CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

RECORDATION NO. 13867 Filed 1425

DEC 16 1982 - 10 50 AM

OFFICE OF THE SECRETARY

DIRECT DIAL NUMBER

INTERSTATE COMMERCE COMMISSION 312/559- 6165

2-350

December 14, 1982

No.

Date DEC 16 1982

Fee $ 100.00

ICC Washington, D. C.

13867

RECORDATION NO. Filed 1425

DEC 16 1982 - 10 50 AM

INTERSTATE COMMERCE COMMISSION

RECEIVED

DEC 16 10 50 AM '82

I.C.C.

FEE OPERATION BR.

File No. A-11884

Agatha L. Mergenovich, Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Dear Ms. Mergenovich:

Pursuant to Section 11303 (formerly Section 20c) of the Interstate Commerce Act, enclosed for recordation are counterparts of Security Agreement and Equipment Lease dated as of December 10, 1982, covering one hundred and fifty 100 ton 50' 6" box cars listed on Schedule A attached to the Agreement.

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

1. Equipment Lease dated as of December 10, 1982 between North Western Leasing Company, One North Western Center, Chicago, Illinois 60606, Lessor and Chicago and North Western Transportation Company, One North Western Center, Chicago, Illinois 60606, Lessee.

2. Security Agreement dated as of December 10, 1982 between North Western Leasing Company, One North Western Center, Chicago, Illinois, 60606, as Debtor and European-American Bank and Trust Company, 10 Hanover Square, New York, NY 10015 and European-American Banking Corporation, 10 Hanover Square, New York, NY 10015 between them as Secured Party.

Counterparts

Enclosed is a check for $100.00 to cover your recording fees for both documents. Please keep one counterpart of each for your files and return the other counterparts each showing your recordation data. Please assign the same recordation number in sequential order to the Equipment Lease and then to the Security Agreement.

Very truly yours,

J. S. Edwards
Assistant Secretary

Enclosure

cc: R. D. Smith
F. E. Cunningham, Attn: R. DeWitt
T. E. Greenland
R. F. Guenther
D. E. Stockham
Arthur Anderson & Co.

CS(f-100)

13867 — A

RECORDATION NO. ..... Filed 1425

DEC 16 1982 10 [illegible] AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of December 10, 1982

FROM

NORTH WESTERN LEASING COMPANY,

DEBTOR,

TO

EUROPEAN AMERICAN BANK AND TRUST COMPANY

AND

EUROPEAN AMERICAN BANKING CORPORATION

SECURED PARTY.

TABLE OF CONTENTS

Section	Heading	Page
Parties		1
Recitals		1
1	Grant of Security	1
	1.1 Equipment Collateral	2
	1.2 Rental Collateral	2
	1.3 Certain Other Collateral	3
	1.4 Limitations to Security Interest	3
	1.5 Cross Collateralization	4
	1.6 Duration of Security Interest	5
2	Covenants and Warranties of the Debtor	5
	2.1 Debtor's Duties	5
	2.2 Warranty of Title	7
	2.3 Further Assurances	8
	2.4 After-Acquired Property	8
	2.5 Recordation and Filing	8
	2.6 Modifications of the Lease	9
	2.7 Power of Attorney in Respect of the Lease and Other Documents	9
	2.8 Notice of Default	10
3	Possession, Use and Release of Property	10
	3.1 Possession of Equipment	10
	3.2 Release of Equipment - Casualty Occurrence or Withdrawal Prepayment	10
	3.3 Release of Equipment - Consent of Secured Party	11
	3.4 Protection of Purchaser	11
4.	Application of Assigned Rentals and Certain Other Moneys Received by the Secured Party	11
	4.1 Application of Rents and Other Payments	11
	4.2 Default	14
5	Defaults and Other Provisions	14

	5.1	Events of Default	14
	5.2	Secured Party's Rights	16
	5.3	Acceleration Clause	18
	5.4	Waiver by Debtor	18
	5.5	Effect of Sale	18
	5.6	Application of Proceeds	19
	5.7	Discontinuance of Remedies	19
	5.8	Cumulative Remedies	20
6	The Secured Party		20
	6.1	Certain Rights of Secured Party	20
	6.2	Showings Deemed Necessary by Secured Party	21
	6.3	Status of Moneys Received	21
7	Supplemental Security Agreements		21
8	Miscellaneous		22
	8.1	Payment of the Loan Account	22
	8.2	Successors and Assigns	22
	8.3	Partial Invalidity	22
	8.4	Communications	22
	8.5	Release	23
	8.6	Governing Law	23
	8.7	Counterparts	23
	8.8	Headings	23
Signature Page			23
Acknowledgments			

Attachments to Security Agreement:

Schedule 1 - Description of Equipment

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of December 10, 1982 (the "Security Agreement") from NORTH WESTERN LEASING COMPANY, a Delaware corporation (the "Debtor") whose post office address is One North Western Center, 165 North Canal Street, Chicago, Illinois 60606, Attention: Assistant Vice President-Finance, to EUROPEAN AMERICAN BANK AND TRUST COMPANY and EUROPEAN AMERICAN BANKING CORPORATION (individually and collectively the "Secured Party") whose post office address is 233 South Wacker Drive, Chicago, Illinois 60606, Attention: Robert A. Lennox, Jr. Vice President

R E C I T A L S:

A. Chicago and North Western Transportation Company, a Delaware corporation (the "Lessee"), the Debtor and the Secured Party have entered into that certain Finance Agreement, dated as of December 1, 1982 (herein, as from time to time amended, called the "Finance Agreement") providing, in part, for the Debtor to (i) from time to time incur indebtedness to be secured by a security agreement in order to finance units of equipment and to finance reconstruction costs with respect to equipment identified in Exhibit 2 of the Finance Agreement, and (ii) simultaneously therewith to lease such equipment to the Lessee. Such indebtedness insofar as it relates to the Lease (as hereinafter defined) is to be evidenced by a Loan Account (the "Loan Account") as provided in Section 2.4 of the Finance Agreement.

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

C. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Loan Account have been done and performed by the Debtor.

SECTION 1 GRANT OF SECURITY.

The Debtor is consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured

Party and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Loan Account according to its tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all convenants and conditions in this Security Agreement, in the Finance Agreement and in the Debtor Related Agreements contained, does hereby convey, warrant, mortgage, assign, pledge and grant the Secured Party, its successors and assigns, a security interest in all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1, 1.2 and 1.3 hereof and all proceeds thereof (all of which properties and proceeds hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1 Equipment Collateral. Collateral includes the equipment described in Schedule 1 attached hereto and made a part hereof and in any supplement or supplements hereto from time to time executed constituting the equipment leased or to be leased under that certain Equipment Lease dated as of the date hereof (herein, as from time to time amended, called the "Lease") between the Debtor, as lessor, and the Lessee, as lessee, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the equipment hereinabove described, whether now owned or hereafter acquired, except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements (including, without limitation, Replacement Units (as defined in the Lease)) of and additions, improvements, accessions and accumulations to any and all of said equipment, except such thereof as remain the property of the Lessee under the Lease, (collectively the "Equipment" and individually "Item" or "Item of Equipment") together with all the rents, issues, income, profits and avails therefrom.

1.2 Rental Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor, as lessor under the Lease, including, without limitation:

(a) the immediate and continuing right to receive and collect all rental and Casualty Value (as each such term is defined in the Lease), insurance proceeds, condemnation awards and all other payments, tenders and security now or hereafter

payable to or receivable by the Debtor, as lessor under the Lease,

(b) the right to make all waivers and agreements and to give and receive duplicate copies of all notices and other instruments or communications, and

(c) the right to take such action upon the occurrence of an Event of Default under the Lease or an event which with the lapse of time or giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease,

it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all rental and Casualty Value and other sums at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

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

1.4 Limitations to Security Interest. The security interest granted by this Section 1 is subject to (a) the right, title and interest of the Lessee under the Lease, and (b) the lien of current taxes and assessments or mechanics, each not in

default (but only if such taxes, assessments and mechanics' liens are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith. The liens, claims and encumbrances identified in clauses (a) and (b) of this Section 1.4 are hereinafter collectively referred to as the "Permitted Encumbrances".

1.5 Cross Collateralization. The Debtor and the Lessee may enter into conditional sale agreements and leases for the purchase or lease by the Lessee of railroad equipment other than the Equipment, and the Lessee or the Debtor may cause the Secured Party pursuant to the Finance Agreement, to acquire by assignment from the Debtor its interest in such conditional sale agreements and the equipment described therein, or to make loans to the Debtor secured by security agreements and the leases and leased equipment described therein (such conditional sale agreements, leases and security agreements being hereinafter called the "Debtor Related Agreements"). In consideration for the Secured Party's entering into this Agreement and each Debtor Related Agreement or the assignment thereof and making Advances (as defined in the Finance Agreement) to the Debtor in respect of the Equipment and the equipment described in the Debtor Related Agreements, the Debtor agrees that the Equipment shall be security for the indebtedness and other obligations of the Debtor and the Lessee under the Debtor Related Agreements, and the Debtor does hereby grant to the Secured Party a continuing security interest in the Equipment, subject to the rights of the Lessee under the Lease, to secure the payment of the indebtedness and performance of the obligations of the Debtor and the Lessee, as the case may be, under each Debtor Related Agreement in accordance with the terms thereof as though the Equipment were part of the equipment described therein; provided, however, that if the Debtor shall have paid all the principal of and interest (and premium, if any) on the Loan Account when any Debtor Related Agreement is still in effect, and thereafter any Item of Equipment suffers a Casualty Occurrence (as hereinafter defined) or is disposed of by the Debtor in the ordinary course of business, no deposit, prepayment or additional security shall be required hereunder or under any Debtor Related Agreement or otherwise, and provided there is then no existing default under any Debtor Related Agreement, the Secured Party's security interest in such Item of Equipment shall be deemed to be terminated and released upon such occurrence or disposition and absolute right to the possession of, title to, and property in such Item of Equipment shall vest in the Debtor without further transfer or action on the part of the Secured Party, except that the

Secured Party, if requested by the Debtor and at the Debtor's expense, shall execute and deliver to the Debtor or its nominee a release (without warranties) of its security interest in such Item of Equipment and such other documents as may be necessary or appropriate to make clear upon the public records the release of such security interest.

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

SECTION 2 COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1 Debtor's Duties.

(a) The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Finance Agreement, the Lease and the Debtor Related Agreements and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement thereto were fully set out in an amendment or supplement to this Security Agreement.

(b) The Debtor shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Debtor shall, at its own cost and expense, maintain and keep the Equipment in good

order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange (if and to the extent permitted by the Interchange Rules or supplements thereto of the Association of American Railroads (the "AAR")). Except as required or permitted by the provisions of Section 2.1 (c) hereof or the Lease, the Debtor shall not modify or permit the modification of any Equipment without the prior written authority and approval of the Secured Party which authority and approval shall not be unreasonably withheld; provided, however, that the Equipment may be reconstructed in accordance with the provisions of the Reconstruction Agreement.

(c) Without limiting the foregoing subsection (b), the Debtor agrees to comply with all insurance policies covering the Equipment and all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the Unitd States Department of Transportation, the Interstate Commerce Commission and, if and to the extent permitted thereby, the current Interchange Rules or supplements thereto of the Mechanical Division, AAR) as the same may be in effect from time to time with respect to the use, maintenance and operation of the Equipment. In case any equipment or appliance is reasonably interpreted as being required to be installed on any Equipment in order to comply with such laws, regulations, requirements and rules, the Debtor agrees to make such changes, additions and replacements at its own expense; provided, however, that the Debtor may, in good faith and by appropriate legal proceedings, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Secured Party adversely affect the security interest of all Secured Party hereunder.

(d) The Debtor will cause the Lessee to maintain the insurance described in Section 11.1 of the Lease. If for any reason the Lessee fails to insure the Equipment in accordance with said Section 11.1, the Debtor shall, at its own expense, maintain such insurance and shall provide the Secured Party the items which the Lessee is obligated to provide from time to time under said Section 11.1.

(e) The Secured Party shall have at all times the right to enter into and upon any premises under the control of the Debtor where any of the Equipment is located for the purposes of inspecting the same, observing its use or otherwise protecting the Secured Party's interest therein.

(f) The Debtor will keep records concerning the Collateral, which records will be of such character as will enable the Secured Party or its designees to determine at any time the status thereof.

2.2 Warranty of Title. The Debtor warrants that it is the owner of the Equipment; it has, or prior to the time of the closing (the "Closing") of the loan evidenced by the Loan Account will have, good title to the Equipment and the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only Permitted Encumbrances). The Debtor also agrees that it will promptly take such action as may be necessary to duly discharge any liens, charges or encumbrances on the Collateral which result from claims against the Debtor; and the Debtor further agrees to indemnify and hold harmless the Secured Party from and against any cost or expenses (including legal fees and expenses) incurred, in each case, as a result of the imposition or enforcement of any liens, charges or encumbrances referred to in the foregoing clause of this second sentence of Section 2.2. Without limiting the foregoing, the Debtor agrees to cause to be executed prior to the Closing a termination or release of the liens, if any, evidenced by each financing statement or other filed or recorded instrument, if any, in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor, now on file in any public office covering any of the Collateral, excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein, and agrees to file or record in the appropriate public offices termination statements or other instruments evidencing such termination or release, promptly, but in no event later than the tenth business day after the Closing. Additionally, the Debtor agrees that it

will not pledge, mortgage, grant a security interest in or assign the Collateral except under this Security Agreement.

2.3 Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired, including all acts, deeds, conveyances, tranfers and assurances necessary or proper with respect to Replacement Units. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of the assignment of the Lease pursuant to Section 16 thereof and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease directly to the Secured Party or as the Secured Party may direct.

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

2.5 Recordation and Filing. The Debtor will cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at no expense to the Secured Party furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of each supplement to this Security Agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

2.6 Modifications of the Lease. The Debtor will not:

(a) declare a default or exercise the remedies of the lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof (other than the lien of this Security Agreement), except that if the Lessee requests to terminate the Lease with respect to certain Equipment pursuant to Sections 3 and 11.4 thereof and the Debtor complies with Section 4.12 of the Finance Agreement with respect to prepayment of the Loan Account (any such prepayment made in compliance with Section 4.12 of the Finance Agreement being herein called a "Withdrawal Prepayment"), then the Debtor may thereafter terminate the Lease with respect to any Item of Equipment for which a Withdrawal Prepayment has been made; or

(b) receive or collect any rental payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect to the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

2.7 Power of Attorney in Respect of the Lease and Other Documents. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney, with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Sections 1.1, 1.2 and 1.3 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in partial payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the

name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby; provided that the Secured Party may exercise the rights granted under this Section 2.7 only if an Event of Default (as hereinafter defined) has occurred and is continuing.

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

SECTION 3 POSSESSION, USE AND RELEASE OF PROPERTY.

3.1 Possession of Equipment. While the Debtor is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto so long as such possession, enjoyment, control, management, operation and use does not involve service in regular operation outside the contiguous continental United States, provided, always, that the possession, enjoyment, control, management, operation and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease and the reconstruction of the Equipment pursuant to the Reconstruction Agreement shall not constitute a violation of this Section 3.1.

3.2 Release of Equipment - Casualty Occurrence or Withdrawal Prepayment. So long as no default referred to in Section 14 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of (i) any Item of Equipment designated for settlement pursuant to Section 11.6 or 11.10 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and compliance with the other relevant provisions of said Section 11 of the Lease, (ii) any Item of Equipment designated by the Lessee for termination pursuant to Section 11.4 of the Lease upon receipt, in compliance with Section 4.12 of the Finance Agreement, of the amounts described

in said Section, or (iii) any item of Equipment designated by the Debtor which upon receipt in compliance with Section 4.12 of the Finance Agreement shall be conveyed to the Lessee pursuant to a Conditional Sale Agreement and for which the Bank shall be obligated to make a CSA Purchase.

3.3 Release of Equipment - Consent of Secured Party. In addition to the sale, exchange or release pursuant to the foregoing Section 3.2, the Debtor may sell or otherwise dispose of any Equipment then subject to the lien of this Security Agreement, and the Secured Party shall release its interest in the same from the lien hereof, to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the Secured Party.

3.4 Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 4 APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

4.1 Application of Rents and Other Payments. As more fully set forth in Section 1.2 hereof the Debtor has hereby granted to the Secured Party, for itself and as Agent for the Lenders, a security interest in rents, issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment as security for the Loan Account. So long as no Event of Default as defined in Section 5 hereof has occurred and is continuing:

(a) The amounts from time to time received by the Secured Party which constitute payment by the Lessee under the Lease of the installments of rental under the Lease shall be applied as follows: first, to the payment of the installments of principal and/or interest (and in each case first to interest and then to principal) on the Loan Account which have matured or will mature on or before the due date of the installments of rental which are received by the Secured Party; second, to the payment of other amounts due or to

become due to the Secured Party under the Lease, the Finance Agreement or this Security Agreement (in such order of application as the Secured Party may from time to time elect): and third, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor.

(b) The amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the "Casualty Value" of an item of Equipment pursuant to Section 11 of the Lease (as opposed to a deposit of Casualty Value pursuant to Section 11.10 of the Lease pending the subjection to the Lease of a Replacement Unit) shall be applied by the Secured Party as follows: first, an amount equal to the Loan Value (as hereinafter defined) of such item shall be applied to the prepayment of the principal of the Loan Account to reduce installments thereafter falling due in the inverse order of maturity; second, that portion of the Casualty Value received which constitutes interest on the amount applied pursuant to clause first hereof shall be applied to accrued interest on the Loan Account; third, to the payment of other amounts due or to become due to the Secured Party under the Lease, the Finance Agreement or this Security Agreement (in such order of application as the Secured Party may from time to time elect); and fourth, the balance, if any, of such amounts shall promptly be released to or upon the order of the Debtor.

For purposes of this Section 4.1(b), the "Loan Value", in respect of any item of Equipment, shall be an amount equal to the product of (A) a fraction, the numerator of which is the portion of the Advance related to the Item of Equipment for which settlement is then being made and the denominator of which is the aggregate Advance (including that portion of the Advance related to the Items of Equipment for which settlement is then being made) for all Equipment then subject to the Lease, times (B) the aggregate unpaid principal amount of the Loan Account immediately prior to the prepayment provided for in this Section 4.1(b).

(c) The amounts from time to time received by the Secured Party which constitute a deposit of the Casualty Value of an item of Equipment pursuant to Section 11.10 of the Lease pending the subjection to the Lease of a Replacement Unit shall be held, and invested in accordance with said Section 11.10, until such time as the Replacement Unit is subjected to the Lease in accordance with the terms thereof. Thereafter, the proceeds of any investments of the Casualty Value shall, upon the request of the Lessee and Debtor, be released to or upon the order of the Lessee.

(d) The amounts, if any, received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Lessee or the Debtor in respect of an item of Equipment, shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(i) So long as no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if such item of Equipment is to be repaired, be released to the Lessee for expenditures made for such repair in accordance with Section 11.1 of the Lease.

(ii) If the Lessee shall have notified the Secured Party in writing that the Lease is to be terminated in respect of such item and no Replacement Unit is to be subjected to the Lease, then, so long as no Event of Default hereunder has occurred and is and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:

(A) First, to the prepayment of the Loan Account all in the manner and to the extent provided for by Section 4.1(b) hereof;

(B) Second, to the payment of other amounts due or to become due to the Secured Party under the Lease, the Finance Agreement or this Security Agreement (in such order of application as the Secured Party may from time to time elect); and

(C) Third, the balance, if any, of such insurance proceeds held by the Secured Party after making applications provided for by the preceding subparagraphs shall be released to or upon the order of the Debtor.

(iii) If the Lessee shall have notified the Secured Party in writing that a Replacement Unit is to be subjected to the Lease, then, so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds to the extent not returned to the Lessee pursuant to Section 11.1 of the Lease shall be held by the Secured Party, treated as if they were Casualty Value subject to the foregoing subsection (c) and released in accordance with said subsection (c).

4.2 Default. If an Event of Default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5 DEFAULTS AND OTHER PROVISIONS.

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

(a) Default in payment of an installment of the principal of, or interest on, the Loan Account when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and

any such default shall continue unremedied for five business days after written notice with respect thereto from the Secured Party to the Debtor and the Lessee; or

(b) An Event of Default as set forth in Section 14 of the Lease; or

(c) Default on the part of the Debtor or the Lessee in the due observance or performance of any other covenant, condition or agreement to be observed or performed under this Security Agreement, the Debtor Related Agreements or the Finance Agreement, and such default shall continue unremedied for 30 days after written notice from the Secured Party to the Debtor and the Lessee specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty on the part of the Debtor or the Lessee made herein or in the Finance Agreement or in any of the Debtor Related Agreements or otherwise in connection with the Finance Agreement or any of the Debtor Related Agreements, or the transactions contemplated herein or therein shall prove to be false or misleading in any material respect when made, and, in the case of representations or warranties set forth in paragraphs 2, 4 or 8 of Attachment A to the certificates delivered pursuant to Section 6.1(e) of the Finance Agreement, any such representation or warranty has continued to be false and misleading for thirty days after written notice with respect thereto from the Secured Party to the Debtor and the Lessee; or

(e) Any claim, lien or charge (other than the Permitted Encumbrances) shall be levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted

hereunder, and such claim, lien or charge shall not be discharged or removed, or provision made satisfactory to the Secured Party (in the sole determination of the Secured Party) to assure the discharge or removal thereof, within thirty days after written notice from the Secured Party to the Debtor and the Lessee demanding the discharge or removal thereof.

5.2 Secured Party's Rights. The Debtor agrees that when any Event of Default as defined in Section 5.1 has occurred and is continuing, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights (subject to the terms of this Security Agreement) and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Secured Party may by notice in writing to the Debtor declare the entire unpaid balance of the Loan Account to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued and unpaid interest thereon, shall be and become immediately due and payable.

(b) Subject always to the rights of the Lessee under the Lease, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold.

(c) Subject always to the rights of the Lessee under the Lease, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor and the Lessee once at least fifteen days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in notice above referred to; provided, however, that any such sale shall be held in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party may bid and become the purchaser at any such sale.

(d) Subject always to the rights of the Lessee under the Lease, the Secured Party may proceed to protect and enforce this Security Agreement by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable laws.

(e) Subject always to the rights of the Lessee under the Lease, the Secured Party may proceed (to the extent it previously has not done so) to exercise all rights, privileges and remedies under the Lease and under the Debtor Related Agreements,

and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

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

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

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

however, to the then existing rights, if any, of the Lessee under the Lease).

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

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of any such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment of the Secured Party of the amount then owing or unpaid on the Loan Account for principal, interest and premium, if any; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Loan Account, then first, to the unpaid premium, if any, thereon, second, to unpaid interest thereon, and third, to the unpaid principal installments thereof (in such order of installments as the Secured Party may from time to time elect); such application to be made upon presentation of the Loan Account, and the notation thereon of the payment; and

(c) Third, to the payment of other amounts due or to become due to the Secured Party under the Lease, the Finance Agreement, the Debtor Related Agreements or this Security Agreement (in such order of application as the Secured Party may from time to time elect); and

(d) Fourth, the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

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

and in every such case the Debtor and the Secured Party shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

5.8 Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Debtor hereunder shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided therein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing. The giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement shall not operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder; nor shall the Secured Party be required to first look to enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 6 THE SECURED PARTY.

6.1 Certain Rights of Secured Party.

(a) The Secured Party makes no representation, or warranty as to the validity, sufficiency or enforceability of this Security Agreement, the Finance Agreement, the Debtor Related Agreements or any instrument included in the Collateral, or as to THE VALUE, TITLE, CONDITION, MERCHANTABILITY OR FITNESS FOR USE OF, OR OTHERWISE WITH RESPECT TO, ANY EQUIPMENT OR ITEM OF EQUIPMENT OR ANY SUBSTITUTE THEREFOR.

(b) The Secured Party may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(c) The Debtor will pay all expenses incurred by the Secured Party in connection with the purchase and sale of Investments (as defined in the Lease).

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

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

SECTION 7. SUPPLEMENTAL SECURITY AGREEMENTS.

The Debtor and the Secured Party from time to time at any time may enter into an agreement or agreements supplemental hereto and which thereafter shall form a part hereof for any one or more of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon, the Debtor, or

(b) to subject to the security interest of this Security Agreement additional property hereafter acquired by the Debtor and intended to be subjected to the security interest of this Security Agreement (including Replacement Units) and to correct and amplify the description of any property subject to the security interest hereof;

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

SECTION 8 MISCELLANEOUS.

8.1 Payment of the Loan Account.

(a) The principal of, premium, if any, and interest on the Loan Account shall be payable at the principal office of the Secured Party, in lawful money of the United States of America.

(b) The Debtor will cause all payments and prepayments of the principal of, and interest and premium, if any, on the Loan Account to be made by wire transfer in Federal or otherwise immediately available funds before noon Chicago time on each date such payment or prepayment is due.

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

8.3 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

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

If to the Debtor:	North Western Leasing Company, at its address first-above written.
If to the Secured Party:	European American Bank and Trust Company and European American Banking Corporation at its address first-above written.

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

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

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

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

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

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

NORTH WESTERN LEASING COMPANY

ATTEST:

Its Assistant Secretary

By: Its Vice President

[CORPORATE SEAL]

DEBTOR

ATTEST:

Its Banking Officer Sr V.P.

[CORPORATE SEAL]

EUROPEAN AMERICAN BANK AND TRUST COMPANY

By: Carol A. Cowan
Its Vice President

SECURED PARTY

ATTEST:

Its Banking Officer Sr V.P.

[CORPORATE SEAL]

EUROPEAN AMERICAN BANKING CORPORATION

By: Carol A. Cowan
Its Vice President

SECURED PARTY

L/P56-440.4

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 14 day of December, 1982, before me personally appeared T. A. TINGLEFF, to me personally known, who being by me duly sworn, says that he is a Vice President of NORTH WESTERN LEASING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

Beverly A. Girton
Notary Public

My commission expires: 2/18/84

STATE OF ~~ILLINOIS~~ New York)
) SS
COUNTY OF ~~COOK~~ New York)

On this 15th day of December, 1982, before me personally appeared CAROL A. COWAN, to me personally known, who being by me duly sworn, says that she is a Vice President of EUROPEAN AMERICAN BANK AND TRUST COMPANY that one of the seals affixed to the foregoing instrument is the corporate seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors; and ___ acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

[SEAL]

Stanley R. Weinstein
Notary Public

My Commission expires:

STANLEY R. WEINSTEIN
Notary Public, State of New York
No. 9584230
Qualified in Kings County
Certified in New York County
Commission Expires March 30, 1984

L/P56-440.4

STATE OF ~~ILLINOIS~~ New York)
COUNTY OF ~~COOK~~ New York) SS.:

On this 15th day of December 1982, before me personally appeared CAROL A. COWAN, to me personally known, who, being by me duly sworn, says that she is a Vice President of EUROPEAN AMERICAN BANKING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and she acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Stanley R. Weinstein
Notary Public

[Notarial Seal]

My Commission expires

STANLEY R. WEINSTEIN
Notary Public, State of New York
No. 9584230
Qualified in Kings County
Certified in New York County
Commission Expires March 30, 1984

L/P56-440.4

SCHEDULE 1
(to Security Agreement)

DESCRIPTION OF EQUIPMENT

Number of Items	Description	Identifying Numbers
150	100 Ton 50'6" Boxcars	CNW 164000 - 164149 (inclusive)