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RECORDATION NO. 15051-C Filed 10/13/88

OCT 13 1988 11 05 AM

INTERSTATE COMMERCE COMMISSION

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 & LOUISIANA ONLY

October 13, 1988

DIRECT DIAL NUMBER
457-1638

HAND-DELIVERED

Ms. Noreta R. McGee
 Office of the Secretary
 Recordation Office
 Interstate Commerce Commission
 12th Street and Constitution
 Avenue, N.W.
 Washington, D.C. 20432

No. 8-287A042
 Date OCT 13 1988
 Fee \$ 13⁰⁰
 ICC Washington, D.C.

MOTOR OPERATING UNIT
 OCT 13 11 00 AM '88
 THE SECRETARY
 OFFICE OF

Re: NBD Highland Park Bank, N.A.; Temco Leasing Company;
 Recordation Nos. 14758-J and 15051-C.

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, and NBD Highland Park Bank, N.A., that the enclosed document be recorded and filed with the Interstate Commerce Commission.

You will find enclosed herewith the original and four (4) copies of the following document to be recorded and filed:

Campbell
Cathy Runde

JACKSON & CAMPBELL, P.C.

Ms. Noreta McGee
October 13, 1988
Page Two

1. Loan and Security Agreement, dated as of October 11, 1988, by and between TEMCO LEASING COMPANY and NBD HIGHLAND PARK BANK, N.A. This Document should be assigned Recordation Nos. 14758-J and 15051-C.

The Loan and Security Agreement, dated as of October 11, 1988, by and between Temco Leasing Company and NBD Highland Park Bank, N.A., inter alia, is intended to effectuate the granting by Temco Leasing Company of a lien on and security interest in Fourteen (14) railroad tank cars, more specifically identified and described in Schedule I thereto.

The parties executing this document are:

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

Attention: Mr. Bruce H. Borland

and

NBD Highland Park Bank, N.A.
513 Central Avenue
Highland Park, Illinois 60035

Attention: Mr. David W. Enquist

You will also find enclosed herewith \$13.00 (Thirteen Dollars), which sum is intended as full and final payment for the filing fees to be incurred in connection herewith. Would you please stamp, as filed, the enclosed copies and return the enclosed copies as stamped to our office at your earliest possible convenience?

Thank you for your assistance in this matter.

Sincerely yours,

JACKSON & CAMPBELL, P.C.

Cathy P. Runde

Cathy P. Runde

CPR:dcs
Enclosures

cc: John W. Dubbs, III, Esquire

LOAN AND SECURITY AGREEMENT

between

TEMCO LEASING COMPANY

and

NBD HIGHLAND PARK BANK, N.A.

Dated as of October 11, 1988

RECORDATION NO. 15051-C

OCT 13 1988 11 01 AM

INTERSTATE COMMERCE COMMISSION

Filed and Recorded with the Interstate Commerce Commission pursuant to Section 11303, Title 49, United States Code on _____, 1988 at _____ Recordation No. _____.

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LOAN AND SECURITY AGREEMENT, dated as of October 11, 1988, between TEMCO LEASING COMPANY, an Illinois corporation (the "Company"), and NBD HIGHLAND PARK BANK, N.A., a national banking association ("NBD" or "Lender").

W I T N E S S E T H :

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

WHEREAS, the Company desires to obtain a loan from the Lender in order to retire Company's outstanding indebtedness to Uptown National Bank of Chicago ("Uptown") and otherwise provide working capital;

WHEREAS, the Company owns 14 railroad tank cars, such cars being leased on the date hereof under bona fide leases as listed in Schedule II attached hereto;

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 such tank cars and the rights of the Company under the 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.

"Bogle" shall mean the R.H. Bogle Company of Alexandria, Virginia.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal banking 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 aggregate 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 Cost 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 events 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, jointly and severally, Temco Corporation, an Illinois corporation (the "Corporate Guarantor"), and Bruce H. Borland (the "Individual Guarantor"). Notwithstanding the foregoing, the personal Guaranty of Bruce Borland at any given time shall be limited to an amount equal to twenty-five percent (25%) of the Obligations owed to Lender by Company at that time, without offset for amounts paid by the Corporate Guarantor.

"Guaranty" shall mean the Guaranty of any Guarantor in favor of the Lender, substantially in the form of Exhibit B-1 for Temco Corporation and Exhibit B-2 for Bruce H. Borland, each 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 Guaranty 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 had 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.

"Opinion" shall mean the opinion of Jackson and Campbell, P.C., in the form attached hereto as Exhibit D-1.

"Permitted Liens" shall mean, with respect to any Unit, (i) the rights of the Lessee under the Lease of such Unit, (ii) 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, repairmen'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.

"Philrock" shall mean Philrock Corporation, a New York corporation, and shall include where the context requires Bankers Trust Company, a subsidiary of Bankers Trust New York Corp., a New York corporation.

"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 or to become 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 Cost" shall mean, for each Unit (other than a Replacement Unit), \$25,000.00. The "Tank Car Cost" of a Replacement Unit shall be the Tank Car Cost 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 one 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 THREE HUNDRED AND FIFTY THOUSAND AND NO/100 DOLLARS (\$350,000.00).

2.2 Use of Proceeds. The Company will use the proceeds of the Loan to retire Company's outstanding indebtedness to Uptown and otherwise provide working capital.

2.3 The Note. The Loan shall be evidenced by a secured promissory note of the Company substantially in the form of Exhibit A-1 hereto with appropriate insertions therein. The Note shall (a) be dated as of October 12, 1988, (b) be in the amount of THREE HUNDRED AND FIFTY THOUSAND AND NO/100 DOLLARS (\$350,000.00), (c) bear simple interest on the unpaid principal

amount thereof from the date thereof at a rate equal to eleven percent (11%) per annum (calculated on the basis of a 360-day year of twelve 30-day months), (d) be payable in 60 consecutive monthly installments of principal and interest, the first 59 installments in the amount of \$5,992.86, and (e) be payable on the first day of each calendar month, commencing on the first day of the second calendar month after the date of the Note. Each installment shall include a payment of principal, plus interest on the unpaid principal amount computed from the due date of the previous installment, provided that, in any event, the 60th 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 each Note shall be applied first to the payment of interest then due and then to the payment of principal. All payments hereunder shall be made without set-off or counterclaim and shall be made in immediately available funds by the Company to the Lender. All such payments shall be made to the Lender prior to 12:30 p.m. Chicago time, at its offices at 513 Central Avenue, Highland Park, Illinois 60035, or at such place as may be designated by the Lender to the Company in writing. Any payment received after 12:30 p.m., Chicago time, shall be deemed received on the next Business Day.

2.4 Voluntary Prepayment Without Prepayment Fee. On any one Installment Payment Date the Company may, upon notice as provided in Subsection 2.6 hereof, prepay the then outstanding principal amount of the Note in whole or in part without prepayment fee, provided that simultaneously with such prepayment the Company pays to the Lender accrued interest on the outstanding principal amount of the Note to the date of such prepayment.

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 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 the 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. 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) 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 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 due and payable under the Note after such partial prepayment shall remain the same until all interest and principal due under the Note is paid.

2.8 Intentionally Omitted

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 aggregate outstanding 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. Corresponding Leases shall also be released. Releases due to prepayments under Subsection 2.5 shall be effected as set forth in such subsection.

2.10 Intentionally Omitted.

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 Loan Documents and the Leases and to borrow under this Agreement and the Note on the terms and conditions hereof and thereof, 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 Loan Documents 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, legal, valid and binding obligations of the Company enforceable in accordance with their terms. No consent of any other party (including stockholders of the Company and any Guarantor) and no consent, license, permit, approval, 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 Agreement and the Note except for the filing of this Agreement with the Interstate Commerce Commission and the filing of the applicable U.C.C. financing statements with respect to the Lender's security interest in the Leases, spare parts and improvements 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 Loan Documents 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. Other than the Hurwitz lawsuit, 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 an 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 consolidated financial statements of the Company and Temco Corporation as of September 30, 1987 and for the nine 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 consolidated financial position of the Company and Temco Corporation on September 30, 1987, and the results of their operations for the nine months then ended. There has been no material adverse change in the condition, financial or otherwise, of the Company and Temco Corporation since September 30, 1987.

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 June 30, 1987, and are now so provided for, on the books of the Company.

3.8 Force Majeure. Since December 31, 1987, 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 a 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, proper-

ties or assets or the condition, financial or other, of the Company.

3.10 Leases. (a) Each Lease 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.

(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 following: (a) the Liens in favor of the Uptown, pursuant to the Loan and Security Agreements dated June 9, 1986 and October 8, 1986 and the THREE HUNDRED SEVENTY-FIVE THOUSAND AND NO/100 DOLLAR (\$375,000.00) and TWO HUNDRED THIRTY THOUSAND AND NO/100 DOLLAR (\$230,000.00) loans made to Company therewith, which Liens shall be released by Uptown upon payment by Company of the remaining outstanding loan balances; and (b) 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 except as indicated in Schedule III attached hereto.

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, the filing of the applicable U.C.C. financing statements with respect to

lender's security interest in Leases, spare parts and improvements in the office of the Secretary of State of Illinois, and the October 12, 1988 prepayment in full of the remaining balances due by Company to Uptown under the notes dated June 19, 1986 and October 20, 1986, 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 other than the rights of the Lessees under the Leases. 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.

3.14 Pension and Welfare Plan. No liability, fine or penalty exists, whether to the Pension Benefit Guaranty Corporation or otherwise, with respect to any of its Pension or Welfare Benefit Plans, as such terms are defined in ERISA.

3.15 Investment Company. Neither the Company nor the Corporate Guarantor is an "investment company" or company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

3.16 Public Utility Holding Company. Neither the Company nor the Corporate Guarantor is a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

3.17 General Liability Insurance. The Company and the Corporate Guarantor both maintain general liability insurance with a face amount and policy terms and conditions which are ordinary and customary for similar businesses, and which are sufficient in type and amount to ensure the Company, or the Corporate Guarantor, as appropriate, against the risks normally incidental to the conduct of its respective business.

3.18 Subsidiaries and Partnerships. The Corporate Guarantor's only subsidiary is the Company, 80% of the stock of which is owned by the Corporate Guarantor. The Company has no Subsidiaries. Neither the Company nor the Corporate Guarantor is a partner or joint venturer in any partnership or joint venture.

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 its 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 Articles of Incorporation of the Company, along with any amendments thereto;

(c) There shall have been delivered to the Lender copies, certified by the Secretary of the Corporate Guarantor, on the date of the Loan, of the Articles of Incorporation of said Corporate Guarantor and a personal financial statement certified by the Individual 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 Directors 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 Corporate Guarantor on the date of the Loan, of the resolution of the Board of Directors of such Guarantor authorizing the execution, delivery and performance by the Corporate Guarantor of its Guaranty and all other documents and instruments required hereby or thereby;

(f) There shall have been delivered to the Lender a Certificate, dated the date of the Loan, 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 Corporate Guarantor executing its Guaranty or any other documents relating hereto or thereto on behalf of the Guarantor;

(i) Corporate and Individual Guarantys, substantially in the form of Exhibits B-1 and B-2 shall have been duly executed by the Corporate Guarantor and Individual Guarantor, respectively, 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 as well as those filed pursuant to the Loan and Security Agreements between Company and Uptown dated June 9, 1986 and October 8, 1986;

(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 the 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 such Lessee 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 a copy of the warranty bill of sale from Philrock with respect to the Tank Cars, substantially in the form of Exhibit C-1 hereto, transferring to the Company good title to the 4 Tank Cars and these shall have been delivered to the Lender a copy of the warranty bill of sale from Bogle with respect to 10 of the Tank Cars, substantially in the form of Exhibit C-2 hereto, transferring to the Company good title to the 10 Tank Cars.

(p) 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;

(q) 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 Liens and security interests created by this Agreement as well as those created by the Loan and Security Agreement between Company and Uptown dated June 9, 1986 and October 8, 1986, which Liens shall be released by Uptown upon payment by Company of the remaining outstanding loan balances relating thereto; and (ii) the Tank Cars have been duly leased to the Lessees under the respective leases;

(r) 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 any Guarantor;

(s) Intentionally Omitted.

(t) There shall have been delivered to the Lender, an opinion of Jackson and Campbell, P.C., dated the date of the Loan and substantially in the form of Exhibit D-1 hereto;

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

(v) There shall have been delivered to the Lender a Payoff Letter from Uptown regarding the Company's current indebtedness thereto.

SECTION 5. GRANT OF LIEN AND SECURITY INTERESTS

As collateral security for (a) the prompt and complete payment when due (whether at the stated maturity, by prepayment, by acceleration or otherwise) of the unpaid principal and interest on the Note, (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 called the "Obligations"), and in order to induce the Lender to make the Loan 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 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 at 513 Central Avenue, Highland Park, Illinois 60035 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 pursuant thereto, 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 the Leases, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any performance by the Lessees or to present or file any claim, or to take any action to enforce the observance of any obligations of the Lessees under the Leases.

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 so long as no Default or Event of Default has occurred and is continuing, the Lender will promptly pay or cause to be paid to the Company's demand deposit account with the Lender all amounts on deposit in the Cash Collateral Account when the Obligations shall have been paid, performed and discharged in full 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 or otherwise with respect to the Obligations, 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, both a consolidated and a non-consolidated balance sheet of the Company and the Corporate Guarantor as of the end of such fiscal year and the related consolidated and non-consolidated statements of income and of changes in financial position of the Company and the Corporate Guarantor 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, both an unaudited consolidated and non-consolidated balance sheet of the Company and the Corporate Guarantor as of the end of such quarter and the related unaudited statements of income and of changes in financial position of the Company and the Corporate Guarantor 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 Company (subject to normal year-end audit adjustments);

(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 no later than April 30 of each year, a personal financial statement of the Individual Guarantor certified by such Guarantor or an independent certified public accountant, showing such Guarantor's financial position as of December 31 of the previous calendar year;

(f) 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 non-consolidated basis;

(g) promptly upon request, such additional financial and other information with respect to the Company and any Guarantor as 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 1989, 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 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 Corporate Guarantor within one year after the date hereof, provided that immediately after giving effect to such transaction, (a) no Default or Event of Default shall exist or be continuing and (b) if the Company is not the survivor to such transaction, such survivor shall expressly agree in writing that it is liable for all of the Company's Obligations to the same extent as if originally undertaken by or imposed upon such survivor.

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 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 thereto 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 6.23. 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 or Canada and will not permit any of the Tank Cars to be located in Quebec Province, at any time, except that not more than 10% of the Tank Cars may be temporarily or incidentally used in Mexico, provided that each Lease covering Tank Cars so used shall provide that if a Tank Car is so used, the Lessee thereof shall have first obtained the permission of the Company.

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) The Company will maintain or cause to be maintained with financially sound and reputable insurance companies acceptable to Lender, insurance policies (i) 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 \$350,000.00, 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 and Company as assureds and loss-payees, as their 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 premium, 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 they receive 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.

(e) The Company shall make reasonable efforts to purchase and maintain Key Man life insurance on the life of Bruce H. Borland as soon as possible but in no event later than 60 days after the date of this Agreement in the face amount of \$350,000.00. Such policy shall be collaterally assigned to the Lender. Notwithstanding the foregoing, if, after giving notice to the Lender, the available coverage is determined to be unavailable or prohibitively expensive, this requirement shall be deemed waived.

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) 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 the Lender and any persons designated by 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 the filing, registering and recording of same, and (ii) to be added as additional security of the Lender by the filing of the applicable UCC financing statement with the Secretary of State of Illinois identifying such Leases as collateral of the Lender.

6.23 Lease Rental Coverage. Total annual rental income from Leases with remaining terms of at least twelve months shall at all times equal or exceed one-half of the annual principal and interest payments due under the Note (\$35,957.16).

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 attorneys-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 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 Lender's interests in the Collateral and shall not impose any duty upon Lender to exercise any such powers. The Lender and shall be accountable only for amounts

that it actually receives as a result of the exercise of such powers and neither Lender 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(c) 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 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 five 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), 6.15(e), 6.16, 6.17 hereof or 6.23;

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

(f) The default by the Company or any 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 stated 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;

(g) Intentionally Omitted.

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

(i) Filing by the Company or any 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 any Guarantor indicating its consent to, approval of, or acquiescence in, any such petition or proceeding; the application by the Company or any Guarantor for, or the appointment by consent or acquiescence of, a receiver or trustee for the Company or any Guarantor or for all or a substantial part of its property; the making by the Company or any Guarantor of an assignment for the benefit of creditors; the inability of the Company or any Guarantor, or the admission by the Company or any Guarantor in writing of its inability, to pay its debts as they mature;

(j) Filing of an involuntary petition against the Company or any 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 any Guarantor or for all or a substantial part of its property; or the service on the Company or any 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) Judgment for the payment of money in excess of \$50,000 shall be rendered against the Company or any 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 by the Lender declare the Note to be forthwith due and payable (except that, if an Event of Default under paragraph (h) or (i) occurs, the Note and all other Obligations shall become immediately due and payable without declaration or notice of any kind), 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) The Obligations may be (or shall be, in the case of insolvency) accelerated as provided in Section 8.

(b) 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; any excess shall be paid over to the Company or to whomsoever may be lawfully entitled to receive the same;

(c) 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 in the name and on behalf of the Lender 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 and 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 11.2 hereof. The Company further agrees, at the Lender's 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, 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. Any surplus after payment in full of the Obligations shall be returned to the Company as soon as reasonably practical. 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

(d) In the event that the Lender shall request that the Tank Cars be collected as provided in paragraph (c) 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 hereinabove 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.

(e) 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 Lender or as to any income therefrom.

Notwithstanding any provision of this Agreement to the contrary, the Lender shall not, so long as any 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. Intentionally Omitted

SECTION 11. MISCELLANEOUS

11.1 Reimbursement of Lender, etc. Upon Lender making the aforementioned Loan to Company, Company agrees to pay to Lender ONE THOUSAND SEVEN HUNDRED FIFTY AND NO/100 DOLLARS (\$1,750.00) and to pay or reimburse Lender for all costs and expenses (including the reasonable legal fees and disbursements of counsel) relating to the negotiation and implementation of the Loan. The Company also agrees to pay or reimburse the Lender for 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 of (or the preservation of any rights hereunder) or any subsequent modification of this Agreement, the Note and either of the the Guarantys. 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 any 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.

11.2 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

NBD: NBD HIGHLAND PARK BANK, N.A.
 513 Central Avenue
 Highland Park, Illinois 60035
 Attention: Mr. David W. Enquist

11.3 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.

11.4 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.

11.5 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.

11.6 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 Obligations due and to become due hereunder and under the Note, shall have been paid in full.

11.7 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.

11.8 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.

11.9 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: *John V. Saland*
President

NBD HIGHLAND PARK BANK, N.A.

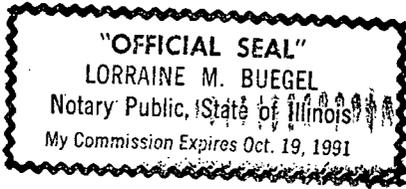
By: *David W. Englund*
Vice President

STATE OF ILLINOIS)
)
COUNTY OF C O O K) SS:

On this 11th day of October, 1988 before me personally appeared BRUCE H. BORLAND, to me known, who being duly sworn, did depose and say that he resides at 2801 Orange Brace Road, Riverwoods, Illinois 60015: that he is President of TEMCO LEASING COMPANY, one of the corporations described in and which executed the foregoing document; and that he signed his name thereto by like order, as the free act and deed of said corporation.

Lorraine M. Buegel
Notary Public
My Commission expires _____

[Notarial Seal]

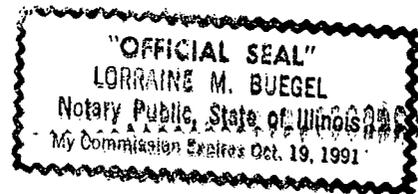


STATE OF ILLINOIS)
)
COUNTY OF C O O K) SS

On the 11th day of October, 1988 before me personally appeared David W. Enquist, to me known, who being duly sworn did depose and say that he resides at 4951 W. Brummel, Skokie, Illinois; that he is Vice President of NBD HIGHLAND PARK BANK, N.A., a national banking association described in and which executed the foregoing document; and that he signed his name thereto by like order as the free act and deed of said national banking association.

Lorraine M. Buegel
Notary Public
My Commission expires _____

[Notarial Seal]



SCHEDULE I

Description of the Tank Cars

TMCX	01010
TMCX	01011
TMCX	01012
TMCX	01016
TMCX	01022
TMCX	01023
TMCX	01026
TMCX	01027
TMCX	01028
TMCX	01029
TMCX	29003
TMCX	29005
TMCX	29007
TMCX	29008

SCHEDULE II

SUMMARY REPORT
TEMCO LEASING COMPANY

10/11/88

<u>Lease Contract</u>	<u>Customer</u>	<u>No. of Tank Cars</u>	<u>Monthly Rental/Car</u>	<u>Expiration Date</u>
2066.03	Exxon Chemical Americas	10	\$525.00	9/24/90
2070.03	Transportation Equipment, Inc.	4	450.00	1/31/89

SCHEDULE III

Description of Cars Not in Good
and Serviceable Condition

There are no Cars which are presently not suitable for interchange use.

EXHIBIT A-1

NEGOTIABLE PROMISSORY NOTE

\$350,000.00

Lake Bluff, Illinois
October 12, 1988

FOR VALUE RECEIVED, TEMCO LEASING COMPANY, an Illinois corporation (the "Company"), hereby promises to pay to the order of NBD HIGHLAND PARK BANK, N.A. (the "Payee") at its office located at 513 Central Avenue, Highland Park, Illinois, in lawful money of the United States of America, the principal amount of THREE HUNDRED FIFTY THOUSAND AND NO/100 Dollars (\$350,000.00), and to pay simple interest on the unpaid principal amount hereof, in like money, from the date hereof at a rate equal to Eleven Percent (11%) per annum. Such principal and interest shall be due and payable in 60 consecutive monthly installments, the first 59 installments in the amount of \$5,992.86, and shall be due and payable on the first day of each month, commencing December 1, 1988. Each installment shall include a payment of principal, plus interest on the unpaid principal amount computed from the due date of the previous installment, provided that, in any event, the 60th such installment shall be in amount sufficient to pay in full all accrued interest on, and the entire unpaid 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 due and payable on this Note after such partial prepayment shall remain the same until all interest and principal due under this Note is paid. 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. All payments hereunder shall be made without set-off or counterclaim and shall be made in immediately available funds. All such payments shall be made prior to 12:30 p.m., Chicago time. Payments made after 12:30 p.m., Chicago time, shall be deemed received on the next Business Day.

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 October 11, 1988, between the Company and NBD Highland Park Bank, N.A., (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, without premium.

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 Guarantees of even date herewith executed by Temco Corporation, an Illinois corporation, and Bruce H. Borland, an individual, according to the terms thereof, the forms of such Guarantees being included as Exhibits 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 _____ 1988.

TEMCO LEASING COMPANY

By: _____

EXHIBIT B-1

GUARANTY

GUARANTY dated October 11, 1988, made by TEMCO CORPORATION, an Illinois corporation (the "Guarantor") in favor of NBD HIGHLAND PARK BANK, N.A., 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 October 11, 1988 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 \$350,000.00 to retire Company's outstanding indebtedness to Uptown and otherwise provide working capital, 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 guarantees, as primary obligor and not merely as surety, to the Lender, its successors, endorsees, 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 or 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 of 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) Other than the Hurwitz and Burlington lawsuits, there are no actions, suits or proceedings (whether or not

purportedly on behalf of the Guarantor) 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, 1986, and for the two 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, 1986.

(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, 1987 and are now so provided for, on the books of the Guarantor and its subsidiaries.

(i) Since December 31, 1987, 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 affect 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.

(l) The Guarantor has made no other outstanding guarantys other than those relating to the two loan made to the Company by Uptown in the original principal amounts of \$230,000 and \$375,000, the guaranty made to Continental Illinois National Bank and Trust Company of Chicago ("Continental") under the Warehousing Agreement dated March 22, 1988 and the guarantees made to Lender and Continental under the Loan and Security Agreement dated March 22, 1988.

(m) Pension and Welfare Plan. No liability, fine or penalty exists, whether to the Pension Benefit Guaranty Corporation or otherwise, with respect to any of its Pension or Welfare Benefit Plans, as such terms are defined in ERISA.

(n) Investment Company. Neither the Company nor the Guarantor is an "investment company" or company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(o) Public Utility Holding Company. Neither the Company nor the Guarantor is a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(p) General Liability Insurance. The Company and the Guarantor both maintain general liability insurance with a face amount and policy terms and conditions which are ordinary and customary for similar businesses.

(q) Subsidiaries and Partnerships. The Guarantor's only subsidiary is the Company, 80% of the stock of which is owned by the Corporate Guarantor. The Company has no Subsidiaries. Neither the Company nor the Corporate Guarantor is a partner or joint venturer in any partnership or joint venture.

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.

13. Fixed Income Coverage. The Guarantor covenants and agrees that on the last day of each of its fiscal years, the ratio of (i) Consolidated Income Before Fixed Charges And Income Taxes to (ii) Fixed Charge shall not be less than 1.1 to 1. Consolidated Income Before Fixed Charges And Income Taxes at any date means the sum of the Company's Consolidated Income (before income taxes) plus interest expense, minus dividends and treasury stock purchases, all as determined in accordance with Generally Accepted Accounting Principals. Fixed Charges at any date means interest expenses plus current maturities of long term debt.

14. Minimum Net Worth. The Consolidated Net Worth of the Guarantor shall equal or exceed \$350,000.00 until, but not including; December 31, 1989 and \$425,000.00 on December 31, 1989 and thereafter.

15. Leverage Ratio. The Guarantor's Consolidated Aggregate Outstanding Indebtedness (exclusive of non-recourse indebtedness) shall not exceed 4.75 times its Consolidated Net Worth.

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: _____
President

Subscribed and sworn to
before me this 11th day of
October, 1988.

NOTARY PUBLIC

EXHIBIT B-2

LIMITED GUARANTY

GUARANTY dated October 11, 1988, made by BRUCE H. BORLAND, an individual (the "Guarantor") in favor of NBD HIGHLAND PARK BANK, N.A., a national banking association (the "Lender").

W I T N E S S E T H:

WHEREAS, the Guarantor is the president and primary shareholder of TEMCO CORPORATION, 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 October 11, 1988 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 \$350,000.00 to retire Company's outstanding indebtedness to Uptown and otherwise provide working capital, 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 guarantees, as primary obligor and not merely as surety, to the Lender, its successors, endorsees, 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. Notwithstanding any of the foregoing or anything hereinafter to the contrary, Guarantor's obligations to Lender at any given time under this Guaranty shall be limited to an amount equal to twenty-five percent (25%) of the Obligations owed to Lender by Company at that time, without offset for amounts which may be paid by other Guarantors under the Agreement.

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.

3.1 The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by him, (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 or 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, deemed for payment and notice of default, dishonor or nonpayment to or upon him 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, his 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) 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.

(b) No consent of any other party 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.

(c) 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 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 his properties or assets, and will not constitute a default thereunder, and will not result in the creation or imposition or any Lien, charge or encumbrance on, or security interest in, any of the properties or assets of the Guarantor. 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.

(d) There are no actions, suits or proceedings (whether or not purportedly on behalf of the Guarantor), to the knowledge of the Guarantor, threatened against the Guarantor or any of his 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. The Guarantor is not in default with respect to any order, judgment, award, decree, rule or regulation of any court, arbitrator or governmental body.

(e) The personal financial statements of the Guarantor as of December 31, 1987, certified by the Guarantor, copies

of which have heretofore been delivered to the Lender, are complete and correct, present fairly the financial position of the Guarantor as of December 31, 1987, and the results of his operations for the year ended December 31, 1987, 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, 1987.

(f) The Guarantor 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 any assessments made against him, 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. In the opinion of the Guarantor, all tax liabilities of the Guarantor were adequately provided for as of December 31, 1987, and are now so provided for, on the books of the Guarantor. Since December 31, 1987, the business, operations, properties and assets of the Guarantor 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.

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

7. The Guarantor covenants and agrees that he will furnish to the Lender (a) as soon as available, but in any event not later than 120 days after the end of each calendar year of the Guarantor, a personal financial of the Guarantor as of the end of such fiscal year in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout such calendar year certified by the Guarantor and (b) 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. Notwithstanding the foregoing, Guarantor's obligations to Lender at any given time under this Guaranty shall be limited to an amount equal to twenty-five percent (25%) of the Obligations owed to Lender by Company at that time.

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 executed and delivered this Guaranty on the day and year first above written.

BRUCE H. BORLAND

Subscribed and sworn to
before me this 11th day
of October, 1988.

NOTARY PUBLIC

14758

RECORDATION NO. _____ FILED 1425

BILL OF SALE

JUL 30 1985 4 22 PM

INTERSTATE COMMERCE COMMISSION

KNOW ALL MEN BY THESE PRESENTS;

PHILROCK CORPORATION ("SELLER"), a New York corporation, is the owner of the 197 Railroad Cars (the "Equipment") being the 217 railroad cars described in Schedule I attached hereto less and except the 20 railroad cars described on Schedule II attached hereto.

THAT for and in consideration of the sum of ONE MILLION EIGHT HUNDRED THIRTY FOUR THOUSAND SEVEN HUNDRED EIGHTY ONE AND 70/100 DOLLARS (\$1,834,781.70), the receipt of which as hereby acknowledged, SELLER does this 29th day of July, 1985, grant, convey, transfer, bargain and sell, deliver and set over the Equipment unto TEMCO LEASING COMPANY, 47 West Dundee Road, Wheeling, Illinois 60090 ("PURCHASER"), and unto its successors and assigns forever.

THAT SELLER HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY TO PURCHASER EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR USE FOR ANY PURPOSE, OR AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, ACCESSORIES, PARTS OR WORKMANSHIP IN OR RELATING TO THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED OR STATUTORY, EXCEPT AS EXPRESSLY SET FORTH BELOW AND IT IS AGREED THAT THE SALE OF THE EQUIPMENT AND EVERY PART THEREOF IS "AS IS, WHERE IS," WITH ALL FAULTS AND SUBJECT TO ALL EXISTING LIENS, CLAIMS, ENCUMBRANCES AND RIGHTS OF OTHERS. Nevertheless, SELLER warrants that it has committed no acts since January 16, 1985 to create any liens, claims or encumbrances to the Equipment. Any liens, claims or encumbrances resulting from any work performed on the Equipment as a result of any authorization or alleged authorization by ~~PHILROCK CORPORATION~~ is specifically excepted from the warranty contained in this paragraph. *TEMCO Corporation*

NOTWITHSTANDING the foregoing, SELLER warrants to PURCHASER, its successors and assigns, that SELLER has legal title to the Equipment and has good and lawful right to grant, bargain, sell, convey and deliver the same and that the Lease with respect to the Equipment dated as of December 15, 1969 between Philrock Corporation and North American Car Corporation has been terminated (Philrock Corporation hereby reserving unto itself all claims for any remaining unpaid

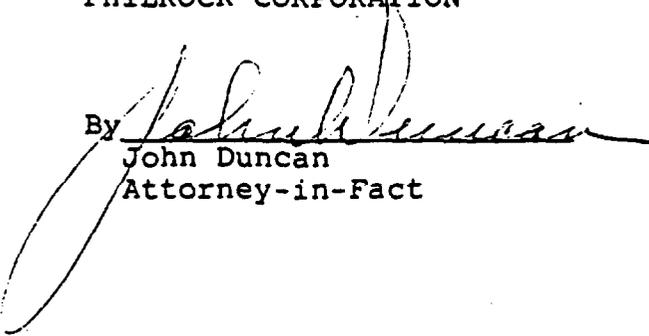
rental under said Lease) and the Equipment Trust Agreement dated as of December 15, 1969 among Irving Trust Company, Philrock Corporation and Bankers Trust Company covering the Equipment has been terminated and the lien thereof released and signed copies of such terminations and release are being delivered to PURCHASER with this Bill of Sale.

THIS transaction is subject to the payment by PURCHASER of any applicable sales, use, transfer or similar taxes required to be paid by PURCHASER with respect to this sale, and subject to the payment in good funds of the selling price to SELLER. This is the final and exclusive expression of the agreement between the SELLER and the PURCHASER, and no verbal agreements or understandings and no course of dealing or usage of trade or course of performance shall be relevant to explain or modify or waive any term or provision expressed in this Bill of Sale.

THIS Bill of Sale is delivered by SELLER to PURCHASER in New York, New York, and governed by the law of the State of New York.

IN WITNESS WHEREOF, SELLER has caused this instrument to be executed by its Attorney-in-Fact and its seal to be affixed this 29 day of July 1985.

PHILROCK CORPORATION

By 

John Duncan
Attorney-in-Fact

PHILROCK CORPORATION

AESX	8215	AESX	8216	AESX	8217	AESX	8218	AESX	8219
"	8220	"	8221	"	8222	"	8223	"	8325
"	8326	"	8327	NATX	17952	NATX	22898	NATX	22899
NATX	22900	NATX	22901	"	22902	"	22903	"	22904
"	22905	"	22906	"	22910	"	22911	"	22912
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"	22952	"	22953	"	22954	"	22956	"	22957
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"	23219	"	24028	"	24253	"	24321	"	24322
"	29000	"	29001	"	29002	"	29003	"	29004
"	29005	"	29006	"	29007	"	29008	"	29009
"	29010	"	29011	"	29012	"	29013	"	29014
"	29015	"	29016	"	29017	"	29018	"	29019
"	29020	"	29021	"	29022	"	29023	"	29024
"	29025	"	34359	"	34360	"	34361	"	34362
"	34363	"	34364	"	34365	"	34366	"	34367
"	34368	"	34369	"	34370	"	34371	"	34372
"	34373	"	34374	"	34375				

217
Total ~~218~~ cars

Blue

SCHEDULE II

Twenty Tank Cars

Car Numbers

NATX-22982
NATX-22974
NATX-22977
NATX-22978
NATX-22979
NATX-22981
NATX-22993
NATX-22996
NATX-22997
NATX-23195

NATX-23196
NATX-23197
NATX-23198
NATX-23199
NATX-23202
NATX-23205
NATX-23206
NATX-23210
NATX-23213
NATX-23216

RUC

121

RECORDATION NO. 15051 Filed & Recorded

BILL OF SALE

SEP 12 1985 1-45 PM

INTERSTATE COMMERCE COMMISSION

The R. H. BOGLE COMPANY, 346 Commerce Street, Alexandria, Virginia, 22314, (hereinafter called "Seller") for valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, convey, transfer, bargain and deliver and set over its right, title and interest in and to the ten (10) railroad tank cars described on Schedule 1 attached hereto, (hereinafter referred to as "Equipment") unto TEMCO LEASING COMPANY, 100 East Scranton Avenue, Lake Bluff, IL 60044, (hereinafter referred to as "Purchaser") and unto its successors and assigns forever.

THE EQUIPMENT IS SOLD AS IS, AND SELLER DOES NOT MAKE ANY REPRESENTATION OR WARRANTY TO PURCHASER, EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR USE FOR ANY PURPOSE OR AS TO THE DESIGN, OR AS TO THE QUALITY OF MATERIAL IN OR RELATING TO THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED OR STATUTORY, EXCEPT AS EXPRESSLY SET FORTH BELOW.

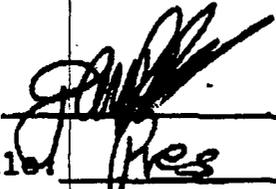
Notwithstanding the foregoing, Seller warrants to Purchaser, its successors and assigns that Seller has legal title to the Equipment and has good and lawful right to grant, bargain, sell, convey and deliver the same, and that the Equipment is free and clear of any and all liens and encumbrances.

DRE
Seller agrees to sell the railroad tank cars for \$316,500 to Purchaser. Funds to be dispersed by wire transfer from Purchaser's bank to Seller's

This transaction is subject to the payment by Purchaser of any applicable sales, use, transfer or similar taxes required to be paid by Purchaser with respect to this sale, and subject to the payment in good funds of selling price to the Seller. Seller agrees to execute or cause to be executed all documents deemed necessary by Purchaser to evidence Purchaser's title to the Equipment, free and clear of any and all liens and encumbrances.

IN WITNESS WHEREOF, Seller has caused this instrument to be executed by one of its officers, and its seal to be affixed this 11 day of September, 1986.

R.H. BOGLE COMPANY

By: 

Title: Pres

NOTARY CERTIFICATE

STATE OF Virginia)
City of Alexandria) ss
County of Alexandria)

On this 11th day of September, 1986, before me personally appeared John B. Bogle, to me known, who being duly sworn, did depose and say that he resides at 346 Commerce St., Alexandria, VA; that he is President of R.H. Bogle Company, one of the corporations described in and which executed the foregoing Bill of Sale; that he knows the seal of said corporation; that one of the seals affixed to said instrument is such corporation's seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like order, as the free act and deed of said corporation.


Notary Public
Commission Expires: My Commission Expires

SCHEDULE 1

Car Initials
& Number

Date Built New

DOT Class

Car Type

RJNX 1000

1-81

111A100W-3

T106

RJNX 1002

1-81

111A100W-3

T106

RJNX 1012

2-81

111A100W-3

T106

RJNX 1016

3-81

111A100W-3

T106

RJNX 1022

2-81

111A100W-3

T106

RJNX 1023

2-81

111A100W-3

T106

RJNX 1026

2-81

111A100W-3

T106

RJNX 1027

3-81

111A100W-3

T106

RJNX 1028

2-81

111A100W-3

T106

RJNX 1029

3-81

111A100W-3

T106

EXHIBIT D-1

NBD Highland Park Bank, N.A.
513 Central Avenue
Highland Park, Illinois 60035

October 11, 1988

Dear Sirs:

We have acted as special counsel for you in connection with the execution and delivery of the Loan and Security Agreement dated as of October 11, 1988 between Temco Leasing Company (the "Company") and NBD Highland Park Bank, N.A. ("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 you 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. Provided that the cars are utilized solely in the United States, 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,