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RECORDATION NO. 15051-B Filed & Recorded
October 16, 1986

OCT 16 1986 2-15 PM
HAND-DELIVERED 457-1634

INTERSTATE COMMERCE COMMISSION

No. 6-289A077

Date OCT 16 1986

Fee \$ 10.00

Ms. Noreta R. McGee
Office of the Secretary
Recordation Office
Interstate Commerce Commission ICC Washington, D. C.
12th Street and Constitution
Avenue, N.W.
Washington, D.C. 20423

Re: Temco Leasing Company;
Uptown National Bank of Chicago;
ICC File No. 15051

Dear Ms. McGee:

In accordance with the provisions of Section 11303 of the Revised Interstate Commerce Act, 49 U.S.C. § 11303, and Part 1177 of Title 49 of the Code of Federal Regulations, we request, as special counsel for Temco Leasing Company, that the enclosed document be recorded and filed with the Interstate Commerce Commission.

You will find enclosed herewith the original and one (1) copy of the following document to be recorded, filed and assigned Recordation No. 15051-B:

Loan and Security Agreement, dated as of October 8, 1986, executed by authorized representatives of Temco Leasing Company and Uptown National Bank of Chicago.

MOTOR OPERATING UNIT
OCT 16 2 09 PM '86
TH. STORRE
100 OFFICE OF...

Charles J. Davis, N. C. Cox

Ms. Noreta R. McGee
October 16, 1986
Page two

As noted above, this Loan and Security Agreement should be assigned Recordation No. 15051-B.

The Loan and Security Agreement, dated as of October 8, 1986, is intended, inter alia, to assign, convey, mortgage, pledge and transfer to Uptown National Bank of Chicago the right, title and interest of Temco Leasing Company in and to ten (10) railcars bearing Road Nos. TMCX 1010-1012, 1016, 1022, 1023, and 1026-1029, inclusive.

The parties executing this Loan and Security Agreement are:

Temco Leasing Company
100 East Scranton Avenue
Lake Bluff, Illinois 60044

Attention: Mr. Bruce H. Borland

Uptown National Bank of
Chicago
4753 North Broadway
Chicago, Illinois

Attention: Ms. Maureen Ann Rumsa

You will also find enclosed herewith a check made payable to the Interstate Commerce Commission in the amount of Ten Dollars (\$10.00), which sum is intended as full and final payment for the filing fee to be incurred in connection herewith.

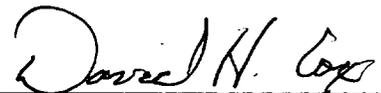
Would you please stamp, as filed, the enclosed copy and return the enclosed copy, as stamped with Recordation No. 15051-B, to our office at your earliest possible convenience?

Thank you for your assistance in this matter.

Sincerely yours,

JACKSON & CAMPBELL, P.C.

By:


David H. Cox

DHC/lg

Enclosures As Stated

cc: Robert E. Walsworth, Esquire

Interstate Commerce Commission
Washington, D.C. 20423

10/16/86

OFFICE OF THE SECRETARY

David H. Cox
Jackson & Campbell, P.C.
Suite 300 South
1120 20th St. N.W.
Washington, D.C. 20036

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 10/16/86 at 2:15pm, and assigned re-
recording number(s). 15051-B

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 15051-B Filed & Recorded

OCT 16 1986 2-15 PM

INTERSTATE COMMERCE COMMISSION

LOAN AND SECURITY AGREEMENT

between

TEMCO LEASING COMPANY

and

UPTOWN NATIONAL BANK OF CHICAGO

Dated as of October 8, 1986

Filed and Recorded with the Interstate Commerce Commission
pursuant to Section 11303, Title 49, United States Code on
_____, 1986 at _____ Recordation
No. _____.

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SCHEDULE I	Description of Tank Cars
SCHEDULE II	Description of Leases
EXHIBIT A	Form of Note
EXHIBIT B	Form of Guaranty - Temco Corporation
EXHIBIT C	Form of Legal Opinion of Counsel to the Company and the Guarantor
EXHIBIT D	Form of Legal Opinion of Special Counsel to the Company

LOAN AND SECURITY AGREEMENT, dated as of _____, 1986, between TEMCO LEASING COMPANY, an Illinois corporation (the "Company"), and UPTOWN NATIONAL BANK OF CHICAGO, a national banking association (the "Lender").

W I T N E S S E T H :

WHEREAS, the Company is engaged, among other things, in the business of purchasing and owning railroad tank cars for lease to others; and

WHEREAS, the Company desires to obtain a loan from the Lender; and

WHEREAS, the Company will evidence its borrowing hereunder by the issuance of its promissory note which, together with the Company's obligations and liabilities under this Agreement, will be Secured by, inter alia, a lien on and security interest in certain tank cars and the rights of the Company under certain Leases; and

WHEREAS, the Lender is agreeable to making the loan on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement the following terms shall have the following meanings:

"Agreement" shall mean this Loan and Security Agreement, including all Schedules and all Exhibits hereto, as the same may from time to time be amended, supplemented or otherwise modified.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday under the laws of the State of Illinois.

"Cash Collateral Account" shall have the meaning set forth in subsection 5.2(b) hereof.

"Casualty Occurrence" shall mean any of the following events or conditions with respect to any Unit:

(i) such Unit shall become lost for a period of at least 30 consecutive days, or shall become stolen,

destroyed or damaged beyond economic repair from any cause whatsoever; or

(ii) the confiscation, condemnation, seizure or forfeiture of, or other requisition of title to, or use of, such Unit by any governmental authority or any Person acting under color of governmental authority.

"Casualty Value" with respect to any Unit shall mean the amount obtained by multiplying the unpaid principal amount of the Note at the time Casualty Value is being determined by a fraction, the numerator of which is the Tank Car Cost of such Unit and the denominator of which is the aggregate Tank Car Costs of all Tank Cars which are then subject to the lien and security interest of this Agreement.

"Casualty Value Determination Date" shall have the meaning set forth in Subsection 6.16 (a) hereof.

"Collateral" shall mean the Tank Cars, the Leases, the moneys at any time in the Cash Collateral Account and all other property, interests and rights described or referred to in Subsection 5.1, 5.2 or 5.3 hereof or otherwise subjected to the lien and security interest created by this Agreement or intended so to be.

"Damaged Unit" shall mean any Unit which has suffered a Casualty Occurrence.

"Default" shall mean any of the event specified in Section 8 hereof, whether or not there has been satisfied any requirement in connection with such event for the giving of notice or the lapse of time, or both.

"Event of Default" shall mean any of the events specified in Section 8 hereof, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or both.

"Guarantor" shall mean, Temco Corporation, an Illinois corporation.

"Guaranty" shall mean the Guaranty of the Guarantor in favor of the Lender, substantially in the form of Exhibit B attached hereto.

"Installment Payment Date" shall mean each date on which an installment of principal and interest is due and payable under the Note.

"Leases" shall mean and include the leases identified in Schedule II and any other leases which may hereafter be placed on the Tank Cars during the term of this Agreement.

"Lessees" shall mean and include all lessees under the Leases.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, security interest, lien, charge or encumbrance, priority or other security agreement or arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any lease having substantially the same economic effect as a conditional sale or other title retention agreement, the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction) and the filing of this Agreement and any other documents with the Interstate Commerce Commission.

"Loan" shall mean the loan made by the Lender under this Agreement.

"Loan Documents" shall mean the original counterparts of this Agreement, the Note, the Guarantees, the Certificates of Acceptance, the Opinions and any other documents executed by or on behalf of the Company or the Lessees in connection with the Loan.

"Non-Removable Improvement" shall mean any addition or improvement incorporated in or installed on or attached to any Tank Car which is not readily removable without causing material damage to such Tank Car or without diminishing or impairing the utility or condition which such Tank car would have had at the time of removal and such addition or improvement not been made.

"Note" shall mean the negotiable promissory note of the Company described in Subsection 2.3 hereof.

"Obligations" shall have the meaning set forth in Section 5 hereof.

"Opinions" shall mean the opinion of Peterson, Ross, Schloerb & Seidel, counsel to the Company, in the form attached hereto as Exhibit C, and the opinion of Jackson & Campbell, special counsel to the Company, in the form attached hereto as Exhibit D.

"Permitted Liens" shall mean, with respect to any Unit, (i) the rights of the Lessee under the Lease of such Unit, (ii) or Liens for taxes which are not yet due or the payment of which is not at the time required to be made in accordance with the provisions of Subsection 6.4 hereof, and (iii) materialmen's, mechanics', reparimen's and other like Liens arising in the ordinary course of business securing obligations which are not more than 30 days overdue or the payment of which is not at the time required to be made in accordance with the provisions of Subsection 6.4 hereof.

"Person" shall mean an individual, partnership, corporation, joint venture, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Proceeds" shall have the meaning assigned to it under the Uniform Commercial Code of the State of Illinois and, in any event, shall include, but not be limited to (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Company from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to the Company from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any of the Collateral by any governmental authority (or any Person acting under color of governmental authority), and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral, including, without limitation, amounts due under any of the Leases.

"Replacement Unit" shall have the meaning set forth in Subsection 6.16(c) hereof.

"Subsidiary" shall mean, when used with respect to any Person, any corporation more than 50% of the issued and outstanding shares of Voting Stock of which at the time is owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person.

"Tank-Cars" shall mean at any time the railroad tank cars which are described in Schedule I hereto, together with (i) any and all other Tank Cars which are subjected to the lien and security interest of this Agreement or intended so to be including any Replacement Units, (ii) any and all parts, mechanisms, devices and replacements referred to in Subsection 6.17 hereof from time to time incorporated in or installed on or attached to any of such tank cars pursuant to requirement of law or governmental regulation and (iii) any and all Non-Removable Improvements.

"Tank Car Loan Value" shall mean, for each Unit (other than a Replacement Unit), the aggregate loan made by the Lender under this Agreement divided by the number of Tank Cars listed in Schedule I. The "Tank Car Loan Value" of a Replacement Unit shall be the Tank Car Loan Value of the Unit which it replaced.

"Unit" shall mean one of the Tank Cars.

"Voting Stock" of a corporation shall mean stock having ordinary voting power for the election of a majority of the board of directors, managers or trustees of such corporation, other than stock having such power only by reason of the happening of a contingency.

"Wholly-Owned Subsidiary" shall mean, when used with respect to any person, any Subsidiary, all the issued and outstanding shares (except for directors' qualifying shares, if required by law) of Voting Stock of which at the time are owned by such Person or by on or more Wholly-Owned Subsidiaries of such Person.

1.2 Use of Defined Terms. All terms defined in this Agreement shall have their defined meanings when used in this Agreement, the Note, or in any certificates, reports or other documents made or delivered pursuant hereto.

1.3 Other Definitional Provision. (a) the words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this agreement.

(b) Terms defined in the singular shall have a comparable meaning when used in the plural and vice versa.

SECTION 2. AMOUNT AND TERMS OF LOAN

2.1 The Loan. In consideration for the delivery of the Loan Documents, and subject to the terms and conditions of this Agreement, the Lender shall make a loan to the Company in the principal amount of TWO HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS (\$230,000.00).

2.2 Use of Proceeds. The Company will use the proceeds of the Loan to finance the purchase of the Tank Cars.

2.3 The Note. The Loan shall be evidenced by a secured promissory note of the Company substantially in the form of Exhibit A hereto with appropriate insertions therein. The Note shall (a) be dated as of the date of disbursement of funds hereunder, (b) be in the principal amount of the Loan, (c) bear interest on the unpaid principal amount thereof from the date thereof at a rate equal to three percent 3% in excess of the disclosed prime commercial loan rate for short-term borrowing in effect from time to time at the Continental Illinois National Bank of Chicago (calculated on the basis of a 360-day year of twelve 30-day months), the interest rate of this Note to change when and as any change occurs in such prime commercial loan rate, and (d) be payable in 96 consecutive monthly installments of principal and interest, commencing on the first day of the second calendar month after the date of the Note and on the first day of each calendar month thereafter. Each installment shall include a payment of principal equal to one ninety-sixth (1/96) of the original principal amount of the Note (which payment shall equal TWO THOUSAND THREE HUNDRED NINETY-FIVE AND 83/100 Dollars (\$2,395.83)) plus interest on the unpaid principal amount computed from the due date of the previous installment, provided that, in any event, the 96th installment shall be in an amount sufficient to pay in full all accrued interest on, and the entire unpaid principal amount of, the Note. Installments received with respect to the Note shall be applied first to the payment of interest then due and then to the payment of principal.

2.4 Voluntary Prepayment With Premium. On any one Installment Payment Date the Company may with the written permission of the Lender, upon notice as provided in Subsection 2.6 hereof, prepay the then outstanding principal amount of the Note in whole or in part, provided that simultaneously with such prepayment the Company pays to the Lender (i) accrued interest on the outstanding principal amount of the Note to the date of such prepayment and (ii) a premium equal to: 2% of the amount of such prepayment if such prepayment is made within 12 months of the date hereof, or 1% of the amount of such prepayment if such prepayment is made after 12 months but before 24 months after the date hereof. Notwithstanding the foregoing, the Company may prepay all or any portion of the outstanding principal balance of the Note at any time, without premium, if such prepayment is made from the

operating capital of the Company and is not the result of any replacement loan, syndication or other refinancing of the Collateral. Except as otherwise provided in this Subsection 2.4, the Note may not be voluntarily prepaid.

2.5 Prepayment for Casualty Occurrence or Transfer. In the event that any Unit shall suffer a Casualty Occurrence and the Company shall not replace such Unit pursuant to Subsection 6.16 hereof, the Company will prepay the Note without premium in accordance with the provisions of said Subsection 6.16. In the event that the Company desires to transfer any Unit by sale, gift, assignment or otherwise to any other entity, whether related or not, other than by lease in the normal course of business, the Company shall first obtain the written approval of Lender. Any request for approval shall be in writing and shall specify the Unit(s) to be sold, the price of each such Unit, and the proposed date of transfer. Upon effecting such transfer, the Company shall immediately prepay an amount equal to the unpaid principal balance of the Note multiplied by a fraction, the numerator of which is the number of Units or Replacement Units being transferred and the denominator of which is the aggregate number of Units and Replacement Units remaining in the Collateral immediately before such transfer. The Lender agrees that, upon a transfer in accordance with this Subsection 2.5, it will release its security interest in the Units so transferred, without recourse to or warranty by the Lender.

2.6 Notice of Prepayment. The Company shall give written notice to the Lender of any prepayment of the Note not less than 10 days nor more than 30 days before the date fixed for such prepayment (which shall be an Installment Payment Date if the prepayment is to be made pursuant to Subsection 2.4 hereof), (b) the Subsection hereof under which such prepayment is to be made, (c) the principal amount of the Note to be prepaid, and (d) the premium, if any, and accrued interest applicable to such prepayment. Such notice of prepayment shall also certify all facts which are conditions precedent to such prepayment, including, if such prepayment is to be made pursuant to Subsection 2.5 hereof, the calculations used in determining the unpaid principal amount of the Note to be prepaid. Upon the giving of such notice, the unpaid principal amount of the Note to be prepaid, together with the premium, if any, and accrued interest thereon, shall become due and payable on the date fixed for such prepayment.

2.7 Adjustment of Installments. In the event any partial prepayment of the Note is made pursuant to Subsection 2.4 or 2.5 hereof, each installment of principal due and payable under the Note after such partial prepayment shall be reduced in the same proportion as the then outstanding principal amount of the Note shall have been reduced by such partial prepayment.

2.8 Computation of Interest. Interest on the Note shall be calculated on the basis of a 360-day year of twelve 30-day months. All payments (including prepayments) by the Company on account of the Principal of, premium, if any, and interest on the Note shall be made to the Lender at its offices at 4753 North Broadway, Chicago, Illinois (or at such other place as the Lender shall notify the Company in writing), in lawful money of the United States of America. If any such payment becomes due and payable on a day that is not a Business Day, the maturity thereof shall be extended to the next succeeding business Day.

2.9 Release of Collateral. Upon any prepayment of the Note pursuant to Subsection 2.4 hereof, the Lender will promptly execute and deliver to the Company such instruments as shall be necessary to release from the lien and security interest of this Agreement, without recourse to, or representation or warranty by the Lender, that number of Units which is equal to the number (disregarding any fraction) obtained by multiplying the total number of Tank Cars which are then subject to the lien and security interest of this Agreement by a fraction, the numerator of which is the principal amount of the Note so prepaid and the denominator of which is the original principal amount of the Note. The Company shall have the right to designate the Units to be released, subject to the approval of the Lender under Subsection 2.4. Corresponding Leases shall also be released. Releases due to prepayments under Subsection 2.5 shall be effected as set forth in such subsection.

SECTION 3. REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to enter into this Agreement and to make the Loan, the Company represents and warrants to the Lender that:

3.1 Corporate Existence and Business. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. Neither the conduct of its business nor the ownership or lease of its properties requires the Company to qualify to do business as a foreign corporation under the laws of any jurisdiction. The Company has no Subsidiaries. The Company presently is engaged solely in the business of purchasing, selling, leasing and managing railroad cars.

3.2 Power and Authorization; Enforceability; Consents. The Company has full power, authority and legal right to own its properties and to conduct its business as now conducted and presently proposed to be conducted by it and to execute, deliver and perform this Agreement, the Note and the Leases and to borrow under this Agreement on the terms and conditions hereof, to grant the lien and security interest provided for in this Agreement and to take such action as may be necessary to complete the

transactions contemplated by this Agreement, the Note and the Leases, and the company has taken all necessary corporate action to authorize the borrowing on the terms and conditions of this Agreement and the grant of the lien and security interest provided for in this Agreement and to authorize the execution, delivery and performance of this Agreement, the Note and the Leases. This Agreement has been duly authorized, executed and delivered by the Company and constitutes, and the Note has been duly authorized by the Company and when executed and delivered by the Company will constitute, a legal, valid and binding obligation of the company enforceable in accordance with its terms. No consent of any other party (including stockholders of the Company and any Guarantor) and no consent, license, permit, approval or authorization or, exemption by, or registration or declaration with any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement and the Note except for the filing of this Agreement with the Interstate Commerce Commission and the filing of financing statements with respect to the Lender's security interest in the Leases in the offices of the Secretary of State of Illinois.

3.3 No Legal Bar. The execution, delivery and performance by the Company of this Agreement, the Note and the Leases will not violate any provision of any existing law or regulation to which the Company is subject or of any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to the Company or of the Articles of Incorporation, By-Laws or any preferred stock provision of the Company or of any mortgage, indenture, contract or other agreement to which the Company is a party or which is or purports to be binding upon the Company or any of its properties or assets, and will not constitute a default thereunder, and (except as contemplated by this Agreement) will not result in the creation or imposition of any Lien on any of the properties or assets of the Company. The Company is not in default in the performance or observance of any of the obligations, covenants or conditions contained in any bond, debenture or note, or in any mortgage, deed of trust, indenture or loan agreement, of the Company.

3.4 No Material Litigation. There are no actions, suits or proceedings (whether or not purportedly on behalf of the Company) pending or, to the knowledge of the Company, threatened against the Company or any of its properties or assets in any court or before any arbitrator of any kind or before or by any governmental body, which (i) relate to any of the Collateral or to any of the transactions contemplated by this Agreement, or (ii) would, if adversely determined, materially impair the right or ability of the Company to carry on its business substantially as now conducted and presently proposed to be conducted, or (iii) would, if adversely determined, have a material adverse effect on

the operating results or on the condition, financial or other of the Company. The Company is not in default with respect to any order, judgment, award, decree, rule or regulation of any court, arbitrator or governmental body.

3.5 No Default. No Default or Event of Default has occurred and is continuing under this Agreement.

3.6 Financial Condition. The unaudited financial statements of the Company as of December 31, 1985 and for the six months then ended, certified by the president of the Company, copies of which have heretofore been delivered to the Lender, are complete and correct, have been prepared in accordance with generally accepted accounting principles consistently applied throughout the period involved and present fairly the financial position of the Company on December 31, 1985, and the results of its operations for the six months then ended. There has been no material adverse change in the condition, financial or otherwise, of the Company since December 31, 1985.

3.7 Payment of Taxes. The Company has filed all federal, state and local tax returns and declarations of estimated tax which are required to be filed and has paid all taxes which have become due pursuant to such returns and declarations or pursuant to any assessments made against it, and the Company has no knowledge of any deficiency or additional assessment in connection therewith not adequately provided for on the books of the Company. In the opinion of the Company, all tax liabilities of the Company were adequately provided for as of December 31, 1985, and are now so provided for, on the books of the Company.

3.8 Force Majeure. Since December 31, 1985, the business, operations, properties and assets of the Company have not been materially and adversely affected in any way as the result of any fire, explosion, earthquake, disaster, accident, labor disturbance, requisition or taking of property by governmental authority, flood, drought, embargo, riot, civil disturbance, uprising, activity of armed forces, or act of God or the public enemy.

3.9 Burdensome Provisions. The company is not a party to any agreement or instrument, or subject to any charter or other corporate restriction or to any judgment, order, writ, injunction, decree, award, rule or regulation, which does or will materially and adversely affect the business, operations, properties or assets or the condition, financial or other, of the Company.

3.10 Leases. (1) Each Lease, and any and all assignments of any Lease to the Company by Temco Corporation or any other Person, has been duly authorized, executed and delivered by

the parties thereunder and constitutes a valid and binding obligation of the Company and any other party thereunder, enforceable in accordance with its terms. No consent of any other party (including stockholders of the Company, each Guarantor and each Lessee) and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any governmental authority is required to be obtained, effected or given in connection with the execution, delivery and performance of each Lease by each party thereto except for the filing of the Leases or a Schedule to this Agreement covering the Leases with the Interstate Commerce Commission which will have been duly effected on or before the making of the Loan hereunder and will be in full force and effect at all times thereafter.

(b) Neither the Company nor (to the best of the Company's knowledge) the Lessee under any Lease is in default in the performance or observance of any covenant, term or condition contained in such Lease, and no event has occurred and no condition exists which constitutes, or which with the lapse of time or the giving of notice or both would constitute, a default under any Lease. The Company has fully performed all of its obligations under each Lease, and the right, title and interest of the Company, in to and under each Lease is not subject of any defense, offset, counterclaim or claim nor have any of the foregoing been asserted or alleged against the Company as to any Lease.

3.11 Title to Tank Cars; Specifications. As of the time of the making of the Loan by the Lender under this Agreement, (i) the Company shall have good and valid title to, and be the lawful owner of each Unit described in Schedule I hereto, free and clear of all Liens whatsoever except the lien and security interest created by this Agreement, (ii) each Unit shall conform to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads, in each case applicable to railroad equipment of the same type as such Unit, and (iii) each such Unit shall be in good and serviceable condition.

3.12 First Lien. Upon the filing of this Agreement and the Leases or a schedule of the Leases in the manner prescribed in Section 11303, Title 49, United States Code and in the related regulations of the Interstate Commerce Commission, and the filing of a financing statement with respect to the Lender's security interest in Leases in the office of the Secretary of State of Illinois, this Agreement will constitute a legal, valid and perfected first lien on and first priority security interest in each of the Units (and any Proceeds thereof), each of the Leases (and the Proceeds thereof) and the Cash Collateral Account, as security for the Obligations, free and clear of all other Liens

whatsoever. No security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral is on file or of record with the Interstate Commerce Commission or with any other public office, except such as may have been filed by or on behalf of the Company in favor of the Lender pursuant to this Agreement.

3.13 Principal Office. The principal place of business, the chief executive office and the place at which the books and records of the Company are kept is 100 East Scranton Avenue, Lake Bluff, Illinois 60044. The Company will promptly notify the Lender in writing of any change of the address of its principal office, as set forth in Subsection 6.8.

SECTION 4. CONDITIONS OF BORROWING

The obligation of the Lender to make the Loan hereunder shall be subject to the fulfillment, to the satisfaction of the Lender, of the following conditions precedent:

(a) The Company shall have executed and delivered to the Lender a Note meeting the requirements of subsection 2.3 hereof;

(b) There shall have been delivered to the Lender copies, certified by the Secretary of the Company on the date of the Loan, of the Certificate of Incorporation, Articles of Incorporation, and By-Laws of the Company, along with any amendments of each of them;

(c) There shall have been delivered to the Lender copies, certified by the Secretary of each corporate Guarantor on the date of the Loan, of the Certificate of Incorporation, Articles of Incorporation and By-Laws the Guarantor;

(d) There shall have been delivered to the Lender a copy, certified by the Secretary of the Company on the date of the Loan, of the resolutions of the Board of Director of the Company approving the transactions contemplated by this Agreement and authorizing the execution, delivery and performance by the Company of this Agreement, the Note and the Leases and all other documents and instruments required hereby;

(e) There shall have been delivered to the Lender a copy, certified by the Secretary of the Guarantor on the date of the Loan, of the resolutions of the Board of Directors of the Guarantor authorizing the execution,

delivery and performance by the Guarantor of the Guaranty and all other documents and instruments required hereby or thereby;

(f) There shall have been delivered to the Lender a Certificate signed by the president of the Company stating that each Lease continues in full force and effect on and after the date hereof, that the Company is aware of no current defaults under any such Lease, and that the Leases are valid and enforceable obligations of the parties thereto.

(g) There shall have been delivered to the Lender a certificate, dated the date of the Loan, with respect to the incumbency and signature of each of the officers of the Company executing this Agreement or any document relating hereto on behalf of the Company;

(h) There shall have been delivered to the Lender a certificate, dated the date of the Loan, with respect to the incumbency and signature of each of the officers of the Guarantor executing the Guaranty or any other documents relating hereto or thereto on behalf of the Guarantor;

(i) The Guaranty shall have been duly executed by the Guarantor and delivered to the Lender;

(j) There shall have been delivered to the Lender evidence that this Agreement has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code, and that there are no liens on file with the Interstate Commerce Commission, other than those which may have been filed pursuant to this Agreement or the Note.

(k) All executed counterparts of each Lease in the possession of the Company or of any Person controlling, controlled by or under common control with the Company shall have been delivered to the Lender, and the Lender shall have received a certificate to the foregoing effect, dated the date of the Loan, and signed by a duly authorized officer of the Company;

(l) There shall have been delivered to the Lender evidence that each Lease or a Schedule describing each Lease has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code and that a

financing statement with respect to the Lender's security interest in each Lease has been filed in the office of the Secretary of State of Illinois;

(m) The Company shall have mailed a letter to each Lessee, dated the date of the Loan and in a form acceptable to Lender, requesting such Lessee to affirm that such Lessee (i) acknowledges notice of the assignment to the Lender of all of the Company's right, title and interest in, to and under its respective Lease, (ii) agrees to make payment of all money under or arising out of such Lease directly to the Cash Collateral Account until such time as it shall have received notice from the Lender otherwise, (iii) agrees that each such payment shall be final and that such Lessee shall not seek to recover from the Lender for any reason whatsoever, any moneys paid by such Lessee to the Lender by virtue of this Agreement and that it will not seek recourse against the Lender by reason of this Agreement or such Lease, and (iv) certifies to the effect that such Lease is in full force and effect and constitutes a valid and binding agreement of such Lessee, enforceable in accordance with its terms; the Company shall use its best efforts to obtain an acknowledged copy of such letter back from each Lessee;

(n) The representations and warranties contained in Section 3 hereof shall be true and correct on and as of the date of the making of the Loan with the same effect as if made on and as of such date, and no default or Event of Default shall be in existence on the date of the making of the Loan or would occur as a result of the Loan;

(o) There shall have been delivered to the Lender evidence of insurance with respect to the Tank Cars, which indicates compliance by the Company with the provision of Subsection 6.15 hereof;

(p) There shall have been delivered to the Lender a certificate, dated the date of the Loan and signed by the President or any Vice President of the Company, to the same effect as paragraph (n) of this section 4 and to the further effect that (i) the Company has valid and legal title to, and is the lawful owner of, the Tank Cars, free and clear of all liens except the lien and security interest created by this Agreement; and (ii) the Tank Cars have been duly leased to the Lessees under the respective leases;

(q) There shall not have been in the judgment of the Lender, any material adverse change in the financial condition or business operations of the Company or the Guarantor;

(r) There shall have been delivered to the Lender, an opinion of Peterson, Ross, Schloerb & Seidel, counsel for the Company, dated the date of the Loan and substantially in the form of Exhibit C hereto;

(s) There shall have been delivered to the Lender, an opinion of Messrs. Jackson & Campbell, special counsel for the Company, dated the date of the Loan and substantially in the form of Exhibit D hereto;

(t) The Lender shall have received any other documents, instruments or certificates that the Lender may reasonably request; and

(u) All legal matters in connection with the Loan and the security therefore shall be satisfactory to counsel for the Lender.

SECTION 5. GRANT OF LIEN AND SECURITY INTERESTS

As collateral security for (a) the prompt and complete payment when due (whether at the state maturity, by prepayment, by acceleration otherwise) of the unpaid principal or, premium, if any, and interest on the Note, and (b) the due and punctual payment and performance by the Company of all of its obligations and liabilities under or arising out of or in connection with this Agreement (all of the foregoing being hereinafter call the "Obligations"), and in order to induce the Lender to make the Loans hereunder:

5.1 Tank Cars. The Company does hereby assign, convey, mortgage, pledge and transfer to the Lender, and does hereby grant to the Lender a continuing security interest in, all of the Tank Cars and any and all Proceeds thereof, provided, however that the Lender does not hereby consent to the sale or other disposal thereof by virtue of Lender's taking of a security interest in such Proceeds.

5.2 Leases. (a) The Company does hereby assign, convey, mortgage, pledge and transfer to the Lender, and does hereby grant to the Lender a continuing security interest in, all of the right, title and interest of the Company in, to and under each of the Leases, including, without limitation, all right, title and interest of the Company in and to all rents, issues, profits,

revenues and other income arising under each of the Leases and other moneys due and to become due to the Company under or arising out of each of the Leases, all accounts and general intangibles under or arising out of each of the Leases, all proceeds of each of the Leases and all claims for damages arising out of the breach of either of the Leases, the right of the Company to terminate each of the Leases and to compel performance of the terms and provisions thereof, and all chattel paper, contracts, instruments and other documents evidencing each of the Leases or any moneys due or to become due thereunder or related thereto. Each and every copy of each of the riders to the Leases pertaining to the Tank Cars which the Company directly or indirectly has in its control or possession shall have attached thereto a notice indicating the Lender's interest therein.

(b) The Company agrees that (i) it will specifically authorize and direct the Lessee under each Lease to make payment of all amounts due and to become due to the Company under or arising out of such Lease directly to an account of the Lender, to be maintained by the Lender at the office of Uptown National Bank of Chicago located at 4753 North Broadway Avenue, Chicago, Illinois and entitled "Temco Leasing Company Cash Collateral Account" (the "Cash Collateral Account"), (ii) it will hold in trust any such amount received by it and forthwith pay the same to the Lender, and (iii) it hereby irrevocably authorizes and empowers the Lender to ask, demand, receive, receipt and give acquittance for any and all such amounts which may be or become due and payable or remain unpaid to the Company by such Lessee at any time or times under or arising out of such Lease, to endorse any checks, drafts or other orders for the payment of money payable to the Company in payment therefor, and in the Lender's discretion to file any claims or take any action or proceedings either in its own name or in the name of the Company or otherwise which the Lender may deem to be necessary or advisable in the premises.

(c) It is expressly agreed by the Company that, anything herein to the contrary notwithstanding, the Company shall remain liable under the Leases to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. The Lender shall not have any obligation or liability under the Leases by reason of or arising out of this Agreement or the assignment of the Leases to the Lender or the receipt by the Lender of any payment relating to any Lease pursuant hereto, nor shall the Lender be required or obligated in any manner to perform or fulfill any of the obligations of the Company under or pursuant to any Lease, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any performance by any Lessee under with lease or to present or file any claim, or to take any action to enforce the observance of any obligations of any Lessee under any Lease.

5.3 Cash Collateral Account. The Company does hereby assign, convey, mortgage, pledge and transfer to the Lender, and does hereby grant to the Lender a continuing security interest in, all moneys at any time held in the Cash Collateral Account.

5.4 Application of Funds. The Lender hereby agrees that (i) it will apply the moneys on deposit from time to time in the Cash Collateral Account to the payment of the installments of principal and interest under the Note as they become due and payable in accordance with the terms and provisions thereof, (ii) so long as no Default or Event of Default has occurred and is continuing, the Lender will pay or cause to be paid to the Company all amounts on deposit in the Cash Collateral Account in excess of the amounts due and payable or to become due and payable under the Note within 31 days of the date of determination, and (iii) when the Obligations shall have been paid, performed and discharged in full, the Lender shall pay or cause to be paid to the Company all amounts then on deposit in the Cash Collateral Account and shall notify each Lessee to make all further payments under its Lease directly to the Company or as the Company shall direct. Nothing contained in Section 5 of this Agreement or elsewhere in this Agreement is intended or shall impair, diminish or alter the obligation of the Company, which is absolute and unconditional, to pay to the Lender all principal of and interest on the Note and all amounts payable under this Agreement as and when the same shall become due and payable in accordance with their respective terms.

SECTION 6. COVENANTS

The Company hereby covenants and agrees that from the date of this Agreement and so long as any amount remains unpaid on account of the Note, unless the Lender shall otherwise consent in writing:

6.1 Financial Statements. The Company will furnish or cause to be furnished to the Lender:

(a) as soon as available, but in any event not later than 120 days after the end of each fiscal year of the Company, a balance sheet of the Company as of the end of such fiscal year and the related statements of income and of changes in financial position of the Company for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout such fiscal year and accompanied by a report or opinion of independent certified public accountants of recognized standing selected by the Company and satisfactory to the Lender;

(b) as soon as available, but in any event not later than 90 days after the end of each quarter, other than the last, of each fiscal year of the Company, an unaudited balance sheet of the Company as of the end of such quarter and the related unaudited statements of income and of changes in financial position of the Company for the period from the beginning of such fiscal year to the end of such quarter, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved;

(c) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) above, a certificate of the chief financial officer of the Company stating that, to the best of his knowledge after due inquiry, the Company has observed and performed each and every covenant and agreement of the Company contained in this Agreement, the Note and the Leases and that no Default or Event of Default has occurred during the period covered by such financial statements or is in existence on the date of such certificate or, if a Default or Event of Default has occurred or is in existence, specifying the same;

(d) concurrently with the delivery of the financial statements referred to in clause (a) above, a certificate of the independent public accountants who certified such statements to the effect that, in making the examination necessary for the audit of such financial statements, they obtained no knowledge of any Default or Event of Default, or, if they shall have obtained knowledge of any Default or Event of Default, specifying the same;

(e) as soon as available, but in any event not later than 120 days after the end of each fiscal year of the Guarantor, a consolidated balance sheet of such Guarantor and its Subsidiaries as of the end of such fiscal year and the related consolidated statements of income and of changes in financial position of such Guarantor and its Subsidiaries for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout such fiscal year and accompanied by a report or opinion of independent certified public accountants of recognized standing selected by the Guarantor and satisfactory to the Lender;

(f) as soon as available, but in any event not later than 90 days after the end of each quarter, other than the

last, of each fiscal year of any corporate Guarantor, an unaudited consolidated balance sheet of such Guarantor and its Subsidiaries as of the end of such quarter and the related unaudited consolidated statements of income and of charges in financial position of such Guarantor and its Subsidiaries for the period from the beginning of such fiscal year to the end of such quarter, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved;

(g) during any period when the Company shall have one or more Subsidiaries, within the periods prescribed in clauses (a) and (b) above, financial statements of the character and for the period or periods and as of the date or dates specified in such clauses and certified or accompanied by a report or opinion of independent public accountants as therein provided, covering the financial condition, income and changes in financial position of the Company and each of its Subsidiaries on a consolidated basis and, if requested by the Lender, a consolidating basis;

(h) promptly upon request, such additional financial and other information with respect to the Company and the Guarantor which the Lender may from time to time reasonably require.

6.2 Reports. (a) on or before March 31 of each year, commencing with the year 1986, the Company shall furnish or cause to be furnished to the Lender a report, certified by the chief financial officer of the Company, (i) setting forth as of the preceding December 31 (A) the amount, description and identifying numbers of all Units then subject to this Agreement and (B) the amount, description and identifying numbers of all Units that have suffered a Casualty Occurrence or are then undergoing repairs (other than running repairs) or have been withdrawn from use pending repairs (other than running repairs) during the preceding calendar year (or since the date of this Agreement in the case of the first such report) and (ii) stating that, in the case of all Units repaired or repainted during the period covered by such report, the numbers and markings required by Subsection 6.21 hereof have been preserved or replaced.

(b) The Company will prepare and deliver to the Lender within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lender) all reports (other than income tax returns), if any, relating to the maintenance, registration and operation of the Tank Cars required to be

filed by the Lender with any federal, state or other regulatory agency by reason of the Lender's lien on and security interest in the Tank Cars or the Leases or the provisions of this Agreement.

6.3 Limitation on Fundamental Changes. The Company will not convey, sell, lease, transfer, pledge or otherwise dispose of, in one transaction or a series of related transactions, all or any substantial part of its properties, assets or business or change the form of organization of its business or liquidate or dissolve itself (or suffer any liquidation or dissolution), provided, however, that the Company may lease the Tank Cars, and any other equipment held by it, in the ordinary course of business. The Company will not enter into any transaction of merger or consolidation except that the Company may merge into or consolidate with the Guarantor or any Wholly-Owned Subsidiary of such Guarantor provided that immediately after giving effect to such transaction, the Company or the successor to the Company (if the successor shall not be the Company) shall not be in default in the performance or observance of any covenant, agreement or condition contained in this Agreement.

6.4 Payment of Taxes. The Company will promptly pay and discharge or cause to be paid and discharged, before the same shall become in default, all lawful taxes, assessments and governmental charges or levies imposed upon the Company, or upon any property, real, personal or mixed, belonging to the Company, or upon any part thereof, as well as all lawful claims for labor, materials and supplies which, if unpaid, might become a Lien upon any such property or any part thereof; provided, however, that the Company shall not be required to pay and discharge or to cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as (i) the validity thereof shall be contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any danger of the sale, forfeiture or loss of such property or any part thereof, and (iii) the Company shall have set aside on its books adequate reserves with respect thereto.

6.5 Conduct of Business; Maintenance of Existence. The Company will engage primarily in the business presently conducted by it, and will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises necessary to continue such business. The Company will qualify as a foreign corporation and remain in good standing under the laws of each jurisdiction in which it is required to be qualified by reason of the ownership of its assets or the conduct of its business.

6.6 Compliance with Laws and Rules. The Company will (i) comply, and use its best efforts to cause each Lessee and every user of the Tank Cars to comply, in all material respects

(including, without limitation, with respect to the use, maintenance and operation of the Tank Cars) with all laws of the jurisdictions in which its or such Lessee's or such user's operations involving the Tank Cars may extend, with the interchange rules of the American Association of Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other governmental authority exercising any power or jurisdiction over the Tank Cars, to the extent that such laws or rules affect the title to, or the operation or use of, or the Lender's lien and security interest in, the Tank Cars, and in the event that such laws or rules require any alteration of, or any replacement or addition of or to any part on, any Unit, the Company will conform therewith at its own expense, and, (ii) comply in all material respects with all other applicable laws and regulations of any governmental authority relative to the conduct of its business or the ownership of its properties or assets, provided, however, that the Company may, in good faith, contest the validity or application of any such law or rule by appropriate proceedings which do not, in the opinion of the Lender, involve any danger of the sale, forfeiture or loss of the Tank Cars or any part thereof.

6.7 Maintenance of Properties. The Company will at all times maintain and keep, or cause to be maintained and kept, in good repair, working order and condition all property of the Company used or useful in the conduct of its business, and will from time to time make or cause to be made all needful and proper repairs, renewals, replacements, betterments and improvements thereof, so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

6.8 Principal Office. The Company will not change the location of its principal place of business, its chief executive office or the place at which its books and records are kept from the address specified in Subsection 3.13 hereof unless it shall have given the Lender at least 90 days prior written notice of such change, and the Company will at all times maintain its principal place of business, chief executive office and the place at which its books and records are kept within the United States of America.

6.9 Indemnities, etc. (a) In any suit, proceedings or action brought by the Lender under any of the Leases or to enforce any provision thereof, the Company will save, indemnify and hold the Lender harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the Lessee thereunder, arising out of a breach by the Company of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such Lessee from the Company, and all such obligations of the Company shall be and remain enforceable

against and only against the Company and shall not be enforceable against the Lender.

(b) The Company agrees to indemnify and hold the Lender harmless against any and all liabilities, obligations, losses, damages, claims, suits, costs, expenses and disbursements (including reasonable legal fees and expenses) incurred by or asserted against the Lender with respect to claims for personal injury or property damage arising from its participation in the transactions contemplated by this Agreement, the Leases or the Note except for claims arising due to the gross negligence or willful misconduct of the Lender or its employees or agents.

6.10 Performance of Leases. The Company will perform and comply in all material respects with all its obligations under each Lease and all other agreements to which it is a party or by which it is bound relating to the Collateral, and the Company will use its best efforts to cause each other party to any thereof to so perform and comply.

6.11 Preservation of Collateral. (a) The Company will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien, claim or or right in or to the Collateral (other than the lien and security interest created by this Agreement and Permitted Liens), and will defend the right, title and interest of the Lender in and to the Company's rights under the Leases and rights in the Tank Cars and in and to the Proceeds thereof against the claims and demands of all other Persons whomsoever.

(b) The Company will not sell, transfer or otherwise dispose of any of the Collateral or attempt to offer to do so, except as provided in Subsections 2.4, 2.5, and 6.3.

(c) The Company will advise the Lender promptly, in reasonable detail, of any Lien or claim made or asserted against any of the Collateral and of any event affecting the Lender's lien on and security interest in the Collateral.

(d) The Company shall use its best efforts to keep the Tank Cars under lease at all times at rental rates which are favorable to the Company. The Company shall be subject to the minimum debt coverage requirement of Subsection 8(e), The Company shall promptly provide the Lender with each Lease entered into with respect to any of the Tank Cars after the date hereof. Any such Lease shall instruct the lessee thereunder to make its lease payments to the Cash Collateral Account as set forth in Subsection 5.2(b).

6.12 Location of Tank Cars. The Company will not permit any of the Tank Cars to be located outside the continental United States of America at any time, provided that the Tank Cars may be used in Canada upon the Company providing the Bank with evidence that the Bank's security interest in said Tank Cars has been perfected in Canada by the filing of a copy of this Agreement with the Registrar General of Canada.

6.13 Further Assurances; Recordation and Filing. The Company will, at its sole cost and expense, do, execute, acknowledge and deliver all further acts, supplements, mortgages, security agreements, conveyances, transfers and assurances necessary or advisable for the perfection and preservation of the lien and security interest created by this Agreement in the Collateral, whether now owned or hereafter acquired. The Company will cause this Agreement and any supplements hereto, and all financing and continuation statements and similar notices requested by the Lender or required by applicable law, at all times to be kept, recorded and filed at no expense to the Lender in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Lender hereunder.

6.14 ICC Jurisdiction. The Company will not take or permit to be taken any action within its control which would subject it to the jurisdiction of the Interstate Commerce Commission as a "carrier", "railroad carrier" or "common carrier", as such terms are defined in Title 49, United States Code, if such jurisdiction will adversely affect the ability of the Company to perform its obligations under this Agreement, the Note or the Leases or adversely affect the validity or enforceability of this Agreement, the Note or the Leases.

6.15 Maintenance of Insurance. (a) Upon the delivery of any Tank Cars, the Company will promptly effect and maintain or cause to be effected and maintained with financially sound and reputable insurance companies acceptable to Lender, insurance policies (i) insuring each such Tank Car against loss by fire, explosion, theft and such other casualties as are usually insured against by companies engaged in the same or a similar business and with coverage in an amount at least equal to the Casualty Value of such Tank Car and (ii) insuring the Company and the Lender against liability for personal injury and property damage caused by or relating to such Tank Cars or their use with coverage in the amount of at least \$5,000,000.00, all such insurance policies to be in such form and to have such coverage as shall be satisfactory to the Lender, with losses payable to the Company and the Lender as their respective interests may appear.

(b) All insurance required by this Subsection 6.15 shall (i) be with the carriers designated above or other carriers

acceptable to the Lender, (ii) name the Lender as an assured and loss-payee, as its interest may appear, (iii) provide for at least 30 days' prior written notice to the Lender before any cancellation, reduction in amount or change in coverage thereof shall be effective, (iv) contain a breach of warranty clause in favor of the Lender and (v) provide that the Lender shall have no obligation or liability for premiums, commissions, assessments or calls in connection with such insurance.

(c) The Company shall, if so requested by the Lender, deliver to the Lender within a reasonable time and as often as the Lender may reasonably request a report of a reputable insurance broker with respect to the insurance on the Tank Cars.

(d) The Lender may waive any or all of the requirements of this Subsection 6.15 if it receives a written opinion, from an insurer or insurance broker acceptable to Lender, stating that certain losses set forth above are the risks of the shippers, railroads, and/or repair shops rather than risks imposed upon the Company.

6.16 Casualty Occurrence. (a) In the event of a Casualty Occurrence with respect to any Unit, the Company shall, promptly after it has knowledge of same, give the Lender written notice of such Casualty Occurrence, which notice shall (i) identify the Unit which has suffered the Casualty Occurrence, (ii) set forth the Casualty Value of such Damaged Unit (and the calculations used in the determination thereof) as of the date which is not less than 10 days nor more than 45 days after the date of such notice (the "Casualty Value Determination Date"), and (iii) specify whether the Company will, on the Casualty Value Determination Date, prepay the Note pursuant to paragraph (b) of this Subsection 6.16 or replace the Damaged Unit pursuant to paragraph (c) of this Subsection 6.16.

(b) If the notice given pursuant to paragraph (a) of this Subsection 6.16 specifies that the Company will prepay the Note on the Casualty Value Determination Date, the Company will, on such date, (i) prepay the Note in an aggregate principal amount equal to the Casualty Value of the Damaged Unit as of such date and (ii) pay the accrued interest on the principal amount so prepaid to the date of prepayment.

(c) If the notice given pursuant to paragraph (a) of this Subsection 6.16 specifies that the Company will replace the Damaged Unit, the Company will, on or prior to the Casualty Value Determination Date:

(i) replace the Damaged Unit with a tank car of the same type, which has a value and utility at least equal to, and which is in as good condition as, the Damaged Unit

immediately prior to the Casualty Occurrence (assuming that such Damaged Unit was then in the condition required to be maintained by Subsection 6.17 hereof) and which is free and clear of all Liens other than Permitted Liens,

(ii) take all steps necessary to subject such replacement tank car (the "Replacement Unit") to the lien and security interest of this Agreement and to subject such Replacement Unit to the applicable Lease, and

(iii) deliver to the Lender such documents evidencing the foregoing as the Lender may reasonably request, including, without limitation, (A) a duly executed supplement to the Agreement, satisfactory in form and substance to Lender and its counsel, describing the Replacement Unit and subjecting the Replacement Unit to the lien and security interest of this Agreement, together with evidence that such supplement has been duly filed, registered and recorded with Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code, and (B) documents and opinions of counsel with respect thereto corresponding to those described in paragraphs (o), (p), (q), (s), and (t) of Section 4 hereof;

Upon the Company's compliance with the foregoing provisions of this Section 6.16, the Lender will, if no Default or Event of Default has occurred and is continuing, execute and deliver to the Company such instruments as shall be necessary to release such Damaged Unit from the lien and security interest of this Agreement (without recourse to, or representation or warranty by, the Lender).

6.17 Maintenance. The Company will, at no expense to the Lender, keep and maintain or cause to be kept and maintained, the Tank Cars in good repair, condition and working order, eligible for interchange with other railroads pursuant to Association of American Railroads Interchange Standards, and will cause to be furnished all parts, mechanisms, devices and servicing required therefor so that the value, condition and operating efficiency thereof will at all times be maintained and preserved, ordinary wear and tear excepted.

6.18 Notice of Default; etc. The Company will promptly give written notice to the Lender of (a) the occurrence of any Default or Event of Default; (b) any litigation or proceedings relating to the Collateral; (c) any litigation or proceedings affecting the Company or any of its properties or assets which, if adversely determined, might have a material adverse effect upon the

financial condition, business or operations of the Company; and (d) any dispute between the Company and any governmental regulatory body that might materially interfere with the normal business operations of the Company.

6.19 Books and Records. The Company will keep proper books of record and account in which full, true and correct entries in accordance with generally accepted accounting principles will be made of all dealings or transactions in relation to its business and activities.

6.20 Inspection. The Company will permit any person designated by the Lender to visit and inspect any of the properties, corporate books and financial records of the Company and to discuss the affairs, finances and accounts of the Company with its respective officers, all at such reasonable times and as often as the Lender may reasonably request.

6.21 Marking of Tank Cars. The Company will cause each Unit to be numbered at all times with the identification number set forth in Schedule I hereto pertaining to such Unit and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the following words: "TITLE TO THIS CAR SUBJECT TO DOCUMENTS RECORDED WITH INTERSTATE COMMERCE COMMISSION" or other appropriate words designated by the Lender, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lender's interest in the Tank Cars and its rights under this Agreement. The Company will replace or will cause to be replaced promptly any such words which may be removed, defaced or destroyed. The Company will not permit the identifying number of any Unit to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been delivered to the Lender and filed, recorded and deposited by the Company in all public offices where this Agreement shall have been filed, recorded or deposited.

6.22 Additional Leases. The Company shall cause any Leases subject hereto, or which may from time to time hereafter become subject hereto, which are not described in Schedule II hereof, (i) to be duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code, by executing a supplement to this Agreement in a form acceptable to Lender, setting forth such Leases as additional security hereunder, and effecting to filing, registering and recording of same, and (ii) to be added as additional security of Lender by the filing of a financing statement with the Secretary of State of Illinois identifying such Leases as collateral of the Lender.

SECTION 7. POWER OF ATTORNEY

7.1 Appointment. The Company hereby irrevocably constitutes and appoints the Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Company and in the name of the Company or in its own name, from time to time in the Lender's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, the Company hereby gives the Lender the power and right, on behalf of the Company, without notice to or assent by the Company, to do the following:

(a) (i) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral and (ii) to endorse any checks, drafts or other orders for the payment of money payable to the Company in connection with the Collateral;

(b) upon default by the Company in the performance of Subsection 6.4 or 6.15, the Lender may, but shall not be obligated to, (i) effect any insurance called for by the terms of Subsection 6.15 and pay all or any part of the premiums therefor and the costs thereof and (ii) pay and discharge any taxes, liens and encumbrances on the Collateral; and

(c) upon the occurrence and continuance of any Event of Default or of any Default specified in paragraph (i) of Section 8 hereof, (i) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts and other documents relating to the Collateral; (ii) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any of the Collateral; (iii) to defend any suit, action or proceeding brought against the Company with respect to any of the Collateral; (iv) to settle, compromise or adjust any suit, action or proceeding described in clause (iii) above and, in connection therewith, to give such discharges or releases as the Lender may deem appropriate; and (v) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and

completely as though the Lender were the absolute owner thereof for all purposes, and to do, at the Lender's option and the Company's expense, at any time or from time to time, all acts and things which the Lender deems necessary to protect, preserve or realize upon the Collateral and the Lender's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as the Company might do.

The Company hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

7.2 No Duty. The powers conferred on the Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Company for any act or failure to act, except for its or their own gross negligence or willful misconduct.

7.3 Additional Rights. (a) The Company authorizes the Lender, at any time and from time to time, (i) to communicate in its own name with regard to the assignment of the Leases and other matters related thereto and (ii) to execute, in connection with the sale provided for in Section 9(b) of this Agreement, any endorsements, assignments or other instruments of conveyance or transfer, with respect to the Collateral.

(b) If the Company fails to perform or comply with any of its agreements contained herein, the Lender may itself perform or comply, or otherwise cause performance or compliance, with such agreement, and the expenses of the Lender incurred in connection with such performance or compliance, together with interest thereon at the rate for the Loan specified in Subsection 2.3 hereof shall be payable by the Company to the Lender on demand and shall constitute part of the Obligations secured hereby.

SECTION 8. EVENTS OF DEFAULT

If any of the following Events of Default shall occur and be continuing:

(a) Failure to pay any principal, premium, if any, or interest on the Note when due and the continuance of such failure for 10 days after notice thereof shall have been given to the Company by the Lender;

(b) Any representation or warranty made by the Company in this Agreement, by any Guarantor in any Guaranty, or by the Company or any Guarantor or any officer of any of them in any document, certificate or financial or other statement furnished at any time under or in connection with this Agreement or the Guaranty, shall prove to have been untrue or inaccurate in any material respect at the time when made;

(c) The default by the Company in the observance or performance of any covenant contained in Subsection 5.2(b), 6.3, 6.11(a), 6.11(b), 6.12, 6.15(a), 6.15(b), 6.16 or 6.17 hereof;

(d) The default by the Company in the observance or performance of any other covenant or agreement contained in this Agreement and the continuance of such default for 30 days after written notice, specifying such default, shall have been given to the Company by the Lender;

(e) The occurrence of an Event of Default under the terms of the Loan and Security Agreement between the Parties dated June 9, 1986.

(f) The Guarantor shall cease to be the record and beneficial owners of 80% or more of the issued and outstanding capital stock of the Company;

(g) The default by the Company or the Guarantor in any payment of principal of, or interest on, any obligation for borrowed money (other than the Note) or for the deferred purchase price of any property or asset or any obligation guaranteed by it or in respect of which it is liable, for a period equal to the period of grace, if any, applicable to such default, or in the performance or observance of any other term, condition or covenant contained in any such obligation or in any agreement or instrument relating thereto if the effect of such default is to cause, or to permit the holder or holders of such obligation (or a trustee or agent on behalf of such holder or holders) to cause, such obligation to become due and payable prior to its started maturity or to realize upon any collateral given as security therefor, unless the aggregate amount of all such obligations as to which any such default shall have occurred does not exceed \$50,000.00;

(h) The Guarantor shall breach or disaffirm any of its obligations or covenants under its Guaranty or such Guaranty shall cease to be in full force and effect;

(i) Filing by the Company or the Guarantor of a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, arrangement, readjustment of its debts or for any other relief under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing, or any action by the Company or the Guarantor indicating its consent to, approval of, or acquiescence in, any such petition or proceeding; the application by the Company or the Guarantor for, or the appointment by consent or acquiescence of, a receiver or trustee for the Company or the Guarantor or for all or a substantial part of its property; the making by the Company or the Guarantor of an assignment for the benefit of creditors; the inability of the Company or the Guarantor, or the admission by the Company or the Guarantor in writing of its inability, to pay its debts as they mature;

(j) Filing of an involuntary petition against the Company or the Guarantor in bankruptcy or seeking reorganization, arrangement, readjustment of its debts or for any other relief under any bankruptcy, insolvency, reorganization, liquidation dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing; or the involuntary appointment of a receiver or trustee of the Company or the Guarantor or for all or a substantial part of its property; or the service on the Company or the Guarantor of a warrant of attachment, execution or similar process against any substantial part of its property; and the continuance of any of such events for 60 days undismissed, unbonded or undischarged;

(k) Final judgment for the payment of money in excess of \$50,000 shall be rendered against the Company or the Guarantor and the same shall remain undischarged for a period of 60 days during which execution shall not be effectively stayed;

then, and in any such event, the Lender may exercise any and all remedies granted to it under this Agreement and under applicable law, and may further, by notice of default given to the Company declare the Note to be forthwith due and payable, whereupon the unpaid principal amount of the Note, together with accrued interest thereon, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Note to the contrary notwithstanding.

SECTION 9. REMEDIES

If an Event of Default shall occur and be continuing:

(a) All payments received by the Company in connection with or arising out of any of the Collateral shall be held by the Company in trust for the Lender, shall be segregated from other funds of the Company and shall forthwith upon receipt by the Company be turned over to the Lender, in the same form as received by the Company (duly endorsed by the Company to the Lender, if required); any and all such payments so received by the Lender (whether from the Company or otherwise) may, in the sole discretion of the Lender, be held by the Lender as collateral security for the Obligations, and/or then or at any time thereafter applied in whole or in part by the Lender against all or any part of the Obligations shall be paid over to the Company or to whomsoever may be lawfully entitled to receive the same;

(b) The Lender may exercise in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Uniform Commercial Code of the State of Illinois and the Interstate Commerce Act, 49 U.S.C. §§10101 et seq. Without limiting the generality of the foregoing, the Company expressly agrees that in any such event the Lender, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Company or any other Person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral or any part thereof and may take possession of the Tank Cars and/or may forthwith sell, assign, give option or options to purchase, or sell, lease or otherwise dispose of and deliver the Collateral, or any part thereof, in any manner permitted by applicable law (or contract to do so) in one or more parcels at public or private sale or sales, at the office of any broker or at any of the Lender's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk, with the right of the Lender upon any such sale or sales, public or private, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Company, which right or equity of redemption is hereby expressly waived or released. If any

notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonably and properly given if mailed at least fifteen (15) days before such disposition, by registered or certified mail, postage prepaid, addressed to the Company at the address set forth in Subsection 10.2 hereof. The Company further agrees, at the Lenders request, to collect the Tank Cars and make them available to the Lender as hereinafter provided. The Lender shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization and sale after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safe-keeping or otherwise of any or all of the Collateral or in any way relating to the rights of the Lender hereunder, including reasonable attorney's fees and legal expenses, to the payment in whole or in part of the Obligations, in such order as the Lender may elect, the Company remaining liable for any deficiency remaining unpaid after such net proceeds and after the payment by the Lender of any other amount required by any provision of law, including Section 9-504(1)(c) of the Uniform Commercial Code of the State of Illinois, need the Lender account for the surplus, if any, to the Company. To the extent permitted by applicable law, the Company waives all claims, damages and demands against the Lender arising out of the repossession, retention or sale of the Collateral. The Company shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which the Lender is entitled, the Company also being liable for the fees of any attorneys employed by the Lender to collect such deficiency. The Company hereby waives presentment, demand, protest and any notice (to the extent permitted by applicable law) of any kind in connection with this Agreement or any Collateral. The Company also hereby waives any right of redemption which may be available under the laws of the State of Illinois; and

(c) In the event that the Lender shall request that the Tank Cars be collected as provided in paragraph (b) of this Section 9, the Company shall, at its own risk and expense (i) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and to all railroads to which any Unit or Units so interchanged) place such Units upon such storage tracks as the Lender reasonably may designate; (ii) permit the Lender to store such Units on such tracks until such Units have been sold, leased or otherwise disposed of by the

Lender; and (iii) transport the same to any connecting carrier for shipment, all as directed by the Lender. The assembling, delivery, storage and transporting of the Tank Cars as hereinbefore provided shall be at the expense and risk of the Company and are of the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises the Lender shall be entitled to a decree against the Company requiring specific performance of the covenants of the Company so to assemble, deliver, store and transport the Tank Cars. During any storage period, the Company will, at its own cost and expense, maintain and keep the Tank Cars in good order and repair and will permit the Lender or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessor or manager of any Unit, to inspect the same. The Company hereby expressly waives any and all claims against the Lender and its agent or agents for damages of whatsoever nature in connection with any retaking of any Unit in any reasonable manner.

(d) Beyond the use of reasonable care in the custody thereof the Lender shall not have any duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of it or as to any income therefrom.

Notwithstanding any provision of this Agreement to the contrary, the Lender shall not, so long as either Lessee is not in default under its Lease, take any action which would interfere with such Lessee's rights under its Lease, including right to the possession and use of the Tank Cars subject thereto, except in accordance with the provisions of such Lease.

SECTION 10. MISCELLANEOUS

10.1 Reimbursement of Lender, etc. The Company agrees to pay or reimburse the Lender for all costs and expenses (including the reasonable legal fees and disbursements of counsel for the Lender) relating to the negotiation and implementation of the Loan, including but not limited to the preparation of all documents relating to the Loan and the costs and expenses of investigating and obtaining a security interest in the Collateral as set forth herein, and all costs and expenses (including the reasonable legal fees and disbursements of counsel for the Lender) incurred by the Lender in connection with the enforcement (or the preservation of any rights hereunder) any and modification of this Agreement, the Note and the Guaranty. The Company also agrees to pay, and to hold the Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying, documentary, excise,

recording, filing, stamp or similar taxes, fees and other governmental charges (including interest and penalties), if any, which may be payable or determined to be payable in respect of the execution, delivery or recording of this Agreement, the Note or the Guaranty or any modification of any thereof of any waiver or consent under or in respect of any thereof. The obligations of the Company under this Subsection 10.1 shall survive payment of the Note and termination of this Agreement.

10.2 Notices. All notices, requests and demands to or upon the respective parties to this Agreement shall be in writing and shall be deemed to have been given or made when delivered by hand or deposited in the mail, by registered or certified mail, postage prepaid, addressed as follows or to such other address as may be hereafter designated in writing by the respective parties hereto:

The Company: TEMCO LEASING COMPANY
100 East Scranton Avenue
Lake Bluff, Illinois 60044
Attention: Mr. Bruce H. Borland

The Lender: UPTOWN NATIONAL BANK OF CHICAGO
4753 North Broadway
Chicago, Illinois

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Lender, any right, power or privilege under this Agreement, the Note, any Guaranty or any of the Collateral shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein and therein are cumulative and not exclusive of any rights or remedies provided by law.

10.4 Amendments and Waivers. The provisions of this Agreement may from time to time be amended, supplemented or otherwise modified or waived only by a written agreement signed by the Company and the Lender.

10.5 Successors. This Agreement shall be binding upon and inure to the benefit of the Company and the Lender and their respective successors and assigns, except that the Company may not transfer or assign any of its rights hereunder without the prior written consent of the Lender.

10.6. Survival of Representations. All representations and warranties herein contained or made in writing in connection with this Agreement shall survive the execution and delivery of this Agreement and the making of the Loan hereunder and shall continue in full force and effect until all sums due and to become due hereunder and under the Note shall have been paid in full.

10.7 Construction. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Illinois.

10.8 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

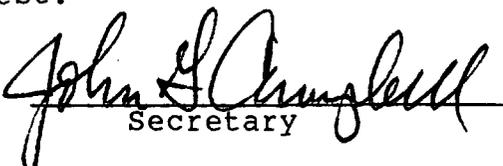
10.9 Counterparts. This Agreement may be executed by one or more of the parties hereto in any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

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

TEMCO LEASING COMPANY

By: 
Bruce H. Berland, Chairman of the Board and Chief Executive Officer

Attest:

By: 
Secretary
(Seal)

UPTOWN NATIONAL BANK
OF CHICAGO

By: 

Attest:

By: 
~~Secretary~~
ASST. VICE PRESIDENT
(Seal)

SCHEDULE I

Description of Tank Cars

<u>Quantity</u>	<u>AAR Mechanical Designation Code</u>	<u>Road Numbers</u>
4	Class 111A100W-3, 100 Ton 23,500 gallon tank cars	TMCX 1010-1012, 1016
6	Class 111A100W-3, 100 Ton 25,500 gallon tank cars	TMCX 1022, 1023, 1026-1029

SCHEDULE II

Description of Lease

<u>Contract Number</u>	<u>Lessor</u>	<u>Lease Date</u>	<u>Rider Number</u>	<u>Rider Date</u>	<u>Date Lease Begins</u>	<u>Expiration Date</u>	<u>Car Numbers</u>
2066	Temco Leasing Company	3/1/85	002	9/4/86	9/24/86	10/24/87	1010, 1011, 1012 1016, 1022, 1023 1026, 1027, 1028 1029

NEGOTIABLE PROMISSORY NOTE

\$230,000.00

Lake Bluff, Illinois
_____, 1986

FOR VALUE RECEIVED, TEMCO LEASING COMPANY, an Illinois corporation (the "Company"), hereby promises to pay to the order of UPTOWN NATIONAL BANK OF CHICAGO (the "Payee") at its office located at 4753 North Broadway, Chicago, Illinois, in lawful money of the United States of America, the principal amount of TWO HUNDRED THIRTY THOUSAND (\$230,000.00), and to pay interest on the unpaid principal amount hereof, in like money, from the date hereof at a rate equal to Three Percent (3%) in excess of the disclosed prime commercial loan rate for short-term borrowing in effect from time to time at the Continental Illinois National Bank (calculated on the basis of a 360-day year of twelve 30-day months), the interest rate of this Note to change when and as any change occurs in such prime commercial loan rate. Such principal and interest shall be due and payable in 96 consecutive monthly installments on the first day of each month, commencing _____, 1986. Each installment shall include a payment of principal of TWO THOUSAND THREE HUNDRED NINETY-FIVE AND 83/100 Dollars (\$2,395.83) (which is equal to one ninety-sixth (1/96) of the original principal amount of the Note) plus interest on the unpaid principal amount computed from the due date of the previous installment, provided that, in any event, the 96th such installment shall be in amount sufficient to pay in full all accrued interest on, and the entire unpaid or principal amount of, this Note, and provided further, that in the event any partial prepayment of this Note is made pursuant to Subsection 2.4 or 2.5 of the Agreement referred to below, each installment of principal due and payable on this Note after such partial prepayment shall be reduced in the same proportion as the then outstanding principal amount of this Note shall have been reduced by such partial prepayment. Each installment of this Note, when paid, shall be first applied to the payment of interest on the unpaid principal amount of this Note, and the balance thereof to the payment of principal.

If any installment of principal and interest on this Note becomes due and payable on a Saturday, Sunday or legal holiday under the laws of the State of Illinois, the maturity thereof shall be extended to the next succeeding business day.

This Note is the Note of the Company issued pursuant to and secured by a Loan and Security Agreement dated as of _____ 1986, between the Company and Uptown National Bank of Chicago (herein, as the same may from time to time be amended, supplemented or otherwise modified, called the "Agreement"), and is entitled to all of the benefits thereof. As provided in the Agreement, this Note is subject to prepayment, in whole or in part, in certain cases without premium and in other cases with a premium as specified in the Agreement.

This Note is secured by the Collateral described in the Agreement. Reference is made to the Agreement for a description of the nature and extent of the security for this Note and the rights of the holder hereof with respect to such security.

This Note is also secured by a Guarantee of even date herewith executed by Temco Corporation, an Illinois corporation, according to the terms thereof, the form of such Guarantee being included as an Exhibit to the Agreement.

Upon the failure of the Company to promptly make payment of any sum due hereunder, or upon the occurrence of any one or more of the Events of Default specified in the Agreement, there shall be a default under this Note and the amounts then remaining unpaid on this Note may be declared to be immediately due and payable, together with reasonable attorneys fees and costs of collection, and the Payee may pursue any and all other remedies hereunder or under the Agreement or allowed by law.

The Company hereby expressly waives demand for payment, notice of non-payment, presentment, notice of dishonor, protest, notice of protest, or any other notice.

This Note shall be binding upon the Company, jointly and severally, and upon the heirs, legal representatives, successors, and assigns of the Company.

No delay or omission of the holder to exercise any right or remedy under this Note or afforded by law shall be construed to be a waiver thereof.

This Note may be assigned, transferred, or pledged without consent of the Company.

This note and the legal validity and the performance of the terms hereof shall be governed by, enforced, and determined and construed in accordance with the laws of the

State of Illinois.

IN WITNESS WHEREOF, the Company has executed this Note as of the ___ day of _____, 1986.

TEMCO LEASING COMPANY

By: _____
BRUCE H. BORLAND, Chairman
of the Board and Chief
Executive Officer

GUARANTY

GUARANTY dated _____, 1986, made by TEMCO CORPORATION, an Illinois corporation (the "Guarantor") in favor of UPTOWN NATIONAL BANK OF CHICAGO, a national banking association (the "Lender").

W I T N E S S E T H:

WHEREAS, the Guarantor is the record and beneficial owner of eighty percent (80%) of the issued and outstanding shares of the capital stock of TEMCO LEASING COMPANY, an Illinois corporation (the "Company");

WHEREAS, the Company has entered into a Loan and Security Agreement dated as of _____, 1986 with the Lender (the "Loan Agreement"), pursuant to which the Lender has agreed, subject to the terms and conditions thereof, to make a loan to the Company in a principal amount of \$230,000.00, such loan to be evidenced by a secured promissory note of the Company as provided in the Loan Agreement (the "Note");

WHEREAS, it is a condition precedent to the obligation of the Lender to make the loan under the Loan Agreement that the Guarantor execute and deliver this Guaranty to the Lender; and

NOW, THEREFORE, in consideration of the premises and in order to induce the Lender to make the loan as provided in the Loan Agreement, the Guarantor agrees as follows:

1. The Guarantor hereby unconditionally and irrevocably guaranties, as primary obligor and not merely as surety, to the Lender, its successors, indorsees, transferees and assigns, the prompt and complete payment when due (whether at the stated maturity, by acceleration or otherwise) of (i) the unpaid principal amount of, and accrued interest on, the Note and (ii) all other obligations and liabilities of the Company to the Lender, now existing or hereinafter incurred, under the Loan Agreement and the Note, and under any renewals or extensions of either thereof (all of said principal amount, interest, obligations and liabilities being hereinafter called the "Obligations"), and the Guarantor further agrees to pay any and all reasonable expenses which may be paid or incurred by the Lender in collecting any or all of the Obligations and/or enforcing any rights under this Guaranty or under the Obligations.

2. Notwithstanding any payment or payments made by the Guarantor hereunder, the Guarantor shall not be entitled to be subrogated to any of the rights of the Lender against the Company or any collateral security or guaranty or right of offset held by the Lender for the payment of the Obligations until all amounts owing to the Lender by the Company for or on account of the Obligations are paid in full.

3. The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by it, (a) any demand for payment of any of the Obligations may be rescinded by the Lender and any of the Obligations continued; (b) the Obligations may, from time to time, in whole or in part, be renewed, extended, modified, prematured, compromised or released by the Lender; (c) the Loan Agreement and the Note may be amended, modified, or supplemented by the Lender and the provisions thereof may be waived by the Lender from time to time; and (d) any and all collateral at any time, present or future, held, given or intended to be given for the Obligations, and any rights or remedies of the Lender under the Loan Agreement and/or any other collateral security documents in law or in equity or otherwise, may, from time to time, in whole or in part, be exchanged, sold, surrendered, released, modified, waived or extended by the Lender and the Lender may permit or consent to any such action or the result of any such action; all as the Lender may deem advisable and all without impairing, abridging, releasing or affecting the guaranty provided for herein.

4. The Guarantor hereby waives any and all notice of the acceptance of this Guaranty and any and all notice of the creation, renewal, extension or accrual of any of the Obligations or the reliance by the Lender upon this Guaranty. The Obligations shall conclusively be deemed to have been created, contracted and incurred in reliance upon this Guaranty and all dealings between the Company and the Lender shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty. To the extent permitted by law, the Guarantor waives protest, demand for payment and notice of default, dishonor or nonpayment to or upon it or the Company with respect to the Obligations or any of them.

5. This is a continuing, absolute and unconditional guaranty of payment without regard to the validity, regularity or enforceability of the Note, the Loan Agreement or any other collateral security document or guaranty therefor or rights of offset with respect thereto and without regard to any defense, offset or counterclaim which may at any time be available to or be asserted by the Company against the Lender and which constitutes, or might be construed to constitute, an equitable or legal discharge of the Company for the Obligations, or of the Guarantor under this Guaranty, in bankruptcy or in any other instance. This Guaranty shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantor, its successors and assigns until all of the Obligations have been paid in full.

6. The Guarantor hereby represents and warrants to the Lender that:

(a) The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction in which the conduct of its business or the ownership or lease or its properties requires such qualification.

(b) The Guarantor has full power, authority and legal right to own its properties and to conduct its business as now conducted and presently proposed to be conducted by it and to execute, deliver and perform this Guaranty and to take such action as may be necessary to complete the transactions contemplated by the Loan Agreement and this Guaranty, and the Guarantor has taken all necessary corporate action to authorize the execution, delivery and performance of this Guaranty.

(c) This Guaranty has been duly authorized, executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms.

(d) No consent of any other party (including stockholders of the Guarantor) and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty.

(e) The execution, delivery and performance by the Guarantor of this Guaranty will not violate any provision of any existing law or regulation to which the Guarantor is subject or of any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to the Guarantor or of the Articles of Incorporation, By-Laws or any preferred stock provision of the Guarantor or of any mortgage, indenture, contract or other agreement to which the Guarantor is a party or which is or purports to be binding upon the Guarantor or any of its properties or assets, and will not constitute a default thereunder, and will not result in the creation or imposition of any lien, charge or encumbrance on, or security interest in, any of the properties or assets of the Guarantor or any of its subsidiaries. The Guarantor is not in default in the performance or observance of any of the obligations, covenants or conditions contained in any bond, debenture or note, or in any mortgage, deed of trust, indenture or loan agreement, of the Guarantor.

(f) There are no actions, suits or proceedings (whether or not purportedly on behalf of the Guarantor) pending or, to the knowledge of the Guarantor, threatened against the Guarantor or any of its subsidiaries or any of their respective properties or assets in any court or before any arbitrator of any kind or before or by any governmental body, which (i) relate to any of the transaction contemplated by this Guaranty or the Loan Agreement, or (ii) would, if adversely determined, materially impair the right or ability of the Guarantor to carry on its business substantially as now conducted and presently proposed to be conducted, or (iii) would, if adversely determined, have a material adverse effect on the operating results or on the condition, financial or other, of the Guarantor or any of its subsidiaries. The Guarantor is not in default with respect to any order, judgment, award, decree, rule or regulation of any court, arbitrator or governmental body.

(g) The consolidated financial statements of the Guarantor and its subsidiaries as of December 31, 1985, and for the three years then ended, certified by Morris R. Zeigler & Company, copies of which have heretofore been delivered to the Lender, are complete and correct, present fairly the consolidated financial position of the Guarantor and its subsidiaries as of their respective dates and the results of their

operations for the respective periods covered thereby, and have been prepared in accordance with generally accepted accounting principles consistently applied. There has been no material adverse change in the condition, financial or other, of the Guarantor since December 31, 1985.

(h) The Guarantor and each of its subsidiaries have filed all Federal, state and local tax returns and declarations of estimated tax which are required to be filed and has paid all taxes which have become due pursuant to any assessments made against it, and the Guarantor has no knowledge of any deficiency or additional assessments in connection therewith not adequately provided for on the books of the Guarantor or the applicable subsidiary. In the opinion of the Guarantor, all tax liabilities of the Guarantor and its subsidiaries were adequately provided for as of December 31, 1985, and are now so provided for, on the books of the Guarantor and its subsidiaries.

(i) Since December 31, 1985, the business, operations, properties and assets of the Guarantor and its subsidiaries have not been materially and adversely affected in any way as the result of any fire, explosion, earthquake, disaster, accident, labor disturbance, requisition or taking of property by governmental authority, flood, drought, embargo, riot, civil disturbance, uprising, activity of armed forces, or act of God or the public enemy.

(j) The Guarantor is not a party to any agreement or instrument, or subject to any charter or other corporate restriction or to any judgment, order, writ, injunction, decree, award, rule or regulation, which does or will materially and adversely effect the business, operations, properties or assets or the condition, financial or other, of the Guarantor.

(k) The Guarantor owns of record and beneficially eighty percent (80%) of the issued and outstanding capital stock of the Company.

7. The Guarantor covenants and agrees that it will furnish to the Lender (a) as soon as available, but in any event not later than 120 days after the end of each fiscal year of the Guarantor, a consolidated balance sheet of the Guarantor and its subsidiaries as of the end of such fiscal year and the

related statement of income and of changes in financial position of the Guarantor and its subsidiaries for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout such fiscal year and accompanied by a report or opinion of independent public accountants of recognized standing selected by the Guarantor and satisfactory to the Lender; (b) as soon as available, but in any event not later than 90 days after the end of each quarter, other than the last, of each fiscal year of the Guarantor, an unaudited consolidated balance sheet of the Guarantor and its subsidiaries as of the end of such quarter and the related unaudited consolidated statements of income and of changes in financial position of the Guarantor and its subsidiaries for the period from the beginning of such fiscal year to the end of such quarter, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and certified by the chief financial officer of the Guarantor (subject to normal year-end audit adjustments); and (c) promptly upon request, such additional financial information with respect to the Guarantor as the Lender may from time to time reasonably require.

8. This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Lender upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

9. No failure or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right hereunder and under the Note, and any other collateral security document or guarantee therefor shall be cumulative and may be exercised singly or concurrently and are not exclusive of any rights or remedies permitted by law.

10. Should the Lender obtain similar guarantees from additional persons pursuant to the Loan Agreement, the obligations and liabilities of Guarantor to Lender hereunder shall be unaltered, and all Guarantors under the Loan Agreement shall be jointly and severally liable for the full amount of any deficiencies due Lender under the Loan Agreement or Note according to the terms hereof.

11. This Guaranty may not be waived, altered, modified or amended except in writing duly signed by the

Lender. This Guaranty and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

12. All terms defined in the Loan Agreement and used herein shall have the meanings assigned to them therein unless the context requires otherwise.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its duly authorized officer on the day and year first above written.

TEMCO CORPORATION

By: _____
BRUCE H. BORLAND, Chairman of
the Board and Chief Executive
Officer

Subscribed and sworn to
before me this ____ day of
_____, 1986.

NOTARY PUBLIC

PETERSON, ROSS, SCHLOERB & SEIDEL

200 EAST RANDOLPH DRIVE-SUITE 7300

CHICAGO, ILLINOIS 60601

TELEPHONE (312) 861-1400

TELECOPY (312) 565-0832
TELEX 25-4161

CALIFORNIA OFFICE
707 WILSHIRE BOULEVARD-SUITE 4650
LOS ANGELES, CALIFORNIA 90017

JOHN G. CAMPBELL

_____ 1986

Uptown National Bank of Chicago
4753 North Broadway Avenue
Chicago, IL 60625

Re: Temco Leasing Company \$230,000.00
Working Capital Loan

Dear Sirs:

We have been asked by Temco Corporation ("Temco") and Temco Leasing Company ("Temco Leasing"), Illinois corporations, with respect to the above-captioned transaction, to render the following opinion with respect to matters within our knowledge as general counsel for Temco and Temco Leasing.

In that regard, we have examined the following documents with respect to such transaction (such documents hereinafter collectively referred to as the "Documents"), and have made such inquiry and examined such other documents as we feel appropriate for the rendering of this opinion:

1. Loan and Security Agreement dated as of _____ 1986 by and between Temco Leasing and Uptown National Bank of Chicago (the "Bank").
2. Negotiable Promissory Note in the face amount of \$230,000.00, dated _____ 1986 made by Temco Leasing in favor of the Bank.
3. A Certificate from Temco Leasing, dated _____ 1986, attaching certain corporation documents and resolutions of the Board of Directors of Temco Leasing.
4. Certificate, dated _____ 1986, attaching various organization documents and resolutions of the Board of Directors of Temco.
5. A Certificate, dated _____ 1986, by Temco Leasing certifying to the continuing validity

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1986

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of certain Leases and stating that Temco Leasing is aware of no current defaults under same.

6. Incumbency Certificate, dated _____ 1986, of the officers of Temco Leasing.
7. Incumbency Certificate, dated _____ 1986, of the officers of Temco.
8. Guarantee, dated _____ 1986, executed by Temco in favor of the Bank.
9. Certificate of Temco Leasing, dated _____ 1986, certifying that certain representations in the Loan and Security Agreement remain true and correct, that all of the Tank Cars have been delivered and accepted by Temco leasing, that Temco Leasing is vested with valid and legal title to and is the lawful owner of the Tank Cars and that the Tank Cars have been leased as indicated in the Loan and Security Agreement.
10. Certificates of Good Standing, signed by the Secretary of State of Illinois, dated _____ 1986, for Temco and Temco Leasing.

Terms used herein which are defined in the Loan and Security Agreement shall have the respective meanings set forth in such Agreement, unless otherwise defined herein.

Based upon the foregoing, I am of the opinion that:

1. Temco is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. Temco is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification.
2. Temco Leasing is a corporation duly organized, validly existing and in good standing under the laws of the State of

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Illinois. Temco Leasing is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction in which the conduct of its business or the ownership of its property requires such qualification.

3. Temco has the corporate power and authority to own its properties and to transact the business which it is presently engaged and to execute, deliver and perform such of the Documents as it has executed and to take such action as may be necessary to complete the transactions contemplated by such Documents, and Temco has taken all necessary corporate action to authorize the execution, delivery and performance of the Documents.
4. Temco Leasing has the corporate power and authority to own its properties and to transact the business in which it is presently engaged and to execute, deliver and perform such of the Documents as it has executed and to take such action as may be necessary to complete the transactions contemplated by such Documents, and Temco Leasing has taken all necessary corporate action to authorize the execution, delivery and performance of the Documents.
5. The Documents have been duly authorized, executed and delivered by Temco and/or Temco Leasing, as appropriate, and constitute legal, valid and binding obligations of Temco and/or Leasing, as executed thereby, enforceable in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and/or similar laws affecting the enforcement of creditors' rights generally.
6. No consent of any other party (including the stockholders of Temco or Temco Leasing) and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any

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governmental authority, is required in connection with the execution, delivery, performance, validity or enforceability of the documents.

7. The execution, delivery and performance by Temco and/or Temco Leasing of the Documents will not violate any provision of, or constitute a default under, any existing law or regulation to which one or both is subject, or any order judgment, award or decree of any court, arbitrator or governmental authority applicable to Temco and/or Temco Leasing, or the Articles of Incorporation, the Bylaws or any preferred stock provision of Temco and/or Temco Leasing, or any mortgage, indenture, contract or other agreement to which Temco and/or Temco Leasing is a party or which is binding upon Temco and/or Temco Leasing or any of their properties or assets, and will not result in the creation or imposition of any lien (other than the lien and security interest created by the Documents) on any of the properties or assets of Temco and/or Temco Leasing pursuant to the provisions of any such mortgage, indenture, contract, or other agreement.
8. To the best of my knowledge (having made due inquiry), there are no actions, suits or proceedings (whether or not purportedly on behalf of Temco and/or Temco Leasing) pending or threatened against Temco and/or Temco Leasing or any of their properties or assets in any court or before any arbitrator or before any governmental body, which (i) relate to any of the Collateral or to any of the transactions contemplated by the Documents, or (ii) would, if adversely determined, materially impair the right or ability of Temco and/or Temco Leasing to carry on their businesses substantially as now conducted, or (iii) would, if adversely

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determined, have a material adverse affect on the respective operating results or on the respective condition, by natural or other, of Temco and/or Temco Leasing.

The foregoing opinion is qualified to the extent that the enforceability of the Documents may be limited by bankruptcy or insolvency or other laws affecting creditors' rights generally. This opinion is given only with regard to the matters set forth herein, and no other opinions are intended or may be inferred herefrom.

We are furnishing this opinion directly to the above referenced parties solely for their use in evaluation the transactions contemplated by the Documents. This opinion is not to be used, circulated or quoted or otherwise referred to by the addresses or any other person, except as provided herein, without our prior written consent. This opinion is based on facts as they exist on the date hereof, and makes no representations and expresses no opinion as to facts which may exist in the future.

Very truly yours,

PETERSON, ROSS, SCHLOERB & SEIDEL

By: John G. Campbell
A Partner

JGC:mjs
0085g

EXHIBIT D

[Form of legal Opinion of Special Counsel to the Company]

Uptown National Bank of Chicago
4753 North Broadway
Chicago, Illinois 60625

_____, 198__

Dear Sirs:

We have acted as special counsel for Temco Leasing Company, an Illinois corporation (the "Company"), in connection with the execution and delivery of the Loan and Security Agreement dated as of _____, 198__ between the Company and you (the "Agreement").

This opinion is furnished to you pursuant to paragraph (t) of Section 4 of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, we have examined executed counterparts of the Agreement and the leases, the executed Note delivered by the Company on the date hereof (the "Note"), and such other documents as we have deemed necessary or appropriate for the purposes thereof.

Based upon the foregoing, we are of the opinion that:

1. The Agreement has been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code and no other agreement or document has been so filed or recorded as of the date hereof asserting a grant by the Company of an interest in or a Lien on the Tank Cars which has not been fully released, terminated and extinguished as of the date hereof. No other filing, registration or recording or other action is necessary in order to perfect, protect and preserve, as security for the Note and the other Obligations, the lien on and security interest in the Tank Cars and the leases created by the Agreement.

2. The Agreement constitutes a legal, valid and perfected first lien on and first priority security interest in each of the Tank Cars (and the proceeds thereof) and in each of the Leases (and the Proceeds thereof) as security for the Note and the other Obligations.

Very truly yours,