9-304A001

SKADDEN, ARPS, SLATE, MEAGHER & FLOM
333 WEST WACKER DRIVE
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TELEX 206500
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BOSTON
LONDON
LOS ANGELES
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SAN FRANCISCO
TOKYO
WASHINGTON, D C
WILMINGTON

RECORDATION NO 16540-E FILED 1425
OCT 30 1989 - 4 40 PM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO 16540-D FILED 1425
OCT 30 1989 - 4 40 PM
INTERSTATE COMMERCE COMMISSION

October 30, 1989

Honorable Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

$30.00 filing fee

Re: 1) Lease Supplement 16540-D
No. 2
2) Security Agreement and Trust Indenture
Supplement No. 2 16540-E

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instruments, in four (4) counterparts each, are hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the $30 recordation fee.

The Equipment Lease Agreement (the "Equipment Lease Agreement") dated as of September 15, 1989, relating to Itel Rail Trust No. 89-3, has been previously recorded under recordation number 16540.

The parties to the Equipment Lease Agreement are listed below:

First Security Bank of Utah, N.A.,
as Owner Trustee under
Itel Rail Trust No. 89-3
(Lessor)
79 South Main Street
Salt Lake City, Utah 84111

Itel Rail Corporation (Lessee)
55 Francisco Street
San Francisco, California 94133

Counterpart

The Equipment Lease Agreement sets forth the terms upon which the Lessor will lease to Lessee certain railroad rolling stock to be identified in lease supplements thereto, and Lease Supplement No. 2 (as defined below) recorded herewith covers such railroad rolling stock now leased.

The Lease Supplement No. 2 ("Lease Supplement No. 2") dated as of October 30, 1989 should be recorded as -D of the same recordation number as the Equipment Lease Agreement.

The parties to the Lease Supplement No. 2 are the same as in the Equipment Lease Agreement, and the Lease Supplement No. 2, among other things, identifies the railroad rolling stock covered by the Equipment Lease Agreement.

The Security Agreement and Trust Indenture (the "Security Agreement and Trust Indenture") dated as of September 15, 1989 has been previously recorded as -B of recordation number 16540.

The parties to the Security Agreement and Trust Indenture are as follows:

First Security Bank of Utah, N.A.,
as Owner Trustee under
Itel Rail Trust No. 89-3 (Owner Trustee)
/"Assignor"
79 South Main Street
Salt Lake City, Utah 84111

Continental Bank, National Association,
as Indenture Trustee (Indenture Trustee)
/"Assignee"
231 South LaSalle Street, 7th Floor
Chicago, Illinois 60697

The Security Agreement and Trust Indenture provides for a grant by the Owner Trustee to the Indenture Trustee of a security interest in the railroad rolling stock described in any Indenture Supplement thereto, and for an assignment by the Owner Trustee to the Inden-

ture Trustee of the rights of the Owner Trustee under the Equipment Lease Agreement.

The Security Agreement and Trust Indenture Supplement No. 2 ("Indenture Supplement No. 2") dated as of October 30, 1989 should be recorded as -E of recordation number 16540.

The parties to the Indenture Supplement No. 2 are the same as in the Security Agreement and Trust Indenture.

The Indenture Supplement No. 2 lists and describes the railroad rolling stock subject to Lease Supplement No. 2, which Lease Supplement No. 2 has been assigned by the Owner Trustee/Assignor to the Indenture Trustee/Assignee pursuant to the Security Agreement and Trust Indenture.

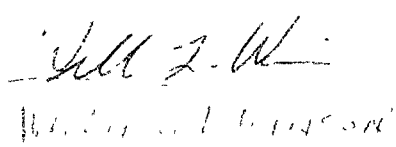
The railroad rolling stock covered by the documents, as listed above, is identified in the schedules to the Lease Supplement No. 2, a copy of which schedule is attached to this letter.

A short summary of the documents to appear in the ICC Index is as follows:

"Covers 36 center beam flat cars."

Once the filings have been made, please return to the undersigned the stamped counterparts of the Lease Supplement No. 2 and the Indenture Supplement No. 2 not required for filings purposes, together with the ICC fee receipt and the letter from the ICC acknowledging the filings.

Very truly yours,



Interstate Commerce Commission

Washington, D.C. 20423

10/31/89

OFFICE OF THE SECRETARY

William L. Winson
Skadden,Arps,Slate,Meagher & Flom
333 West Wacker Drive
Chicago,Illinois 60606-1285

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 10/30/89 at 4:40pm and assigned recordation number(s). 16540-D & 16540-E

Sincerely yours,

Noreta R. McGee

Noreta R. McGee
Secretary

Enclosure(s)

16540-E
OCT 30 1989 -4 40 PM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT AND TRUST INDENTURE SUPPLEMENT NO. 2

SECURITY AGREEMENT AND TRUST INDENTURE SUPPLEMENT NO. 2 (this "Indenture Supplement") dated October 30, 1989, between FIRST SECURITY BANK OF UTAH, N.A., a national banking association, not individually but solely as Owner Trustee (the "Owner Trustee") under Itel Rail Trust No. 89-3, and CONTINENTAL BANK, NATIONAL ASSOCIATION, a national banking association (the "Indenture Trustee").

W I T N E S S E T H:

The Security Agreement and Trust Indenture dated as of September 15, 1989 (herein called the "Indenture") from the Owner Trustee to the Indenture Trustee, provides for the execution and delivery of an Indenture Supplement thereto substantially in the form hereof, which shall particularly describe the Equipment (such term and other defined terms in the Indenture being herein used with the same meanings) and shall specifically grant a security interest in such Equipment;

The Owner Trustee in consideration of the premises and other good and valuable consideration, receipt whereof is hereby acknowledged, and intending to be legally bound, and in order to secure the equal and pro rata payment of both the principal of and interest and premium, if any, upon all Loan Certificates at any time outstanding under the Indenture according to their tenor and effect, and to secure the payment of all other Secured Indebtedness and the performance and observance of all the covenants and conditions contained in the Loan Certificates, the Indenture and the Participation Agreement, does hereby convey, warrant, mortgage, assign, pledge and grant unto the Indenture Trustee, its successors in trust and assigns, forever, for the ratable use and benefit of the holders of the Loan Certificates, a security interest in, all right, title and interest of the Owner Trustee in the Equipment (described in Schedule 1 attached hereto), as the same is now and will hereafter be constituted, whether now owned by the Owner Trustee or hereafter acquired, leased or to be leased under the Lease, together with all accessories, equipment, parts and appurtenances appertaining or attached to the Equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to the Equipment together with all the rents, issues, income, profits and avails thereof, subject, however, to the interest of the Lessee under the Lease.

TO HAVE AND TO HOLD the aforesaid property unto the Indenture Trustee, its successors and assigns forever, upon the terms and conditions set forth in the Indenture for the equal and proportionate benefit, security and protection of all present and future holders of the Loan Certificates.

This Indenture Supplement shall be construed in connection with and as part of the Indenture and all terms, conditions and covenants contained in the Indenture, except as herein modified, shall be and remain in full force and effect.

Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Indenture Supplement may refer to the "Security Agreement and Trust Indenture dated as of September 15, 1989" or the "Indenture" without making specific reference to this Indenture Supplement, but nevertheless all such references shall be deemed to include this Indenture Supplement unless the context shall otherwise require.

Section 1.1. Counterparts. This Indenture Supplement may be executed and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Indenture Supplement.

Section 1.2. Governing Law. This Indenture Supplement shall be construed in accordance with and governed by the internal laws and decisions (as opposed to conflicts of law provisions) of the State of New York.

Section 1.3. 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 Indenture Supplement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Owner Trustee has caused this Indenture Supplement to be executed, and the Indenture Trustee in evidence of its acceptance of the trusts hereby created, has caused this Indenture Supplement to be executed on its behalf by one of its duly authorized officers.

FIRST SECURITY BANK OF UTAH, N.A.,
not individually but solely as
Owner Trustee under Itel Rail
Trust No. 89-3

By _____
Its: ASSISTANT VICE PRESIDENT

AS OWNER TRUSTEE

CONTINENTAL BANK, NATIONAL ASSOCIATION

By _____
Its: _____

AS INDENTURE TRUSTEE

IN WITNESS WHEREOF, the Owner Trustee has caused this Indenture Supplement to be executed, and the Indenture Trustee in evidence of its acceptance of the trusts hereby created, has caused this Indenture Supplement to be executed on its behalf by one of its duly authorized officers.

FIRST SECURITY BANK OF UTAH, N.A.,
not individually but solely as
Owner Trustee under Itel Rail
Trust No. 89-3

By _____
Its: _____

AS OWNER TRUSTEE

CONTINENTAL BANK, NATIONAL ASSOCIATION

By _____
Its: Vice President

AS INDENTURE TRUSTEE

STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

On this 26th day of October, 1989, before me personally appeared Val T. Orton, to me personally known, who being by me duly sworn, says that he is a ASSISTANT VICE PRESIDENT of FIRST SECURITY BANK OF UTAH, N.A., that said instrument was signed and sealed on October 26, 1989 on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

NOTARY PUBLIC
ROBERT ALLEN DUDAY
STATE OF UTAH

Notary Public

(SEAL)

My commission expires: My Commission Expires July 1, 1991

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this ____ day of October, 1989, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of CONTINENTAL BANK, NATIONAL ASSOCIATION, that said instrument was signed and sealed on October ___, 1989 on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

(SEAL)

My commission expires:

STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

On this ____ day of October, 1989, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of FIRST SECURITY BANK OF UTAH, N.A., that said instrument was signed and sealed on October ___, 1989 on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

(SEAL)

My commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 26th day of October, 1989, before me personally appeared Robert S. Clark, to me personally known, who being by me duly sworn, says that he is a Vice President of CONTINENTAL BANK, NATIONAL ASSOCIATION, that said instrument was signed and sealed on October 26th, 1989 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.

Carol Cohen
Notary Public

(SEAL)

My commission expires: October 29, 1990

"OFFICIAL SEAL"
CAROL COHEN
Notary Public, State of Illinois
My Commission Expires 10-29-90

NEW RAILCARS

Released - H

Number of Units	Size of Equipment	Manufacturer	Reporting Marks
Equipment Type E			
36	73 Foot 100 Ton Center Beam Flat Car	Thrall Car Manufacturing Company	MR 30112-30114 30117-30149

SCHEDULE I

(to Security Agreement
and Trust Indenture Supplement No. 2)