CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

JOAN A. SCHRAMM
J.S. EDWARDS
FRANCES L. TURNER
ASSISTANT SECRETARIES

DIRECT DIAL NUMBER
312/454-6535

RECORDATION NO. 11771-D Filed 1425

June 17, 1981

JUN 22 1981 -11 00 AM

File No. A-11264 INTERSTATE COMMERCE COMMISSION

1-173A090

No.

Date JUN 22 1981

Fee $ 10.00

ICC Washington, D. C.

RECEIVED JUN 22 10 50 AM '81

Ms. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
12th & Constitution Avenue
Washington, D.C. 20423

Re: Equipment Lease dated as of April 15, 1980 between North Western Leasing Company, Lessor, and Chicago and North Western Transportation Company, Lessee, as amended, covering 35 EMD GP-7 Locomotives CNW Nos. 4431 through 4465 inclusive, filed pursuant to Section 11303 (formerly 20c) of the Interstate Commerce Act and assigned Recordation No. 11771

Dear Ms. Mergenovich:

Enclosed for recordation are four counterparts of a Release executed by the Continental Illinois National Bank and Trust Company of Chicago releasing their security interest in one unit of the aforementioned equipment as described on the attached "Schedule A."

Enclosed is our check in the amount of $10.00 to cover your recording fee. Please keep one counterpart for your file and return the other counterparts each showing your recordation data.

Yours very truly,

J. S. Edwards
Assistant Secretary

JSE/baf
Enclosures

cc: R. D. Smith
J. D. O'Neill
T. E. Greeland
R. F. Guenther
D. E. Stockham

Peter Horne
Continental Illinois National Bank and Trust Company of Chicago

Counterpart - 1

400 WEST MADISON STREET • CHICAGO, ILLINOIS 60606

SCHEDULE A

1 EMD GP-7 Locomotive Unit

CNW 4439

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

J. S. Edwards
Chicago & NorthWestern Trnsp. Co.
400 West Madison Street
Chicago, Illinois 60606

Dear
Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6/22/81 at 11:00AM, and assigned re-recordation number(s). 11771-D

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 11772
MAY 9 1980
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of April 15, 1980

FROM

NORTH WESTERN LEASING COMPANY,

DEBTOR

TO

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO,

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	Other Documents	3
1.4	Limitations to Security Interest	3
1.5	Duration of Security Interest	3
2	Covenants and Warranties of the Debtor	4
2.1	Debtor's Duties	4
2.2	Warranty of Title	6
2.3	Further Assurances	6
2.4	After-Acquired Property	6
2.5	Recordation and Filing	7
2.6	Modifications of the Lease	7
2.7	Power of Attorney in Respect of the Lease and Other Documents	8
2.8	Notice of Default	8
3	Possession, Use and Release of Property	8
3.1	Possession of Equipment	8
3.2	Release of Equipment - Casualty Occurrence or Withdrawal Prepayment	8
3.3	Release of Equipment - Consent of Noteholders	9
3.4	Protection of Purchaser	9
4	Application of Assigned Rentals and Certain Other Moneys Received by the Secured Party	9
4.1	Application of Rents and Other Payments	9
4.2	Default	11
5	Defaults and Other Provisions	11
5.1	Events of Default	11
5.2	Secured Party's Rights	13
5.3	Acceleration Clause	15
5.4	Waiver by Debtor	15
5.5	Effect of Sale	15
5.6	Application of Proceeds	16
5.7	Discontinuance of Remedies	17
5.8	Cumulative Remedies	17

6 The Secured Party..... 17

6.1 Certain Rights of Secured Party..... 17
6.2 Showings Deemed Necessary by Secured Party..... 18
6.3 Status of Moneys Received..... 18

7 Miscellaneous..... 18

7.1 Payment of the Notes..... 18
7.2 Successors and Assigns..... 18
7.3 Partial Invalidity..... 19
7.4 Communications..... 19
7.5 Release..... 19
7.6 Governing Law..... 19
7.7 Counterparts..... 19
7.8 Headings..... 19

Signature Page..... 20
Acknowledgments..... 21

Attachments to Security Agreement:

Schedule 1 - Description of Equipment

Exhibit A - Form of Note

NORTH WESTERN LEASING COMPANY SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of April 15, 1980 (the "Security Agreement") from NORTH WESTERN LEASING COMPANY, a Delaware corporation (the "Debtor") whose post office address is 400 West Madison Street, Chicago, Illinois 60606 Attention: Vice President - Finance, to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO (the "Secured Party") whose post office address is 231 South LaSalle Street, Chicago, Illinois 60693, Attention: Loan Division;

R E C I T A L S:

A. The Debtor has entered into a Finance Agreement dated as of April 15, 1980 (herein, as from time to time amended, called the "Finance Agreement") with the Secured Party and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation (the "Lessee"), providing for the commitment of the Secured Party to make loans to the Debtor upon the terms and conditions and in the aggregate principal amount set forth in the Finance Agreement. Such loans are to be evidenced by a Note or Notes (the "Notes") of the Debtor to be dated the date of issue and to be otherwise substantially in the form attached as Exhibit A hereto.

B. The Notes 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 Notes, this Security Agreement and the Finance Agreement 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 Notes have been done and performed by the Debtor.

SECTION 1 GRANT OF SECURITY.

The Debtor in 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 Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Notes and in this Security Agreement and in the Finance Agreement 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 (collectively the "Equipment" and individually an "Item" or "Item of Equipment"), constituting the Equipment leased or to be leased under that certain Equipment Lease dated as of April 15, 1980 (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 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, 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 other all payments, tenders and security now or hereafter payable 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 Documents. Collateral includes all right, title, interest, claims and demands of Debtor in, to and under the Precision Bill of Sale and the Stinnes Guaranty (as such terms are hereinafter defined) with respect to the Items of Equipment subject to this Security Agreement and all amounts now or hereafter payable thereunder with respect thereto, together with all rights, powers, privileges, options and other benefits of the Debtor under the Precision Bill of Sale and Stinnes Guaranty with respect to the Items of Equipment, 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 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. The term "Precision Bill of Sale" shall mean that certain Bill of Sale, dated April 10, 1980, from Precision National Corporation to the Debtor covering the Items of Equipment. The term "Stinnes Guaranty" shall mean that certain Guaranty with respect to the Precision Bill of Sale, dated April 9, 1980, from Stinnes Corporation to the Debtor.

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 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 Notes 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 and the Lease 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.

(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 United 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 the 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, at its address shown above, all 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, and, unless the Secured Party otherwise consents in writing, the Debtor will not duplicate any such records at any other address.

(g) The Debtor will upon request of the Secured Party exercise its rights pursuant to the terms of the Precision Bill of Sale and the Stinnes Guaranty and the exercise of such rights shall not affect

or in any way limit or impair the interests and rights granted to the Secured Party hereunder.

2.2 Warranty of Title. The Debtor is the owner of good title to the Equipment; the Debtor has 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 and the holders of the Notes 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 warrants that: (i) it has not made any pledge, mortgage, grant of security interest or assignment of the Collateral except under this Security Agreement, and (ii) there is no financing statement or other filed or recorded instrument 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.

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. 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 Debtor complies with Sections 3.4(b) and (d) of the Finance Agreement with respect to prepayment of the Notes (any such prepayment made in compliance with Sections 3.4(b) and (d) 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 of 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.

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 in the contiguous continental United States, provided, always, that the possession, enjoyment, control 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 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 by the Lessee for settlement pursuant to Section 11 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 the receipt from the Lessee of the Casualty Value payment for such item of Equipment in compliance with Section 11 of the Lease, or (ii) any Item of Equipment designated by Debtor for termination pursuant to Section 3.4(b) of the Finance Agreement upon receipt, in compliance with said Section 3.4, of the amounts described in said Section.

3.3 Release of Equipment - Consent of Noteholders. 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 holder or holders of all of the Notes.

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 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 Notes. 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 interest (and in each case first to interest and then to principal) on the Notes 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, the Notes 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 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 Notes so that each of the remaining installments of each of the Notes shall be reduced in the proportion that the Loan Value bears to the aggregate unpaid principal amount of the Notes immediately prior to the prepayment; 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 Notes being prepaid; third, to the payment of other amounts due or to become due to the Secured Party under the Lease, the Finance Agreement, the Notes 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 an amount equal to the Collateral Value (as defined in the Finance Agreement) with respect to the item of Equipment for which settlement is then being made and the denominator of which is the aggregate Collateral Value (including the Collateral Value of the item 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 Notes immediately prior to the prepayment provided for in this Section 4.1(b).

(c) 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 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.

(ii) If the Lessee shall have notified the Secured Party in writing that the Lease is to be terminated in respect of such item, then, so long as no Event of Default hereunder has occurred 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 Notes 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, the Notes 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 the applications provided for by the preceding subparagraphs shall be released to or upon the order of the Debtor.

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, any Note 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; or

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

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

(d) Any proceedings or case shall be commenced by or against the Debtor for any relief under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension, or the Board of Directors of the Debtor shall authorize the commencement of any proceedings or case for such relief, and, if such proceedings or case have been commenced against the Debtor, such proceedings or case shall not have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) within 60 days after such proceedings or case shall have commenced; or the Debtor shall become or is adjudicated insolvent or bankrupt, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or is unable to pay or is generally not paying its debts as they become due, or a trustee, custodian or receiver is applied for or appointed for the Debtor or for the major part of the property of the Debtor and is not discharged within 60 days after such appointment; or

(e) Any representation or warranty on the part of the Debtor made herein or in the Finance Agreement or in any certificate or statement furnished in connection with this Security Agreement or the Finance Agreement, or the transactions contemplated 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 5(i)

of the Financing Agreement, any such representation or warranty has continued to be false and misleading for thirty days after notice with respect thereto from the Secured Party; or

(f) Any claim, lien or charge (other than the Permitted Encumbrances) shall be asserted against or 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 or the holder of any Note 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 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 Notes 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 ten 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 the 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 or the holder or holders of the Notes, or of any interest therein, 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 and the Notes 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 if previously has not done so) to exercise all rights, privileges and remedies of the Debtor

under the Lease, 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 Notes, if not previously due, and the interest then accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers of the Collateral, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

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, judgement 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, or the holder or holders of the Notes 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 holder or holders of the Notes of the amount then owing or unpaid on the Notes 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 Notes, then ratably according to the aggregate of any such principal and the accrued and unpaid interest and premium, if any, with application on each Note to be made, 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 several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; 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 Notes 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, the Secured Party and the holders of the Notes 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 or of the holder of any Note 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 or the holders of the Notes 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 or holder of any of the Notes 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 Notes, the Finance Agreement or any instrument included in the Collateral, or as to THE VALUE, TITLE, CONDITION, 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.

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 a condition precedent to such action.

6.3 Status of Moneys Received. All moneys received by the Secured Party shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and 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 MISCELLANEOUS.

7.1 Payment of the Notes.

(a) The principal of, premium, if any, and interest on the Notes 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 Notes to be made by wire transfer in immediately available Federal Reserve funds before noon Chicago time on each date such payment or prepayment is due.

7.2 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.

7.3 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.

7.4 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:	Continental Illinois National Bank and Trust Company of Chicago, 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.

7.5 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.

7.6 Governing Law. This Security Agreement and the Notes 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.

7.7 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.

7.8 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:

By _____

Its ASSISTANT SECRETARY

(Corporate Seal)

Its VICE PRESIDENT-FINANCE

DEBTOR

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

ATTEST:

By _____

Its Banking Officer

(Corporate Seal)

Its Vice President

SECURED PARTY

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 7 day of May, 1980, before me personally appeared J. M. Butler, 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)

Lee Swiontek
Notary Public

My commission expires:

LEE SWIONTEK
Notary Public
Cook Co. Illinois
My Commission Expires Oct. 27, 1980

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 7TH day of MAY, 1980, before me personally appeared THEODOSIA FIRMORRIS, to me personally known, who being by me duly sworn, says that she is a VICE PRESIDENT of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, 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.

(SEAL)

Kathryn A. Germolee
Notary Public

My commission expires: 12/28/82

SCHEDULE 1
(to Security Agreement)

DESCRIPTION OF EQUIPMENT

Number of Items	Description	Identifying Numbers
35	EMD GP-7 Locomotives	CNW 4331 through 4365, both inclusive

EXHIBIT A

SECURED NOTE

$ _____, 1980

FOR VALUE RECEIVED, the undersigned, NORTH WESTERN LEASING COMPANY (the "Debtor") promises to pay to the order of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO (the "Bank") the principal sum of

_____ DOLLARS ($_____) in twelve (12) quarterly installments in the respective amounts set forth below, payable on the fifteenth day of each August, November, February and May in each year, commencing August 15, 1980 to and including May 15, 1983:

Quarterly Installment No.	Amount of Payment
1	
2	
3	
4	
5	*
6	
7	
8	
9	
10	
11	
12	

The Debtor further promises to pay interest (computed on the basis of a 365-day or, when appropriate, 366-day year) on the principal amount from time to time remaining unpaid hereon from the date hereof until maturity (whether by acceleration or otherwise) at a rate per annum, computed for each quarterly interest period, equal to (x) 113% of the prime rate of the Bank (namely the rate per annum then most recently announced and charged by the Bank for 90-day unsecured commercial loans

---

* The first eleven quarterly payments are each to be in an amount equal to 1/16 of the initial principal amount of the Note. The twelfth quarterly payment is to be equal to 5/16 of the initial principal amount of the Note.

made at Chicago, Illinois to large commercial borrowers of the highest credit standing) in effect on the day the most recent interest payment was due hereunder (or, if no interest payment was previously due hereunder, on May 15, 1980), plus (y) 0.25%. The applicable rate of interest under this Note prior to maturity automatically shall change simultaneously with each such change in the prime rate of the Bank. Interest on this Note prior to maturity shall be payable quarterly on the fifteenth day of August, November, February and May in each year and at maturity, commencing August 15, 1980.

Additionally, the Debtor promises to pay interest (computed on the basis of a 365-day or, when appropriate, 366-day year) on the principal amount from time to time remaining unpaid hereon after maturity (whether by acceleration or otherwise) at a rate per annum equal to (x) 113% of the prime rate of the Bank from time to time in effect, plus (y) 1.25%. The applicable rate of interest under this Note after maturity automatically shall change simultaneously with each change in the prime rate of the Bank. Interest payable after maturity shall be payable upon demand.

Both the principal hereof and interest hereon are payable in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the Notes (the "Notes") of the Debtor which are issued under and pursuant to the Finance Agreement dated as of April 15, 1980 (the "Finance Agreement") among the Debtor, Chicago and North Western Transportation Company and the Bank and issued under and secured by that certain Security Agreement dated as of April 15, 1980 (the "Security Agreement") from the Debtor to the Bank. Reference is made to: (a) the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement, and (b) the Finance Agreement and all supplements and amendments thereto executed pursuant to the Finance Agreement, for a description of the collateral, the nature and extent of the security and rights of the Bank, the holder or holders of the Notes and of the Debtor in respect thereof.

Certain prepayments are required to be made, and other prepayments may be made, on this Note and any other Notes outstanding under the Security Agreement and the Finance Agreement. The Debtor agrees to make such required prepayments on the Notes in accordance with the provisions of the Security Agreement.

This Note and the Security Agreement are governed by and construed in accordance with the internal laws of the State of Illinois.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

NORTH WESTERN LEASING COMPANY

By_____

Title:_____

NOTICE: THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933 OR UNDER THE SECURITIES LAWS OF ANY STATE. THE NOTE MAY NOT BE OFFERED OR SOLD UNLESS IT IS REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.