Destroyed Notes.

(a) A mutilated Note may be surrendered to the Debtor or the Security Trustee and thereupon the Debtor shall execute and the Security Trustee shall register, authenticate and deliver

in exchange therefor a new Note of like tenor and principal amount. The Security Trustee shall cancel the mutilated Note.

(b) If there be delivered to the Debtor and to the Security Trustee such security or indemnity as may be required to save each of them harmless, then in the absence of notice to the Debtor or the Security Trustee that such Note has been acquired by a bona fide purchaser, the Debtor shall execute and upon its request, the Security Trustee shall register, authenticate and deliver in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor and principal amount. If the holder of any such lost, stolen or destroyed Note is an institutional investor (as hereinafter defined), then such holder's own agreement of indemnity shall be deemed to be satisfactory.

The term "institutional investor" means any one of the following persons with admitted assets, net worth or capital and surplus of at least \$10,000,000, as the case may be, and existing under the laws of the United States of America or any state thereof: (i) any bank, savings institution, trust company or national banking association acting for its own account or in a fiduciary capacity, (ii) any finance company, (iii) any charitable foundation (iv) any insurance company or fraternal benefit society, (v) any pension, retirement or profit sharing trust or fund for which any bank, trust company, national banking association or investment adviser registered under the Investment Advisers Act of 1940, as amended, is acting as Trustee or Agent, (vi) any college or university or (vii) any corporation all of whose capital stock and other securities are owned by any of the foregoing.

(c) If any such mutilated, lost, stolen or destroyed Note shall have matured or will mature not more than 10 days thereafter, instead of issuing a substitute Note, the Debtor, with the consent of the Security Trustee, may pay the same. Any new Note issued under this Section in lieu of any Note alleged to have been lost, stolen or destroyed shall constitute an additional original contractual obligation of the Debtor whether or not the Note alleged to have been lost, stolen or destroyed shall be at any time enforceable by anyone; and such new Note shall be entitled to the lien, security and benefits of this Security Agreement equally and ratably with all other Notes hereby secured. The Debtor and the Security Trustee, in their discretion, may place upon any such new Note a legend, but such legend shall in nowise affect the validity of such new Note. The Debtor may at its option require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge in connection with the issuance of any such new Note.

(d) Any Note in lieu of which another Note has been authenticated and delivered as permitted in Section 1.07(b) shall not be treated as an indebtedness for any purpose hereunder and the Debtor shall not be required to pay or provide for payment of same unless prior to satisfaction and discharge of this Security Agreement, such Note has been presented to the Security Trustee

with a claim of ownership and enforceability by the person possessing such Note and the enforceability of such Note, if contested by the Debtor, has been determined in favor of such person by a court of competent jurisdiction.

Section 1.09. Cancellation.

All Notes when fully paid as to principal and interest shall be surrendered to the Security Trustee and promptly cancelled, and a certificate of such cancellation shall be delivered to the Debtor. No Notes shall be authenticated in lieu of cancelled Notes or in exchange therefor except as permitted by this Security Agreement.

SECTION 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

Section 2.01. 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 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 Loan Agreement were fully set out in an amendment or supplement to this Security Agreement.

Section 2.02. Warranty of Title.

The Debtor owns and is possessed of the Equipment free of all Liens other than Permitted Encumbrances, and owns and is possessed of the Collateral other than the Equipment free of all Liens, and has full power and lawful authority to assign, transfer, deliver and pledge the Collateral. As long as any Notes are outstanding hereunder, the Debtor will not subject the Collateral to any Lien other than Permitted Encumbrances. The Debtor hereby does and will forever warrant and defend the title to the Collateral against the claims and demands of all persons whomsoever.

Section 2.03. 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 Rentals and Supplemental Rent under the Lease, the Debtor covenants and agrees that it will notify the Lessee of this Security Agreement as provided in Section 16 of the Lease and that, subject to the right of the Debtor herein provided to receive and collect

Rentals and Supplemental Rent under the Lease if and so long as no Default or Event of Default hereunder shall have occurred and be continuing, the Debtor will direct the Lessee to make all payments of Rentals and Supplemental Rent under the Lease directly to the Security Trustee or as the Security Trustee may direct.

Section 2.04. 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 Security Trustee, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.04 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.03 hereof.

Section 2.05. 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 Security Trustee hereunder, and will at its own expense furnish to the Security Trustee, promptly after the execution and delivery of this Security Agreement and of each supplemental Security Agreement and after receipt of written request from the Security Trustee or the holder of any Note at any other time, 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.

Section 2.06. 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 or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof (other than Permitted Encumbrances); or

(b) receive or collect or permit the receipt or collection of any payment of Rental or Supplemental Rent under the Lease prior to the date the same shall be due and payable pursuant to the provisions of the Lease or assign, transfer or hypothecate (other than to the Security Trustee hereunder) any payment of Rental or Supplemental Rent then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Security Trustee 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 2.07. Power of Attorney in Respect of the Lease.

The Debtor does hereby irrevocably constitute and appoint the Security Trustee, its true and lawful attorney with full power of substitution, for it and in its name, place and stead, during the continuation of any Default or Event of Default, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all Rental and Supplemental Rent and other sums which are assigned under the Granting Clauses 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 or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Security Trustee may deem necessary or appropriate to protect and preserve the right, title and interest of the Security Trustee in and to such Rental and Supplemental Rent and other sums and the security intended to be afforded hereby.

Section 2.08. Payment of Indebtedness.

The Debtor will promptly pay the Indebtedness Hereby Secured as and when the same or any part thereof becomes due (whether by lapse of time, declaration, demand or otherwise).

Section 2.09. Payment of Taxes.

The Debtor shall report, pay and discharge, or cause to be reported, paid and discharged, when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of the Collateral, and other taxes, fees and governmental charges similar or dissimilar to the foregoing, together with any penalties or interest thereon, imposed by any state, federal or local government upon any of the Collateral and whether or not the same shall be assessed against or in the name of the Debtor or the Lessee; provided, however, that the Debtor shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Debtor to the Collateral, or (ii) as to assessments against or in the name of anyone other than the Debtor or the Lessee, until 20 days after written notice thereof shall have been given to the Debtor or the Lessee, as the case may be.

Section 2.10. Rules, Laws and Regulations.

The Debtor agrees to comply with all governmental laws, regulations, requirements and rules (including the rules of the United States Department of Transportation) with respect to the

use, maintenance and operation of each Item of Equipment subject to the Lease. In case any equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Debtor agrees to make such changes, additions and replacements.

Section 2.11. Use and Maintenance of Equipment.

The Debtor shall use or permit the use of the Equipment only in the continental United States of America, except that said Equipment may be used intermittently in Canada so long as such use shall be of such a term so as not to jeopardize the U.S. Internal Revenue Code defined Investment Tax Credit and in any event not on a regular or sustained basis, and such Equipment shall be used only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Debtor shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. The Debtor shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, security interest, charge, encumbrance or claim on or with respect to the Collateral, title thereto or any interest therein, except the lien of current ad valorem taxes not in default. Except as required by Section 2.10 and the second sentence of this Section 2.11, the Debtor shall not modify any Item of Equipment without the written authority and approval of the Security Trustee which shall not be unreasonably withheld.

Section 2.12. Insurance.

(a) Liability Insurance. The Debtor will cause the Security Trustee to be named as an additional insured under any public liability insurance policies now or hereafter maintained by the Lessee pursuant to Section 11.1 of the Lease.

(b) Reports. The Debtor shall from time to time furnish the Security Trustee with certificates or other satisfactory evidence of compliance with the requirements of Section 2.12(a) hereof.

Section 2.13. Duty to Number and Mark Equipment.

The Debtor shall cause to be plainly, permanently stencilled on each side of each Item of Equipment in letters not less than one (1) inch in height the car numbers specified in Schedule A hereto and an ownership legend to read as follows:

"Subject to a security interest recorded with the
I.C.C."

The Debtor shall immediately replace any such stencilling which becomes illegible, wholly or in part. Should changes or additions be required in the foregoing legend, the Debtor shall make such changes or additions, and the expense thereof shall be borne by the Debtor. The Debtor shall keep the Equipment free from any

marking which might be interpreted as a claim of ownership thereof by anyone other than the Debtor; and will not change, or permit to be changed, the car numbers referred to above, without the prior written consent of the Security Trustee.

Section 2.14. Performance of Lease; New Lease(s).

The Debtor will duly and punctually perform and observe each and all of its covenants, duties, warranties, obligations and undertakings arising under and in connection with the Lease and the Items of Equipment leased thereunder. If the Debtor shall fail to perform and discharge such covenants, duties, obligations and undertakings, the Security Trustee or the holder of any Note may, but shall not be obligated to (i) make advances to perform the same and (ii) perform any and all acts required by the Debtor's covenants, warranties and undertakings contained in the Lease and to take all such action as in the Security Trustee's or such Noteholder's opinion may be necessary or appropriate therefor. No such advance, performance or other act shall be deemed to relieve the Debtor from any Event of Default hereunder. The Debtor agrees to repay all sums advanced by the Security Trustee or the holder of any Note to remedy such default upon demand, together with interest at the rate of 10% per annum from the date of such advance until repaid. All such sums, together with interest as aforesaid, shall become additional Indebtedness Hereby Secured, but no such advance shall be deemed to relieve the Debtor from any default hereunder.

Upon termination of the Lease for any reason whatsoever, the Debtor will expend all reasonable efforts to relet the Equipment then subject to the lien of the Security Agreement pursuant to a lease or leases containing terms and provisions reasonably satisfactory to the holder or holders of 75% in aggregate principal amount of the Notes; and will promptly assign such new lease or leases and the Rentals and Supplemental Rents due and to become due thereunder to the Security Trustee upon the same terms and conditions as the Lease is hereby assigned.

Section 2.15. Reports, Inspection and Certificates.

(a) Reports as to Equipment. Throughout the term of the Lease and any extensions thereof, the Debtor shall deliver to the Security Trustee and each Noteholder promptly following receipt thereof from the Lessee, an annual certification in the form prescribed by Section 12.2 of the Lease, signed by an officer of the Lessee, together with an accompanying certification of a Vice President of the Debtor to the effect that he has no reason to believe that any of the information contained in such certification is untrue or incorrect as of the date thereof.

(b) Annual Certificate. The Debtor shall furnish to the Security Trustee and each Noteholder on or before January 1 in each year commencing with 1978, a certificate signed by the President or any Vice President of the Debtor, dated as of the preceding September 30, certifying that (1) the Debtor is not in default under any provisions of this Security Agreement or specifying all

such defaults and what action is being taken by the Debtor to remedy the same and (ii) no default under the Lease on the part of the Lessee has occurred and is continuing.

(c) Notice of Event of Default. Immediately upon becoming aware of the existence of any condition or event which constitutes a Default or an Event of Default, the Debtor shall provide the Security Trustee and each Noteholder a written notice specifying the nature and period of existence thereof and what action the Debtor is taking and proposes to take with respect thereto.

(d) Notice of Default under Lease. The Debtor agrees promptly to deliver to the Security Trustee and each Noteholder notice of any nonpayment of rentals when due under the Lease or the occurrence of any default or other event under the Lease which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

Section 2.16. Indemnification.

The Debtor does hereby assume and agree to indemnify, protect, save and keep harmless the Security Trustee, each Noteholder, its agents and servants, from and against any and all losses, damages, injuries, claims, demands and expenses, including legal expenses, of whatsoever kind or nature arising out of or on account of the use, condition (including, without limitation, latent and other defects and whether or not discoverable) or operation of all or any part of the Equipment and by whomsoever used or operated. Such indemnity shall continue in full force and effect, notwithstanding the release of this Security Agreement.

Section 2.17. Maintenance of Corporate Existence.

The Debtor will preserve and keep in full force and effect its corporate existence, rights and franchises and all licenses and permits necessary to the performance of its obligations hereunder, except as otherwise provided in Section 2.18.

Section 2.18. Restrictions on Mergers, Consolidations and Sales of Assets.

The Debtor will not sell, lease, transfer or otherwise dispose of all or a substantial portion of its corporate property or assets to any person, firm or corporation or consolidate with or merge into any other corporation or permit another corporation to merge into it unless (i) the successor formed by or resulting from such consolidation or merger or to which such sale, lease or other disposition shall have been made shall be a solvent corporation organized under the laws of the United States of America or a State thereof or the District of Columbia; (ii) such successor corporation (if other than the Debtor) shall assume all of the Debtor's obligations under this Security Agreement, the Notes, the Loan Agreement and the Lease; and (iii) immediately after such merger, sale, lease or other disposition, such successor corporation shall not be in

default in the performance or observance of any of the covenants, agreements or conditions contained in the Loan Agreement, this Security Agreement or the Lease.

Section 2.19. Rental Payments Account and Related Records.

The Debtor does hereby covenant and agree that out of all payments of Rentals and Supplemental Rent from time to time received by it pursuant to the terms of the Lease prior to a Default or Event of Default, one-sixth of the amount of the installment of interest and principal payable on the Notes on the Payment Date next succeeding the receipt by the Debtor of such Rentals or Supplemental Rent, and any and all payments of Rentals and Supplemental Rent from time to time received by the Debtor pursuant to the terms of the Lease after a Default or Event of Default, shall be deposited as and when received in a special account maintained by the Debtor with the Security Trustee under the designation "No. 5 Rail Car Leasing Company - Chicago, Rock Island and Pacific Railroad Company Lease Rental Payment Account". Prior to the time such monies are deposited in such Account, the Debtor shall segregate and hold such monies in trust for the account of the Security Trustee. The Debtor further covenants and agrees that it will keep true books and records and accounts in respect of Rentals and Supplemental Rent payable in respect of the Equipment or the Lease.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

Section 3.01. Possession of Collateral.

(a) If and so long as no Default or Event of Default has occurred and is continuing, the Debtor 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 an Item of Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.01.

(b) If and so long as no Default or Event of Default shall have occurred and be continuing hereunder, and subject to the provisions of Section 2.19 hereof, the Debtor shall be suffered and permitted to receive and collect all Rentals and Supplemental Rent as and when the same shall become due and payable under the Lease.

Section 3.02. Release of Equipment -- Payment of Casualty Value by Lessee.

So long as no Event of Default under the Lease has occurred and is continuing to the knowledge of the Security Trustee, the Security Trustee shall execute a release in respect

of any Item of Equipment when designated by the Lessee for a cash settlement pursuant to Section 11 of the Lease upon receipt of: (i) written notice from the Lessee pursuant to Section 11 of the Lease, and (ii) settlement by the Lessee for the Equipment in compliance with Section 11 of the Lease.

Section 3.03. Release of Equipment - Consent of Noteholders.

In addition to the sale, exchange or release pursuant to the foregoing Section 3.02, the Debtor may sell or otherwise dispose of any Item of Equipment then subject to the lien of this Security Agreement, and the Security Trustee 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 Noteholders.

Section 3.04. Protection of Purchaser.

No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Security Trustee 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 CERTAIN MONEYS RECEIVED BY THE SECURITY TRUSTEE; PREPAYMENTS.

Section 4.01. Prepayments.

Except to the extent provided for in this Section 4, the Notes shall not be subject to prepayment or redemption in whole or in part at the option of the Debtor prior to the expressed maturity dates thereof.

Section 4.02. Application of Moneys.

As more fully set forth in the granting clauses hereof, the Debtor has hereby granted to the Security Trustee a security interest in Rentals and Supplemental Rent due and to become due under the Lease in respect of the Equipment as security for the Notes. So long as no Default or Event of Default has occurred and is continuing to the knowledge of the Security Trustee:

(a) Rentals. The amounts from time to time received by the Security Trustee which constitute payment of the installments of Rental under the Lease shall be applied first, to the payment of the installments of principal and interest on the Notes which will mature on the Payment Dates next succeeding the receipt

by the Security Trustee of such installments of Rental and second, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor on such Payment Date.

(b) Casualty Value. The amounts from time to time received by the Security Trustee which constitute payment by the Lessee of the Casualty Value of Items of Equipment pursuant to Section 11.3 of the Lease shall be held by the Security Trustee in accordance with the provisions of Section 6.05 hereof until the aggregate amount of such Casualty Value payments so held by the Security Trustee shall exceed \$20,000, at which time such aggregate amount shall be applied as follows: first, an amount equal to the aggregate Loan Value of the Items of Equipment in respect of which such Casualty Value payments were received shall be applied to the payment or prepayment of the principal of and accrued and unpaid interest on the Notes, and each of the remaining installments of the Notes 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 second, the balance, if any, of such amount shall be paid to or upon the order of the Debtor.

(c) Insurance Proceeds. The amounts received by the Security Trustee from time to time which constitute proceeds of insurance maintained by the Debtor or the Lessee in respect of the Equipment shall be held by the Security Trustee as a part of the Collateral and shall be applied by the Security Trustee from time to time to any one or more of the following purposes:

(1) Repair or Replacement. If no Default or Event of Default shall have occurred and be continuing to the knowledge of the Security Trustee, the proceeds of such insurance shall, if the Items of Equipment which were lost, damaged or destroyed are to be repaired, restored or replaced, be released to the Debtor or the Lessee, as the case may be, to reimburse such party for expenditures made for such repair, restoration or replacement of such Items of Equipment upon receipt by the Security Trustee of: (i) a certificate of the President, the Treasurer or a Vice President of the Debtor or the Lessee, as the case may be, showing in reasonable detail the purpose for which the expenditures were made and the actual cash expenditures made for such purpose and stating that no Default or Event of Default has occurred and is continuing, and (ii) a supplement hereto sufficient, as shown by an opinion of counsel (which may be counsel for the Debtor or the Lessee) in form and content satisfactory to the Security Trustee, to grant a security interest in any additions to or substitutions for the Items of Equipment to the Security Trustee, which opinion shall also cover the filing and/or recording of such supplement so as to perfect the security interest in such additions or substitutions, or in the alternative, an opinion that no such supplement is required for such purpose; and

(2) Application to Notes. If the insurance proceeds shall not have been released to the Debtor or the Lessee pursuant to the preceding paragraph (1) within six months from the receipt thereof by the Security Trustee, then so long as no Default or Event of Default shall have occurred and be continuing to the knowledge of the Security Trustee, the insurance proceeds shall be applied by the Security Trustee on the first Payment Date occurring not less than six months after receipt thereof as follows:

(i) First, to the prepayment of the Notes without regard to any limitation as to the minimum amount of prepayment, all in the manner provided for by Section 4.02(b) hereof; and

(ii) Second, the balance, if any, of such insurance proceeds held by the Security Trustee after making the application provided for by the preceding subparagraph (i) shall be released to or upon the order of the Debtor.

Section 4.03. Notice of Prepayment; Partial Prepayment; Termination of Interest.

(a) In the case of any prepayment of the Notes pursuant to Sections 3.03, 4.02(b) or 4.02(c) hereof, notice thereof in writing to the holders of the Notes to be prepaid shall be sent by the Debtor by certified or registered mail, postage prepaid, to the holder of each Note to be prepaid, at least 30 days prior to the date fixed for prepayment. Any notice so mailed shall be conclusively presumed to have been given to such holder whether or not such holder actually receives such notice. Such notice shall specify the date fixed for prepayment, the provision hereof under which such prepayment is being effected and that on the date fixed for prepayment there will become due and payable upon each Note or portion thereof so to be prepaid at the place where the principal of the Notes to be prepaid is payable, the specified amount of principal thereof, together with the accrued interest to such date, with such premium, if any, as is payable thereon and after such date interest thereon shall cease to accrue.

(b) In the event of any partial prepayment of the Notes pursuant to Sections 3.03, 4.02(b) or 4.02(c) hereof, the aggregate principal amount of the Notes to be prepaid shall be prorated by the Security Trustee among the holders thereof in proportion to the unpaid principal amount of such Notes held by them and the Security Trustee shall designate the portions of the Notes of each such holder to be prepaid.

(c) Interest on any Note designated for prepayment or on any portion of the principal amount of any Note designated for prepayment shall cease upon the date fixed for prepayment unless default shall be made in the payment of the amount payable upon the prepayment thereof.

Section 4.04. Amortization Schedules.

Concurrently with the notice of any partial prepayment of any Note, the Debtor shall deliver to the Security Trustee two copies 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 such partial prepayment and the unpaid principal balance of such Note after each such installment payment. The Security Trustee shall deliver, or send by first class mail, postage prepaid, one such copy of the applicable schedule to the holder of such Note at its address set forth in the Register.

Section 4.05. Default.

If an Event of Default has occurred and is continuing, all amounts received by the Security Trustee pursuant to the granting clauses hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5. EVENTS OF DEFAULT.

Section 5.01. Nature of Events.

An "Event of Default" shall exist if any of the following occurs and is continuing:

(a) Principal and Interest Payments - the Debtor fails to make any payment of principal or interest on any Note on or before 5 days after the date such payment is due;

(b) Covenant Defaults - the Debtor fails to perform or observe any covenant, condition or agreement to be performed or observed by it under this Agreement, or the Guarantor fails to perform or observe any covenant, condition or agreement to be performed or observed by it under the Guaranty Agreement, and in either case such failure continues unremedied for more than thirty days after the Security Trustee or the holder of any Note has given written notice of such failure to the Debtor or the Guarantor, as the case may be;

(c) Termination of Guaranty Agreement - the Guaranty Agreement, for any reason whatsoever, shall cease to be in full force and effect;

(d) Warranties or Representations - any warranty, representation or other statement by or on behalf of the Debtor or the Guarantor contained in the Loan Agreement, the Guaranty Agreement or this Agreement or in any instrument furnished in compliance with or in reference to the Loan Agreement, the Guaranty Agreement or this Agreement is false or misleading in any material respect;

(e) Default on Indebtedness or Other Security - the Debtor or the Guarantor fails to make any payment due on any indebtedness or other Security or any event shall occur (other than the mere passage of time) or any condition shall exist in respect of any indebtedness or other Security of the Debtor or the Guarantor, or under any agreement securing or relating to such indebtedness or other Security, the effect of which is (i) to cause (or permit any holder of such indebtedness or other Security or a trustee to cause) such indebtedness or other Security, or a portion thereof, to become due prior to its stated maturity or prior to its regularly scheduled dates of payment, or (ii) to permit a trustee or the holder of any Security (other than common stock of the Debtor or the Guarantor) to elect a majority of the directors on the Board of Directors of the Debtor or the Guarantor;

(f) Involuntary Bankruptcy Proceedings - a receiver, liquidator or trustee of the Debtor or the Guarantor, or of any of the Property of either, is appointed by court order and such order remains in effect for more than 30 days; or the Debtor or the Guarantor is adjudicated bankrupt or insolvent; or any of the Property of either is sequestered by court order and such order remains in effect for more than 30 days; or a petition is filed against the Debtor or the Guarantor under any bankruptcy, reorganization, arrangement, insolvency, re-adjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 30 days after such filing;

(g) Voluntary Petitions - the Debtor or the Guarantor files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

(h) Assignments for Benefit of Creditors, Etc. - the Debtor or the Guarantor makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee or liquidator of the Debtor or the Guarantor, or of all or any part of the Property of either;

(1) Undischarged Final Judgments - final judgment or judgments for the payment of money aggregating in excess of \$50,000 is or are outstanding against either the Debtor or the Guarantor and any one of such judgments has been outstanding for more than 30 days from the date of its entry and has not been discharged in full or stayed or appealed.

The term "Default" shall mean any event which would constitute an Event of Default if any requirement in connection therewith for the giving of notice, or the lapse of time, or the happening of any further condition, event or action has been satisfied.

Section 5.02. Security Trustee's Rights.

When any Event of Default has occurred and is continuing the Security Trustee 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 Security Trustee 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 Security Trustee may, and upon the written request of the holders of 30% 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 (but without premium), 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 Security Trustee 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, in the event the Security Trustee shall demand possession of the Equipment then, without limiting the provisions of paragraph (b) hereof,

the Debtor shall forthwith deliver possession of the Equipment to the Security Trustee in good order and repair, ordinary wear excepted. For the purpose of delivering possession of any Equipment to the Security Trustee as above required, the Debtor shall, at its own cost and expense, forthwith:

(1) assemble such Equipment and place them upon storage tracks within 100 miles of Chicago Heights, Illinois (or such other place or places as the parties hereto shall agree in writing) as the Security Trustee shall designate;

(2) provide storage at the risk of the Debtor for such Equipment on such tracks or cause the same or any thereof to be transported to any place or places on lines of a railroad within a 25-mile radius of such storage tracks on which the Equipment has been assembled, all as directed by the Security Trustee. The assembling, delivery, storage and transporting of the Equipment as hereinabove provided are of the essence of this Security Agreement, and upon application to any court of equity having jurisdiction in the premises, the Security Trustee shall be entitled to a decree against the Debtor requiring specific performance of the covenants of the Debtor so to assemble, deliver, store and transport the Equipment.

(d) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee 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 Security Trustee 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 Security Trustee or the holder or holders of Notes, or of any interest therein, may bid and become the purchaser at any such sale.

(e) The Security Trustee 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 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.

(f) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee 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 Security Trustee or in the name of the Debtor for the use and benefit of the Security Trustee.

Section 5.03. 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 5.04. 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 Security Trustee, 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 5.05. 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).

Section 5.06. 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 Security Trustee, 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 to the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal and interest; 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 with application on each Note to be made, first, to the unpaid principal thereof, and second, to unpaid interest thereon; and

(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 5.07. Discontinuance of Remedies.

In case the Security Trustee 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 Security Trustee 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 5.08. Cumulative Remedies.

No delay or omission of the Security Trustee 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 Security Trustee, 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 Security Trustee or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 6. THE SECURITY TRUSTEE.

Section 6.01. Certain Duties and Responsibilities of Security Trustee.

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

(1) the Security Trustee 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 Security Trustee; and

(2) in the absence of bad faith on its part, the Security Trustee 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 Security Trustee and conforming to the requirements of this Security Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Security Trustee, the Security Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Security Agreement.

(b) Within 30 days after the Security Trustee has knowledge of the occurrence of any default hereunder, the Security Trustee shall send notice to all Noteholders of such default unless the same shall have been cured or waived.

(c) In case an Event of Default has occurred and is continuing, the Security Trustee 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.

(d) No provision of this Security Agreement shall be construed to relieve the Security Trustee 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 Security Trustee shall not be liable for any error of judgment made in good faith by an officer of the Security Trustee unless it shall be proved that the Security Trustee was negligent in ascertaining the pertinent facts;

(3) the Security Trustee shall not be liable to the holder of any Note with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of two-thirds principal amount of the Notes outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Security Trustee, or exercising any trust or power conferred upon the Security Trustee under this Security Agreement; and

(e) No provision of this Security Agreement shall require the Security Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) 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 Security Trustee shall be subject to the provisions of this Section.

Section 6.02 Rights to Compensation and Indemnification; Lien Therefor.

(a) The Debtor covenants to pay to the Security Trustee such compensation for its services hereunder as shall be agreed to by the Debtor and the Security Trustee or, in the absence of such agreement, reasonable compensation therefor (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and to pay, or reimburse, the Security Trustee for all reasonable expenses incurred hereunder, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Security Trustee may employ in connection with the exercise and performance of its powers and duties hereunder.

(b) The Debtor will also indemnify and save the Security Trustee harmless against any liabilities, not arising from the Security Trustee's own default or negligence or bad faith, which it may incur in the exercise and performance of its rights, powers and trusts, duties and obligations hereunder.

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

Section 6.03 Certain Rights of Security Trustee.

(a) The Security Trustee shall not be responsible for any recitals herein or in the Loan Agreements 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, nor shall the Security Trustee be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements contained herein or in the Loan Agreements, 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 Security Trustee has actual knowledge, the Security Trustee 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 the Debtor or from one of the holders of the Notes. The Security Trustee shall promptly notify all holders of Notes of any default of which the Security Trustee has actual knowledge. Upon receipt by the Security Trustee of such written notice from a holder of a Note, the Security Trustee shall promptly notify all other holders of Notes of such notice and the default referred to therein, by prepaid registered mail addressed to them at their addresses set forth in the Register.

(b) The Security Trustee makes no representation or warranty as to the validity, sufficiency or enforceability of this Security Agreement, the Notes, the Loan Agreements 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 Security Trustee 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 Security Trustee 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 shall be sufficiently evidenced by a request, direction or authorization in writing, delivered to the Security Trustee, and signed in the name of the Debtor by its Chairman of the Board, President, any Vice President, Treasurer or Secretary; and any resolution of the Board of Directors of the Debtor 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 Security Trustee.

(e) Whenever in the administration of the trust herein provided for the Security Trustee 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 Security Trustee, and such certificate shall be full warrant to the Security Trustee or any other person for any action taken, suffered or omitted on the faith thereof, but in its discretion the Security Trustee 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 Security Trustee may consult with counsel, appraisers, engineers, accountants and other skilled persons to be selected by the Security Trustee, and the written advice of any thereof within the scope of their respective areas of expertise 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 Security Trustee 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 Security Trustee 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 Security Trustee.

(h) The Security Trustee 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 Security Trustee 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 Security Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys.

(k) The provisions of paragraphs (c) to (j), inclusive, of this Section 6.03 shall be subject to the provisions of Section 6.01 hereof.

Section 6.04. Showings Deemed Necessary by Security Trustee.

Notwithstanding anything elsewhere in this Security Agreement contained, the Security Trustee 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 Security Trustee deemed necessary or appropriate in addition to the matters by the terms hereof required as a condition precedent to such action.

Section 6.05. Monies Held and Paid by Security Trustee; Investments.

Any monies at any time paid to or held by the Security Trustee hereunder until paid out by the Security Trustee as herein provided shall be held in trust for the purpose for which they were received, and may be carried by the Security Trustee on non-interest bearing deposit with itself. Provided that no Default or Event of Default has occurred and is continuing, the Security Trustee, at the request of the Debtor, shall invest and reinvest such monies held by or deposited with it in Investments (as hereinafter defined), at such prices, including any premium and accrued interest, as are set forth in the Debtor's request, such Investments to be held by the Security Trustee in trust for the benefit of the Noteholders.

The Security Trustee, on behalf of the Debtor, shall make all payments or prepayments of principal and interest on the Notes to the Noteholders, when the same are due. In the event such amounts are not sufficient to make such payments or prepayments on the Notes, the Security Trustee shall notify the Debtor of the amount of such deficiency, and the Debtor shall forthwith deposit such funds with the Security Trustee for payment or prepayment on the Notes. If no Default or Event of Default shall have occurred and be continuing, the Security Trustee shall, immediately after making all required payments or prepayments when due as aforesaid, unless the Debtor shall otherwise request, pay over to the Debtor the funds then held by the Security Trustee hereunder.

The Security Trustee may make investments permitted by this Section 6.05 through its own bond department.

As used herein the term Investments shall mean:

(a) Certificates of deposit maturing within one year from the date of acquisition issued by a bank or trust company organized under the laws of the United States or any state thereof having capital, surplus and undivided profits aggregating at least \$50,000,000;

(b) Commercial paper rated "Prime-1" by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc. or "A-1" by Standard & Poor's Corporation and maturing within 270 days from the date of creation thereof; and

(c) Direct obligations of the United States of America, or any agency thereof or obligations guaranteed by the United States of America, provided that such obligations mature within 12 months from the date of acquisition thereof.

Section 6.06. Resignation of Security Trustee.

The Security Trustee may resign and be discharged of the trusts hereby created by mailing notice specifying the date when such resignation shall take effect to the Debtor and to the holders of the Notes at their 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 security trustee shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor.

Section 6.07. Removal of Security Trustee.

The Security Trustee may be removed 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 Security Trustee and to the Debtor.

Section 6.08. Successor Security Trustee.

Each security trustee appointed in succession of the Security Trustee 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 Chicago, 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.

Section 6.09. Appointment of Successor Security Trustee.

In case at any time the Security Trustee shall resign or be removed or become incapable of acting, a successor security trustee may be appointed by the holders of a majority in aggregate principal amount of the Notes at the time outstanding, by an instrument or instruments in writing executed by such holders and filed with such successor security trustee.

Until a successor security trustee shall be so appointed by the holders of the Notes, a successor security trustee may be appointed by the Debtor by an instrument in writing executed by the Debtor and delivered to the successor security trustee, or upon application of the retiring security trustee, by any court of competent jurisdiction. Any successor security trustee appointed pursuant to this paragraph shall immediately and without further act be superseded by a successor security trustee appointed by the holders of a majority in aggregate principal amount of the Notes then outstanding.

Section 6.10. Merger or Consolidation of Security Trustee.

Any company into which the Security Trustee, 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 Security Trustee 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 Security Trustee 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 security trustee under this Security Agreement.

Section 6.11. Conveyance Upon Request of Successor Security Trustee.

Should any deed, conveyance or instrument in writing from the Debtor be required by any successor security trustee for more fully and certainly vesting in and confirming to such new security 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 6.12. Acceptance of Appointment by Successor.

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

SECTION 7. SUPPLEMENTAL INDENTURES; WAIVERS.

Section 7.01. Supplemental Indentures Without Noteholders' Consent.

The Debtor and the Security Trustee from time to time and at any time subject to the restrictions in this Security Agreement contained, may enter into an indenture or indentures supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon, the Debtor;

(b) to subject to the security interest of this Security Agreement additional property hereafter acquired by the Debtor and intended to be subjected to the security interest of this Security Agreement, and to correct and amplify the description of any property subject to the security interest of this Security Agreement;

(c) to permit the qualification of this Security Agreement under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, except that nothing herein contained shall permit or authorize the inclusion of the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939 or any corresponding provision in any similar Federal statute hereafter in effect; or

(d) for any other purpose not inconsistent with the terms of this Security Agreement, or to cure any ambiguity or cure, correct or supplement any defect or inconsistent provisions of this Security Agreement or any supplement;

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

Section 7.02. Waivers and Consents by Noteholders; Supplemental Indentures with Noteholders' Consent.

Upon the waiver or consent of the holders of at least 75% 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 indenture supplemental hereto, or (b) the Debtor and the Security Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Security Agreement or of any indenture 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 indenture shall (i) extend the time of payment (including any required prepayment) of the principal of or the interest and premium, if any, on any Note or reduce the principal amount thereof or change the rate of interest thereon, (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 the Notes, the holders of which are required to consent to any such waiver or supplemental indenture 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 Security Trustee, without the consent of the holders of all of the Notes at the time outstanding.

SECTION 8. INTERPRETATION OF THIS AGREEMENT.

Section 8.01. Terms Defined.

As used in this Security Agreement, the following terms have the following respective meanings:

(a) The term "Affiliate" shall mean a Person (1) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company, (2) which beneficially owns or holds 5% or more of any class of the Voting Stock of the Company or (3) 5% or more of the Voting Stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(b) The term "Casualty Occurrence" shall mean with respect to any Item of Equipment any of the following events: (i) the Item shall become lost or stolen, (ii) the Item shall become destroyed, (iii) the Item shall in the opinion of the Lessee be irreparably damaged, or (iv) the Item shall be condemned or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise for a stated period which extends beyond the maturity date of the Notes.

(c) The term "Casualty Value" shall mean with respect to an Item of Equipment the amount payable by the Lessee with respect to any Item of Equipment which has suffered a Casualty Occurrence.

(d) The term "Collateral" is defined in the Granting Clauses hereof.

(e) The term "Default" is defined in Section 5.01 hereof.

(f) The term "Equipment" or "Items of Equipment" shall mean the railroad rolling stock described in Schedule A hereto, together with any accessories, equipment, parts and appurtenances, whether now owned or hereafter acquired. "Item" or "Item of Equipment" shall mean any one of said Items of Equipment.

(g) The term "Event of Default" is defined in Section 5.01 hereof.

(h) The term "Guarantor" shall mean Thrall Car Manufacturing Company, a Delaware corporation, or any successor to its obligations under the Guaranty Agreement.

(i) The term "Guaranty Agreement" shall mean the Guaranty Agreement dated as of August 2, 1977 of the Guarantor in respect of the Notes substantially in the form attached to the Loan Agreement as Exhibit C, and as the same may be from time to time amended with the consent of the holders of the Notes.

(j) The term "Indebtedness Hereby Secured" shall mean 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 Loan Agreement.

(k) The term "institutional investor" is defined in Section 1.08(b) hereof.

(l) The term "Lease" shall mean the Equipment Lease dated as of August 2, 1977 between the Debtor, as lessor, and William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company, as lessee, and any and all leases substituted therefor pursuant to Section 2.14 hereof.

(m) The term "Lender" shall mean Nationwide Life Insurance Company, as the lender under the Loan Agreement.

(n) The term "Lessee" shall mean William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company, and any other lessee of an Item of Equipment and their respective successors and assigns.

(o) The term "Liens" shall mean any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting Property. For the purposes of this Agreement, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other person for security purposes.

(p) The term "Loan Agreement" shall mean the Loan Agreement dated as of August 2, 1977, as amended from time to time, between the Debtor and the Lender.

(q) The "Loan Value" of an Item of Equipment as of any date shall be the amount which bears the same as of such date as the Original Loan Value of such Item of Equipment, as set forth in Schedule A hereto, bears to \$3,000,000.

(r) The terms "Noteholder" and "Holder" shall mean the registered owner of a Note.

(s) The term "Payment Date" is defined in Section 1.01 hereof.

(t) The term "Permitted Encumbrances" shall mean, with respect to any Item of Equipment, but only to the extent applicable to such Item, (i) the right, title and interest of the Lessee under the Lease, (ii) the lien of taxes not required at the time to be paid pursuant to Section 2.09 hereof and (iii) the lien of this Security Agreement.

(u) The term "Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

(v) The term "Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

(w) The term "Rentals" shall mean, for any Item of Equipment, the aggregate rent payable for such Item pursuant to the Lease, and for all Items of Equipment all such Rentals payable for the Equipment.

(x) The terms "Security" or "Securities" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

(y) The term "Subsidiary" of a corporation shall mean any other corporation of which such corporation owns more than 50% of the Voting Stock.

(z) The term "Supplemental Rent" shall mean all amounts, liabilities and obligations which the Lessee assumes or agrees to pay under the Lease including without limitation insurance payments, if any, and payments of Casualty Value, but excluding Rentals.

(aa) The term "Voting Stock" shall mean securities of any class or classes of a corporation the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

Section 8.02. Accounting Principles.

Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Security Agreement, this shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of this Agreement.

Section 8.03. Directly or Indirectly.

Where any provision of this Security Agreement refers to action to be taken by any Person or which such Person is prohibited from taking, such provisions shall be applicable whether such action is taken directly or indirectly by such Person.

Section 8.04. Governing Law.

This Security Agreement and the Notes shall be governed by and construed in accordance with Illinois law.

SECTION 9. MISCELLANEOUS.

Section 9.01. 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 Security Trustee, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 9.02. 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.

Section 9.03. 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, certified mail, postage prepaid, addressed as follows:

If to the Debtor:	No. 5 Rail Car Leasing Company P. O. Box 218 Chicago Heights, Illinois 60411 Attention: Vice President - Finance
If to the Guarantor:	Thrall Car Manufacturing Company P. O. Box 218 Chicago Heights, Illinois 60411 Attention: President
If to the Security Trustee:	Continental Illinois National Bank and Trust Company of Chicago, as Trustee 231 South LaSalle Street Chicago, Illinois 60693 Attention: Corporate Trust Department

or to the Debtor, the Guarantor or the Security Trustee at such other address as the Debtor, the Guarantor or the Security Trustee may designate by notice duly given in accordance with this Section to the other parties. Communications to the holder of a Note shall be deemed to have been given (unless otherwise provided for by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, certified mail, postage prepaid, addressed to such holder at its address set forth in the Register.

Section 9.04. Release.

The Security Trustee shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all Indebtedness Hereby Secured has been fully paid or discharged. When to the knowledge of the Security Trustee the Indebtedness Hereby Secured shall have been paid in full, it shall advise the Lessee that the assignment of the Lease as security hereunder is of no further force and effect.

Section 9.05. 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 9.06. Headings and Table of Contents.

Any headings or captions preceding the text of the several sections hereof and the Table of Contents 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 9.07. 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 Security Trustee and becomes effective on the date of issuance of the Notes to the Lender.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed and the Security Trustee, 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.

NO. 5 RAIL CAR LEASING COMPANY

[CORPORATE SEAL]

ATTEST:

By James A. Duvall
Its Vice President

DEBTOR

Assistant Secretary
Secretary

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO,
as Trustee

By *Donald W. Aefon*
Its Vice President

SECURITY TRUSTEE



[Signature]
Trust Officer

DESCRIPTION OF EQUIPMENT

DESCRIPTION:	Fifty 52' 6" Gondola Cars
MANUFACTURER:	Thrall Car Manufacturing Company
IDENTIFICATION MARKS AND NUMBERS (BOTH INCLUSIVE):	ROCK 680100 through 680149, both inclusive
ORIGINAL LOAN VALUE PER ITEM:	\$18,600
INVOICE COST:	\$25,743 (\$1,287,150 for 50 Items)

NO. 5 RAIL CAR LEASING COMPANY

9% SECURED NOTE

No. R-

\$

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FOR VALUE RECEIVED, the undersigned, NO. 5 RAIL CAR LEASING COMPANY, an Illinois corporation (the "Company") promises to pay to

or registered assigns, the principal amount of

in thirty equal semiannual installments as follows:

\$ _____ on _____, 1978; and
\$ _____ on each _____ and _____ thereafter
to and including _____, 1992

and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of 9% per annum from the date hereof until maturity, payable semiannually on each May 30 and November 30 in each year, commencing with May 30, 1978 and on each such date thereafter to and including November 30, 1992. The Company agrees to pay interest on overdue principal and (to the extent legally enforceable) on any overdue installment of interest at the rate of 10% per annum after maturity, whether by acceleration or otherwise, until paid.

All payments of principal of and interest on this Note shall be made at the principal office of Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 06093, in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the Secured Notes (the "Notes") issued or to be issued pursuant to the Loan Agreement dated as of August 2, 1977 (the "Loan Agreement"), entered into by the Company with Nationwide Life Insurance Company (the "Lender") and is equally and ratably with said other Notes secured by that

EXHIBIT 1
(to Security Agreement-Trust Deed)

certain Security Agreement-Trust Deed dated as of August 2, 1977 (the "Security Agreement") from the Company to Continental Illinois National Bank and Trust Company of Chicago, as Trustee (the "Security Trustee").

This Note and the holder hereof are entitled, equally and ratably with the holders of all other Notes, to all of the benefits and security provided for by or referred to in the Loan Agreement and the Security Agreement and all supplemental Security Agreements executed pursuant to the Loan Agreement and the Security Agreement, to which instruments reference is hereby made for a statement thereof, including a description of the collateral, the nature and extent of the security and the rights of the Security Trustee, the holder or holders of the Notes and the Company in respect thereof.

The terms and provisions of the Security Agreement and the rights and obligations of the Company 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.

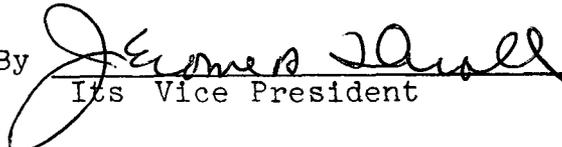
This Note is the subject of a Guaranty Agreement of Thrall Car Manufacturing Company under and pursuant to which payment of principal of and interest and premium, if any, on, the Notes has been fully guaranteed by Thrall Car Manufacturing Company.

This Note is registered on the books of the Security Trustee and is transferable only by surrender thereof at the principal office of the Security Trustee 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. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

This Note and any other Note outstanding under the Security Agreement may be declared due prior to its and their expressed maturity date all in the events, on the terms and in the manner provided for in the Security Agreement. Certain prepayments are required to be made hereon on the terms and in the manner provided for in the Security Agreement.

NO. 5 RAIL CAR LEASING COMPANY

By


Its Vice President

This is one of the Notes referred to in the within-mentioned Security Agreement.

Dated:

CONTINENTAL ILLINOIS NATIONAL
BANK AND TRUST COMPANY OF
CHICAGO, as Trustee

By _____
Authorized Officer

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAW OF ANY STATE, AND MAY BE OFFERED OR SOLD ONLY IF SO REGISTERED OR IF AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE