

ITEL

October 11, 1988

Itel Rail Corporation

55 Francisco Street
San Francisco, California 94133
(415) 984-4000

RECORDATION NO. 15415-A FILED 2578

OCT 17 1988 - 11 25 AM

INTERSTATE COMMERCE COMMISSION

Hon. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

Re: Supplement No. 1 to the Security Agreement between Itel
Railcar Corporation and Chemical Bank, as Agent

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in four (4) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$13 recordation fee.

Please record this Supplement under the Security Agreement dated as of December 18, 1987, between Itel Railcar Corporation and Chemical Bank, as Agent, which was filed with the ICC on December 18, 1988, under Recordation No. 15415.

The parties to the aforementioned instrument are listed below:

Itel Railcar Corporation (Debtor)
55 Francisco Street
San Francisco, California 94133

Chemical New York Corporation-USA (Agent)
Three First National Plaza, 55th Floor
Chicago, Illinois 60602

This Supplement identifies the remarkings of a group of cars and the assignment of certain leases and any amendments thereto entered into by Debtor during the first six months of 1988.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Patricia Schumacker

Patricia Schumacker
Legal Department

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

10/17/88

Patricia Schumacker
Itel Rail Corporation
55 Francisco Street
San Francisco, CA 94133

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/17/88 at 11:35AM, and assigned recordation number(s). 15782-D & E, 14935-H, 15642-B, & 15415-A

Sincerely yours,

Narta L. McLee

Secretary

Enclosure(s)

OCT 17 1988 - 11 04 AM

SUPPLEMENT NO. 1 ("SUPPLEMENT TO THE SECURITY AGREEMENT BETWEEN ITEL RAILCAR CORPORATION ("DEBTOR") AND CHEMICAL BANK, AS AGENT ("AGENT")")

WHEREAS, Debtor entered into a credit agreement (the "Credit Agreement") dated as of December 18, 1987, with Chemical Bank, as Agent (the "Agent") on behalf of certain banks (the "Lenders") who were parties to the Credit Agreement, pursuant to which the Lenders made certain loans to Debtor; and

WHEREAS, in furtherance of the Credit Agreement, Debtor and Agent entered into a security agreement (the "Security Agreement") dated as of December 18, 1987, which was filed and recorded with the Interstate Commerce Commission ("I.C.C.") pursuant to 49 U.S.C. Section 11303(a) on December 18, 1987, and given Recordation No. 15415, pursuant to which Debtor granted to Agent, for its benefit and the benefit of the Lenders, a security interest in the Collateral (as defined in the Security Agreement), including the Collateral Railcars (as defined in the Security Agreement), which Collateral Railcars are listed on Exhibit A to the transmittal letter dated December 18, 1987, from Debtor to the I.C.C.; and

WHEREAS, the parties desire that Debtor shall file (i) periodic supplements to the Security Agreement to reflect the remarking from time to time of the Collateral Railcars and (ii) the assignment of leases and subleases entered into that cover both Collateral Railcars and Noncollateral Railcars.

NOW, THEREFORE, pursuant to the premises and the covenants and promises contained in the Credit Agreement and the Security Agreement (together, the "Loan Documents"), the parties hereby agree as follows:

1. All capitalized terms used herein shall have the meanings ascribed to them in the Loan Documents, unless otherwise stated.

2. The Security Agreement is hereby supplemented as follows:
 - (i) Exhibit A-1 attached hereto reflects the remarking of each unit of Collateral listed beneath the column entitled "Previous Reporting Marks," respectively, to the reporting marks listed beneath the column entitled "Current Reporting Marks"; and

 - (ii) Exhibit B-1 attached hereto reflects the new leases (and, if any, subleases), entered into during the first six months of 1988 that cover both Collateral Railcars and Noncollateral Railcars ("Mixed Leases") and the amendment of existing leases (and, if any, subleases), to add Collateral Railcars thereto.

3. Debtor hereby assigns, transfers and sets over to and unto Agent, as continuing collateral security for the payment and performance of Debtor's obligations under the Credit Agreement, all of Debtor's rights, title, and interest, powers, privileges, and other benefits under the Mixed Leases, to the extent that each Mixed Lease relates to Collateral Railcars, including without limitation, all rights to all rentals, profits, and other sums payable to or receivable by Debtor from the lessees or otherwise under or pursuant to the provisions of the Mixed Leases, to the extent that each Mixed Lease relates to Collateral Railcars, whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (to the extent relating to or arising out of Collateral Railcars, such moneys being hereinafter called the "Payments"). In furtherance of the foregoing

assignment, transfer and setting over, Debtor hereby irrevocably authorizes and empowers Agent in its own name, in the name of its nominee, or in the name of Debtor or as its attorney, after the occurrence of an Event of Default under the Credit Agreement, to ask, demand, sue for, collect, and receive any and all Payments to which the Borrower is or may become entitled under the Mixed Leases, and to enforce compliance by the Lessees with all the terms and provisions thereof. The Agent's pro rata rights to Payments under any Mixed Lease shall be governed by the following formula:

Whenever the amount of any payment due to the Agent under a Mixed Lease as car hire payments or other rental revenues is calculated on an aggregate basis for all equipment leased thereunder, and the payments attributable to Collateral Railcars cannot, using accepted industry practices and procedures then existing, feasibly and readily be segregated from the payments attributable to Noncollateral Railcars, for the purposes of this assignment, an amount equal to the Assigned Fraction (as hereinafter defined) of each such payment shall be deemed to be payable with respect to such Collateral Railcars leased under such Mixed Lease. (It is understood that, if actual payments cannot feasibly and readily be segregated by individual railcars, the parties should first attempt to segregate payments by railcar type and series before using the Assigned Fraction method of allocation.) The term "Assigned Fraction" shall mean a fraction, the numerator of which

shall be the number of units of equipment comprising such Collateral Railcars leased under such Mixed Lease and the denominator of which shall be the aggregate number of units of equipment (including units of Collateral Railcars and Noncollateral Railcars) leased under such Mixed Lease.

Notwithstanding the foregoing, if the use of the above formula with respect to any Mixed Lease contravenes the terms of Debtor's financing documents with another creditor with respect to Noncollateral Railcars subject to such Mixed Lease, the amount of the Payments to which the Agent shall be entitled under such Mixed Lease shall be determined by the actual amount of Payments derived from or attributable to the Collateral Railcars subject to such Mixed Lease.

4. This Supplement is executed only as security for the obligation of Debtor under the Loan Documents and, therefore, this Supplement shall not subject Debtor to, or transfer, or pass, or in any way affect or modify, the liability of Debtor under the Mixed Leases, it being understood and agreed that notwithstanding this Supplement or any subsequent supplement, all obligations of Debtor to the lessees shall be and remain enforceable by the lessees, their respective successors and assigns, against, and only against the Debtor or persons other than the Agent.
5. Debtor will, from time to time, do and perform any other act and will execute, acknowledge, and deliver and file, register, deposit, and record (and will refile, reregister, rerecord, or redeposit whenever required) any and all further instruments required by law or requested by Agent in order to confirm or further assure the interests of Agent hereunder.

6. The provisions of this assignment shall not be deemed to restrict or otherwise limit in any respect any rights granted to Agent in or with respect to the Mixed Leases pursuant to the Loan Documents.
7. Upon the full discharge and satisfaction of all of Debtor's obligations under the Loan Documents and this Supplement, all rights herein assigned to Agent shall terminate, and all estate, right, title, and interest of Agent in and to this Supplement shall revert to Debtor.
8. This Supplement shall be governed by the laws of the State of New York, but the parties shall be entitled to all rights conferred by the laws of the United States permitting filing with the I.C.C.

ITEL RAILCAR CORPORATION

By Robert Kiehn
Title Vice President - Finance
Date October 7, 1988

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On this 7th day of October, 1988, before me personally appeared Robert C. Kiehle, to me personally known, who being by me duly sworn says that he is Vice President-Finance of ITEL Rail Corporation, that the foregoing instrument was signed 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.



Patricia Schumacker
Notary Public

SUPPLEMENT NO. 1 TO SECURITY AGREEMENT
Period ending July 31, 1988

<u>(Sub)Lease/Units</u>	<u>Previous Reporting Marks</u>	<u>Current Reporting Marks</u>
7-1-83 Louisville, New Albany and Corydon Railroad	LNAC 5211	FRDN 2000
	LNAC 5350	FRDN 2001
	LNAC 5351	FRDN 2002
19 RBL's	LNAC 5352	FRDN 2003
	LNAC 5353	FRDN 2004
	LNAC 5354	FRDN 2005
	LNAC 6230	FRDN 2006
	LNAC 5210	FRDN 2007
	LNAC 5212	FRDN 2008
	LNAC 5213	FRDN 2009
	LNAC 5215	FRDN 2010
	LNAC 5217	FRDN 2011
	LNAC 5218	FRDN 2012
	LNAC 5219	FRDN 2013
	LNAC 5220	FRDN 2014
	LNAC 5221	FRDN 2015
	LNAC 5222	FRDN 2016
	LNAC 5223	FRDN 2017
	LNAC 6233	FRDN 2018

SUPPLEMENT NO. 1 TO SECURITY AGREEMENT
Period ending July 31, 1988

<u>Lessee/Sublessee Equipment No.</u>	<u>No. of Cars</u>	<u>Car Type</u>	<u>(Sub)Lease Date</u>	<u>Recordation Number</u>	<u>Date Filed</u>
<u>Andersons (The)</u>			(Master Lease)		
			06/01/88	15687	06/13/88
			(Schedule No. 1)		
USLX ⁽¹⁾	41	LO	06/01/88	15687-A	06/13/88
<u>Canadian National Railway</u>			(Amendment No. 1)		
CN 416243-416449	7	XM	12/16/87	15483-A	07/15/88
<u>E.I. DuPont de Nemours</u>			(Schedule No. 2)		
USEX 520-521	21	LO	12/29/79	15677	06/09/88
USEX 523-525					
USEX 527-529					
USEX 531-532					
USEX 534-544					
<u>Ferdinand and Huntingburg Railroad</u>			(Master Lease)		
			05/05/88	15640	05/13/88
			(Schedule No. 1)		
FRDN 2000-2018	19	RBL	05/05/88	15640-A	05/13/88
			(Schedule No. 2)		
LNAC 5200-5209	10	RBL	05/05/88	15640-B	05/13/88
<u>Hartford and Slocomb Railroad</u>			(Master Lease)		
			05/05/88	15462	05/13/88
			(Schedule No. 1)		
HS 1000-1009	10	LO	05/05/88	15462-A	05/13/88

SUPPLEMENT NO. 1 TO SECURITY AGREEMENT
Period ending July 31, 1988

<u>Lessee/Sublessee Equipment No.</u>	<u>No. of Cars</u>	<u>Car Type</u>	<u>(Sub)Lease Date</u>	<u>Recordation Number</u>	<u>Date Filed</u>
<u>Kalium Chemicals, Ltd.</u>			(Master Lease/Schedule No. 1)		
USLX 131002	20	LO	05/10/88	15676	06/09/88
USLX 131005-131006					
USLX 131010-131011					
USLX 131018					
USLX 131024-131025					
USLX 131038					
USLX 131043					
USLX 131053					
USLX 131056-131057					
USLX 439613					
USLX 439714					
USLX 439767					
USLX 439778					
USLX 439794-439795					
USLX 434797					
<u>KNRECO, Inc.</u>			(Master Lease)		
			05/10/88	15691	06/16/88
			(Schedule No. 1)		
KJRY 531-532	40	LO	05/18/88	15691-A	06/16/88
KJRY 535					
KJRY 542-543					
KJRY 549					
KJRY 554					
KJRY 560-561					
KJRY 563					
KJRY 566					
KJRY 571					
KJRY 574					
KJRY 579-580					
KJRY 583					
KJRY 585					
KJRY 591					
KJRY 603-605					
KJRY 607					
KJRY 609-611					
KJRY 617					
KJRY 621					
KJRY 623					
KJRY 626					

SUPPLEMENT NO. 1 TO SECURITY AGREEMENT

Period ending July 31, 1988

<u>Lessee/Sublessee</u> <u>Equipment No.</u>	<u>No. of</u> <u>Cars</u>	<u>Car</u> <u>Type</u>	<u>(Sub)Lease</u> <u>Date</u>	<u>Recordation</u> <u>Number</u>	<u>Date</u> <u>Filed</u>
KJRY 629					
KJRY 631-635					
KJRY 637-639					
KJRY 642					
KJRY 646					

Maryland Midland Railway Company

(Amendment No. 1)

MMID 3301	40	LO	07/07/83	15726	07/14/88
MMID 3303-3309					
MMID 3311					
MMID 3316					
MMID 3318-3319					
MMID 3321					
MMID 3323					
MMID 3325-3329					
MMID 3331-3339					
MMID 3342-3343					
MMID 3346					
MMID 3348-3352					
MMID 3355					
MMID 3358					
MMID 3360-3361					
MMID 3365-3366					
MMID 3370					
MMID 3372-3373					
MMID 3375-3377					
MMID 3379-3380					
MMID 3383-3384					
MMID 3387					
MMID 3389-3390					
MMID 3392-3394					
MMID 3397-3398					
MMID 3401					
MMID 3403-3404					
MMID 3409-3413					
MMID 3416-3417					
MMID 3419					
MMID 3422-3430					
MMID 3433-3440					
MMID 3442-3447					
MMID 3453-3454					
MMID 3457					
MMID 3460-3461					
MMID 3463-3467					

SUPPLEMENT NO. 1 TO SECURITY AGREEMENT
Period ending July 31, 1988

<u>Lessee/Sublessee Equipment No.</u>	<u>No. of Cars</u>	<u>Car Type</u>	<u>(Sub)Lease Date</u>	<u>Recordation Number</u>	<u>Date Filed</u>
MMID 3469-3473					
MMID 3475-3478					
MMID 3480					
MMID 3483-3487					
MMID 3489-3493					
MMID 3495					
MMID 3501-3515					
<hr/>					
<u>McCormick, Ashland City Railroad</u>			(Locomotive Lease)		
NACR 0009	1	GP 1800	03/21/88	15703	07/05/88
			(Amendment No. 1)		
NACR 0009	1	GP 1800	03/21/88	15703-A	07/05/88
			(Amendment No. 2)		
NACR 0009	1	GP 1800	03/21/88	15703-B	07/25/88
			(Amendment No. 1)		
MACO 105-124	20	XM	06/09/88	15702-B	07/25/88
<hr/>					
<u>Missouri-Kansas-Texas Railroad</u>					
OKKT 3150-3237 ^	159	LO	05/02/88	15461	05/13/88
OKKT 3279-3349					
			(Amendment No. 2)		
USLX 50010-50015	125	XM	04/22/87	15727	07/14/88
USLX 50017-50024					
USLX 50037					
USLX 50048					
USLX 50063					
USLX 50069-50080					
USLX 50082-50087					
USLX 50089-50097					
USLX 50099-50100					
USLX 50104-50105					
USLX 50112-50113					
USLX 50120					
USLX 50122					

SUPPLEMENT NO. 1 TO SECURITY AGREEMENT
Period ending July 31, 1988

<u>Lessee/Sublessee Equipment No.</u>	<u>No. of Cars</u>	<u>Car Type</u>	<u>(Sub)Lease Date</u>	<u>Recordation Number</u>	<u>Date Filed</u>
USLX 50135					
USLX 50146					
USLX 50161-50180					
USLX 50225-50227					
USLX 50229-50233					
USLX 50235					
USLX 50238-50239					
USLX 50242					
USLX 50244					
USLX 50247					
USLX 50250					
USLX 50254-50255					
USLX 50257-50258					
USLX 50262-60264					
USLX 50267-50270					
USLX 50273					
USLX 50302-50306					
USLX 50341					
USLX 50343					
USLX 50427-50433					
USLX 50435-50439					
USLX 50443					
USLX 50446					
USLX 50454					
USLX 50457					
USLX 50500-50502					
USLX 50504-50509					
USLX 50602					

Montana Rail Link

MRL 438800-438978	100	LO	03/17/88	15578	04/19/88
-------------------	-----	----	----------	-------	----------

Oklahoma, Kansas & Texas Railroad (Amendment No. 2 to Schedule 1)

OKKT 1000-1002	377	XM	11/01/82	15639-B	7/14/88
OKKT 1006-1007					
OKKT 1009					
OKKT 1012					
OKKT 1014					
OKKT 1016					
OKKT 1019					
OKKT 1022-1023					
OKKT 1026					

SUPPLEMENT NO. 1 TO SECURITY AGREEMENT
Period ending July 31, 1988

<u>Lessee/Sublessee</u> <u>Equipment No.</u>	<u>No. of</u> <u>Cars</u>	<u>Car</u> <u>Type</u>	<u>(Sub)Lease</u> <u>Date</u>	<u>Recordation</u> <u>Number</u>	<u>Date</u> <u>Filed</u>
OKKT 1030					
OKKT 1037-1039					
OKKT 1041					
OKKT 1043-1047					
OKKT 1049					
OKKT 1052					
OKKT 1056-1057					
OKKT 1059-1060					
OKKT 1062-1066					
OKKT 1068-1074					
OKKT 1078					
OKKT 1080					
OKKT 1083-1085					
OKKT 1087					
OKKT 1090					
OKKT 1096					
OKKT 1098					
OKKT 1100					
OKKT 1102					
OKKT 1106					
OKKT 1109					
OKKT 1111					
OKKT 1113-1114					
OKKT 1116-1117					
OKKT 1119-1121					
OKKT 1131					
OKKT 1135					
OKKT 1137-1138					
OKKT 1141					
OKKT 1147-1149					
OKKT 1152					
OKKT 1156-1159					
OKKT 1162					
OKKT 1164-1166					
OKKT 1169-1172					
OKKT 1174					
OKKT 1178-1181					
OKKT 1184-1188					
OKKT 1191-1192					
OKKT 1195					
OKKT 1197-1198					
OKKT 1200					
OKKT 1202-1203					
OKKT 1206					
OKKT 1208-1211					
OKKT 1213-1218					

SUPPLEMENT NO. 1 TO SECURITY AGREEMENT
Period ending July 31, 1988

<u>Lessee/Sublessee</u> <u>Equipment No.</u>	<u>No. of</u> <u>Cars</u>	<u>Car</u> <u>Type</u>	<u>(Sub)Lease</u> <u>Date</u>	<u>Recordation</u> <u>Number</u>	<u>Date</u> <u>Filed</u>
OKKT 1220					
OKKT 1222-1223					
OKKT 1225-1230					
OKKT 1236-1240					
OKKT 1242					
OKKT 1246-1251					
OKKT 1253-1263					
OKKT 1266-1268					
OKKT 1270-1271					
OKKT 1273-1280					
OKKT 1800-1876					
OKKT 1900-1901					
OKKT 1902-1922					
OKKT 1923-1998					
OKKT 700455-700498					
<hr/>					
<u>Peoria and Pekin Union Railway</u>			(Master Lease)		
			06/28/88	15736	07/25/88
			(Schedule 1)		
PPU 2100-2119	23	XM	06/28/88	15736-A	07/25/88
USLX 7007-7009					
<hr/>					
<u>South Rail Corporation</u>			(Master Lease/Amendment No. 1)		
GMSR 49501-49502	32	XM	08/15/85	15638	05/13/88
GMSR 49504-49505					
GMSR 49507					
GMSR 49509					
GMSR 49514					
GMSR 49518-49520					
GMSR 49524-49527					
GMSR 49529-49534					
GMSR 49537					
GMSR 49542					
GMSR 49545					
GMSR 49548-49549					
GMSR 49552					
GMSR 49554					
GMSR 49556					
GMSR 49561					
GMSR 49563					

SUPPLEMENT NO. 1 TO SECURITY AGREEMENT
Period ending July 31, 1988

<u>Lessee/Sublessee Equipment No.</u>	<u>No. of Cars</u>	<u>Car Type</u>	<u>(Sub)Lease Date</u>	<u>Recordation Number</u>	<u>Date Filed</u>
GMSR 49565 GMSR 49569					
<hr/>					
<u>Wisconsin Central Ltd.</u>			(Master Lease)		
			06/17/88	15725	07/14/88
			(Schedule No. 1)		
WC 6100-6162	63	LO	06/17/88	15725-A	07/14/88
			(Schedule No. 2)		
WC 6200-6224	25	LO	06/17/88	15725-B	07/14/88
WC 6300-6393	94	GB	06/17/88	15725-C	07/14/88

(1) Cars to be identified in subsequent amendment to the Lease Agreement.