

CHICAGO AND



TRANSPORTATION COMPANY

OFFICE OF THE SECRETARY

May 1, 1985

DIRECT DIAL NUMBER

File No.: A-12435-C

(312) 559-6167

14640
REGISTRATION NO. FILED 1425

MAY 2 1985 - 11 35 AM

INTERSTATE COMMERCE COMMISSION

Mr. James H. Bayne
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Bayne:

Pursuant to Section 11303 (formerly Section 20c) of the Interstate Commerce Act, enclosed for recordation are counterparts of Security Agreement dated as of April 25, 1985, covering one (1) reconstructed Presentation passenger rail car as described on Schedule 1 attached to the Agreement.

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

1. Milwaukee Rail Car Corporation, 5126 North 37th Street, Milwaukee, Wisconsin 53209.
2. North Western Leasing Company, 165 North Canal Street, Chicago, Illinois 60606.

Enclosed is our check for \$10.00 to cover your recording fee. Please keep one counterpart for your files and return the other counterparts each showing your recordation data.

5-122A076

Sincerely,

Not
Date MAY 2 1985
Fee \$ 10.00
ICC Washington, D.C.

Joan A. Schramm
Joan A. Schramm
Assistant Secretary

Enclosure

- cc: R. D. Smith
R. A. Jahnke
R. W. Vitek
Mack H. Shumate
R. F. Guenther
D. E. Stockham
Arthur Andersen & Co. (Paul Keglevic)

ss/d4/96 1

MAY 2 11 31 AM '85
REGISTRATION UNIT

Stan Paul Reed
Chambers

Interstate Commerce Commission
Washington, D.C. 20423

5/2/85

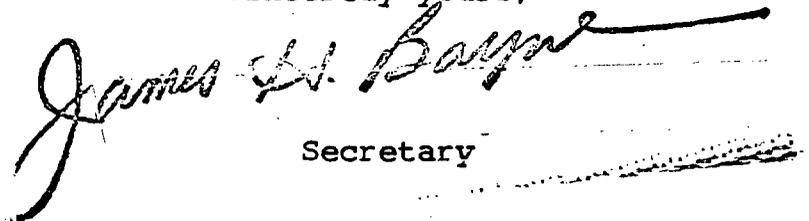
OFFICE OF THE SECRETARY

Joan A Schramm
Assist. Secretary
One North Western Center
Chicago & North Western Transportation Co.

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/2/85 at 11:35am and assigned re-
recording number(s). 14640

Sincerely yours,


Secretary

Enclosure(s)

14640
REGISTRATION NO. _____ Filed 1425

MAY 2 1985 - 11 25 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of April 25, 1985

FROM

MILWAUKEE RAIL CAR CORPORATION,

DEBTOR.

TO

NORTH WESTERN LEASING COMPANY

SECURED PARTY.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of April 25, 1985 (the "Security Agreement") from MILWAUKEE RAIL CAR CORPORATION, debtor a Wisconsin corporation (the "Debtor") whose post office address is 5126 North 37th Street, Milwaukee, Wisconsin 53209, Attention: President, to NORTH WESTERN LEASING COMPANY, a Delaware corporation, (the "Secured Party") whose post office address is 165 North Canal Street, Chicago, Illinois 60606, Attention: Vice President Equipment Management;

R E C I T A L S:

A. The Debtor and the Secured Party, have entered into that certain Letter Agreement dated April 23, 1985 and Addendum No. 1 thereto dated the date hereof (herein called the "Agreement") providing, in part, for the Debtor to from time to time incur indebtedness to be secured by a security agreement in order to finance the acquisition of and Additional Work (as defined in the Agreement) to the Car (as defined in the Agreement) identified in the Agreement. Such indebtedness to be evidenced by a Note or Notes (the "Note") of the Debtor to be substantially in the form of Exhibit "A" hereto.

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

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 Note have been done and performed by the Debtor.

SECTION 1 GRANT OF SECURITY.

The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Note according to its 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 Note and in this Security Agreement, and in the Agreement, does hereby

convey, warrant, mortgage, assign, pledge and grant the Secured Party, its successors and assigns, for itself under the Agreement, a security interest in all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof and all proceeds thereof (all of which properties and proceeds hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1 Equipment Collateral. Collateral includes the Car and Additional Work described in Schedule 1 attached hereto and made a part hereof and in any supplement or supplements hereto from time to time executed constituting the Car to be purchased, repaired, reconstructed and otherwise modified under the Agreement between the Debtor, as seller, and the Secured Party, as purchaser, together with all accessories, equipment, parts and appurtenances pertaining to or attached to the Car and Additional Work hereinabove described, whether now owned or hereafter acquired, and all additions, improvements, accessions and accumulations to said Car and Additional Work, together with all the rents, issues, income, profits and avails therefrom.

1.2 Certain Other Collateral. Collateral includes all rights, title, interest, claims and demands, if any, which the Debtor may have against any manufacturer or seller, or any lessee of the Debtor, as lessor, of the Car or Additional Work and all proceeds of such rights, title, interest, claims and demands, it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rights, powers, privileges and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all sums at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

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

SECTION 2 COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1 Debtor's Duties.

- (a) 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 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 thereto were fully set out in an amendment or supplement to this Security Agreement.
- (b) The Debtor shall use the Car and Additional Work 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 Car and Additional Work in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange (if and to the extent permitted by the Interchange Rules or supplements thereto of the Association of American Railroads (the "AAR") in accordance with the Agreement.
- (c) Without limiting the foregoing subsection (b), the Debtor agrees to comply with all insurance policies covering the Car and Additional Work and all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and, if and to the extent permitted thereby, the current Interchange Rules or supplements thereto of the Mechanical Division, AAR) as the same may be in effect from time to time with respect to the use, maintenance and operation of the Car and Additional Work.
- (d) The Debtor shall, at its own expense, maintain such insurance as is required by the Agreement.

- (e) The Secured Party shall have at all times the right to enter into and upon any premises under the control of the Debtor where the Car and Additional Work is located for the purposes of inspecting the same, observing its use or otherwise protecting the Secured Party's interest therein.
- (f) The Debtor will keep records concerning the Collateral, which records will be of such character as will enable the Secured Party or its designees to determine at any time the status thereof.

2.2 Warranty of Title. The Debtor warrants that it is the owner of the Car and Additional Work; it has, and at the time of the Closing, as defined in the Agreement will have, good title to the Car and Additional Work and the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor. The Debtor also agrees that it will promptly take such action as may be necessary to duly discharge any liens, charges or encumbrances on the Collateral which result from claims against the Debtor; and the Debtor further agrees to indemnify and hold harmless the Secured Party and the holders of the Note from and against any cost or expenses (including legal fees and expenses) incurred, in each case, as a result of the imposition or enforcement of any liens, charges or encumbrances referred to in the foregoing clause of this second sentence of Section 2.2. Without limiting the foregoing, the Debtor agrees to cause to be executed prior to the Closing a termination or release of the liens, if any, evidenced by each financing statement or other filed or recorded instrument, if any, in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor, now on file in any public office covering any of the Collateral, excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein, and debtor agrees to file or record in the appropriate public offices termination statements or other instruments evidencing such termination or release, promptly, but in no event later than the tenth business day after the Closing. Additionally, the Debtor agrees that it will not pledge, mortgage, grant a security interest in or assign the Collateral except under this Security Agreement.

2.3 Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection

of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

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

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

2.6 Restrictions. The Debtor will not sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Car or Additional Work.

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

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

SECTION 3 PROCEEDS OF INSURANCE.

The amounts, if any, received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Debtor in respect of the Car and Additional Work shall be held by the Secured Party as a part of the Collateral.

SECTION 4 DEFAULTS AND OTHER PROVISIONS.

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

- (a) Default in payment of the principal of, or interest on, the Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise;
- (b) Default on the part of the Debtor in the due observance or performance of any other covenant, condition or agreement to be observed or performed under this Security Agreement or the Agreement; or
- (c) Any representation or warranty on the part of the Debtor made herein or in the Agreement or the transactions contemplated herein or therein shall prove to be false or misleading in any material respect when made;
- (d) Any claim, lien or charge shall be levied or imposed upon the Car or Additional Work which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed, or provision made satisfactory to the Secured Party (in the sole determination of the Secured Party) to assure the discharge or removal thereof.

4.2 Secured Party's Rights. The Debtor agrees that when any Event of Default as defined in Section 4.1 has occurred and is continuing, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights (subject to the terms of this Security Agreement) and duties of a debtor, under the Uniform Commercial Code of Wisconsin (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

- (a) The Secured Party may by notice in writing to the Debtor declare the entire unpaid balance of the Note to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued and unpaid interest thereon, shall be and become immediately due and payable.
- (b) The Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold.
- (c) The Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor and the Lessee once at least fifteen days prior to the date of such

sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in notice above referred to; provided, however, that any such sale shall be held in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of the Note, or of any interest therein, may bid and become the purchaser at any such sale.

- (d) The Secured Party may proceed to protect and enforce this Security Agreement and the Note 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 laws.
- (e) The Secured Party may proceed (to the extent it previously has not done so) to exercise all rights, privileges and remedies under the Agreement, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

4.3 Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Note, if not previously due, and the interest then accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the

purchaser or purchasers of the Collateral, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Note and any claim 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 Note including principal and interest thereof after allowing for the proportion of the total purchase price required to be paid in actual cash.

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

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

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

- (a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of any such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Note and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;
- (b) Second, to the payment of the holder or holders of the Note of the amount then owing or unpaid on the Note for principal, interest and premium, if any; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Note, then first, to the unpaid premium, if any, thereon, second, to unpaid interest thereon, and third, to the unpaid principal thereof; such application to be made upon presentation of the Note, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and
- (c) Third, to the payment of other amounts due or to become due to the Secured Party under the Agreement, the Note or this Security Agreement (in such order of application as the Secured Party may from time to time elect); and
- (d) Fourth, the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

4.7 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Secured Party and the holders of the Note 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.

4.8 Cumulative Remedies. No delay or omission of the Secured Party or of the holder of the Note to exercise any right or power arising from any default on the part of the Debtor hereunder shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party or the holders of the

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 therein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing. The giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement shall not operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder; nor shall the Secured Party or holder of the Note be required to first look to enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 5 THE SECURED PARTY.

5.1 Certain Rights of Secured Party.

- (a) The Secured Party makes no representation, or warranty as to the validity, sufficiency or enforceability of this Security Agreement, the Note, the Agreement, or any instrument included in the Collateral, or as to THE VALUE, TITLE, CONDITION, MERCHANTABILITY OR FITNESS FOR USE OF, OR OTHERWISE WITH RESPECT TO THE CAR OR ADDITIONAL WORK OR ANY SUBSTITUTE THEREFOR.
- (b) The Secured Party may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.
- (c) The Debtor will pay all expenses incurred by the Secured Party in connection with the purchase of the Car and Additional Work.

5.2 Showings Deemed Necessary by Secured Party.

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

5.3 Status of Moneys Received. All moneys received by the Secured Party shall, until used, applied or returned as herein provided, be held for the purposes for which they were received; and, except to the extent required by law, such moneys need not be segregated in any manner from any other moneys, may be deposited by the Secured Party under such general conditions as may be prescribed by law in the Secured Party's general banking account and the Secured Party shall be under no liability for interest on any moneys received by it hereunder.

SECTION 6. SUPPLEMENTAL SECURITY AGREEMENTS.

The Debtor and the Secured Party from time to time at any time may enter into an agreement or agreements supplemental hereto and which thereafter shall form a part hereof for any one or more 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, or
- (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 hereof;

and the Debtor covenants to perform all requirements of any such supplemental agreement.

SECTION 7 MISCELLANEOUS.

7.1 Payment of the Note.

- (a) The principal of, premium, if any, and interest of the Note shall be payable at the principal office of the Secured Party, in lawful money of the United States of America or as otherwise provided in the Note.
- (b) The Debtor will cause all payments and prepayments of the principal of, and interest and premium, if any, on the Note to be made by wire transfer in Federal or otherwise immediately available funds before noon Chicago time on each date such payment or prepayment is due or as otherwise provided in the Note.

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

7.3 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.

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

If to the Debtor: Milwaukee Rail Car Corporation,
debtor
at its address first-above
written.

If to the Secured Party: North Western Leasing Company
at its address first-above
written.

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

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

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

7.7 Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement. Each of the Debtor and the Secured Party acknowledge receipt of a true, correct and complete counterpart of this Security Agreement.

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

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

NORTH WESTERN LEASING COMPANY

ATTEST:

Jean A. Schramm
Its Assistant Secretary

[CORPORATE SEAL]

By: [Signature]
Its Vice President

SECURED PARTY

MILWAUKEE RAIL CAR CORPORATION,
Debtor

ATTEST:

Barbara Sigowski
Its Secretary

[CORPORATE SEAL]

By: Robert J. Bauman
Its President

DEBTOR

L31-4

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 26th day of April, 1985,
before me personally appeared J. A. Singley, to
me personally known, who being by me duly sworn, says that he
is a Vice President - Finance of NORTH WESTERN
LEASING COMPANY, that one of the seals affixed to the foregoing
instrument is the corporate seal of said corporation, that said
instrument was signed and sealed on behalf of said corporation
by authority of its Board of Directors; and he acknowledged
that the execution of the foregoing instrument was the free act
and deed of said corporation.

[SEAL] Margaret Hanlon
Notary Public
My commission expires: 2-25-86

STATE OF WISCONSIN)
) SS
COUNTY OF MILWAUKEE)

On this 29th day of April, 1985, before
me personally appeared Robert Bauman, to me
personally known, who being by me duly sworn, says that HE
is President of MILWAUKEE RAILCAR CORPORATION, that one of the
seals affixed to the foregoing instrument is the corporate seal
of said corporation, that said instrument was signed and sealed
on behalf of said corporation by authority of its Board of
Directors; and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said
corporation.

[SEAL] Sydia Stupnychy
Notary Public

My Commission expires: July 31, 1988

SCHEDULE 1
(to Security Agreement)

DESCRIPTION OF EQUIPMENT

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Numbers</u>
One	Reconstructed Presentation Passenger Rail Car	CNW 422*

* (Formerly D&RGW 1120)