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LONDON
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SAN FRANCISCO
TOKYO
WASHINGTON, D C
WILMINGTON

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

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

October 30, 1989

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

$30.00 filing fee

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

Dear Ms. McGee:

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

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

The parties to the Equipment Lease Agreement are listed below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Covers 36 center beam flat cars."

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

Very truly yours,

William L. Wilson

WILLIAM L. WILSON

Interstate Commerce Commission

Washington, D.C. 20423

10/31/89

OFFICE OF THE SECRETARY

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

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/30/89 at 4:40pm and assigned recordation number(s). 16540-D & 16540-E

Sincerely yours,

Noreta R. McGee

Noreta R. McGee
Secretary

Enclosure(s)

16540-D

OCT 30 1989 4 40 PM

INTERSTATE COMMERCE COMMISSION

LEASE SUPPLEMENT NO. 2

LEASE SUPPLEMENT NO. 2 dated October 30, 1989 (this "Lease Supplement") between FIRST SECURITY BANK OF UTAH, N.A., a national banking association, in its individual capacity as expressly provided herein and otherwise solely as Owner Trustee (the "Lessor") under Itel Rail Trust No. 89-3, and ITEL RAIL CORPORATION, a Delaware corporation (the "Lessee").

W I T N E S S E T H:

The Lessor and the Lessee have heretofore entered into that certain Equipment Lease Agreement dated as of September 15, 1989 (the "Lease"). The capitalized terms used herein have the meanings specified in the Lease.

The Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Lessor and the Lessee hereby agree as follows:

1. The Lessee hereby acknowledges and confirms that it has inspected and approved the following Units and on the date hereof the following Units have been unconditionally accepted by the Lessee under and subject to the Lease:

NEW RAILCARS

Released — H

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

The Lessee certifies, solely as between the Lessee and the Lessor, that the foregoing Units are in good order and condition, and conform to the specifications applicable thereto, and that the Lessee has no knowledge of any defect in any of the foregoing Units with respect to design, manufacture or condition or in any other respect.

2. The Delivery Date of the Units covered by this Lease Supplement is the date set forth in the opening paragraph hereof.

3. The Total Equipment Cost for the Units covered by this Lease Supplement is US$1,749,600.

4. The Coupon Rate shall be 10.31% per annum.

5. The Lessee hereby acknowledges, but solely as between the Lessee and the Lessor, that (a) each Unit covered by this Lease Supplement is acceptable to and accepted by the Lessee under the Lease, and (b) as of the applicable Delivery Date for each Unit covered hereby, such Unit is in good order and condition and conforms to the specifications applicable thereto and is suitable for use in interchange service in accordance with the Interchange Rules and suitable for use by Class 1 line-haul railroads.

6. Notwithstanding Paragraph 5 hereof, the execution and delivery of this Lease Supplement by the Lessee shall not constitute a waiver, clearance, decrease or other release of any of the warranties, liabilities or other obligations of any of the Manufacturers thereof with respect to the Units covered by this Lease Supplement.

7. Lessee certifies that all subleases of the Units covered by this Lease Supplement conform to the terms of Section 19.4 of the Lease.

8. Clause (b) of Section 2.1 of the Lease is hereby amended by deleting clause (b) thereof in its entirety and substituting therefor new clause (b) as follows:

(b) Basic Rent. Rent (the "Basic Rent") for each Unit leased hereunder and delivered on the First Delivery Date shall be payable for the Basic Term in forty-two (42) consecutive semi-annual in-

stallments, payable in arrears commencing on September 28, 1990 and on each Rent Payment Date thereafter in an amount or amounts (or an amount or amounts equal to that percentage or percentages of the Equipment Cost of such Unit) set forth opposite such Rent Payment Date on Schedule 1 hereto. Each such payment of Basic Rent shall be attributable ratably over the six-month period ending on the Rent Payment Date that such payment of Basic Rent is due. Basic Rent for each Unit leased hereunder and delivered on the Second Delivery Date shall be payable for the Basic Term in twenty-two (22) consecutive semi-annual installments, payable in arrears commencing on September 28, 1990 and each Rent Payment Date thereafter to and including March 28, 2001, followed by twenty (20) consecutive semi-annual installments, payable in advance commencing on March 28, 2001 and on each Rent Payment Date thereafter, in an amount or amounts (or an amount or amounts equal to that percentage or percentages of the Equipment Cost of such Unit) set forth opposite such Rent Payment Date on Schedule 1A hereto. Each such payment of Basic Rent identified as payment no. 1 through 22 on Schedule 1A hereto shall be attributable ratably over the six-month period ending on the Rent Payment Date that such payment of Basic Rent is due. Each such payment of Basic Rent identified as payment no. 23 through 41 on Schedule 1A hereto shall be attributable to the six-month period beginning on the Rent Payment Date that such payment of Basic Rent is due.

9. Clause (i) of Section 2.3 of the Lease is hereby amended as follows:

(a) by adding, after "2.3" in the eighth line thereof, the words "(assuming that such Basic Rent, Stipulated Loss Values and Termination Values were calculated using the same methodology and assumptions (other than the Coupon Rate) used by the Owner Participant in connection with the Commitment Letter)";

(b) by adding, at the end of clause (A) of the proviso after the word "Units", the words "(assuming a six month Interim Term, or a delivery date after July 31, 1989 in the case of a shorter Interim Term)"; and

(c) by adding, at the end of clause (B) of the proviso after the word "adjustments", the words "other than changes in net present value caused by adjustments to the Coupon Rate or Transaction Costs."

10. Section 11.5 of the Lease is hereby amended by deleting Section 11.5 in its entirety and substituting therefor a new Section 11.5 as follows:

11.5 Stipulated Loss Value. The Stipulated Loss Value of each Unit shall be an amount determined as of the earliest to occur of the Basic Term Commencement Date (in the case of Events of Loss occurring during the Interim Term), the Rent Payment Date or the Basic Term Expiration Date, as the case may be, upon which the Stipulated Loss Value is to be paid. The Stipulated Loss Value for each Unit delivered on the First Delivery Date shall be equal to that percentage of the Equipment Cost thereof set forth in Schedule 2 hereto. The Stipulated Loss Value for each Unit delivered on the Second Delivery Date shall be equal to that percentage of the Equipment Cost thereof set forth in Schedule 2A hereto.

11. Section 12.2 of the Lease is hereby amended by deleting Section 12.2 in its entirety and substituting therefor a new Section 12.2 as follows:

12.2 Termination Date. The Termination Value of each Unit shall be determined as of the Rent Payment Date, or the Basic Term Expiration Date, upon which the Termination Value is to be paid. The Termination Value for each Unit delivered on the First Delivery Date shall be equal to that percentage of the Equipment Cost thereof set forth in Schedule 3 hereto. The Termination Value for each Unit delivered on the Second Delivery Date shall be equal to that percentage of the Equipment Cost thereof set forth in Schedule 3A hereto.

12. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Lease Supplement may refer to the "Lease Agreement dated as of September 15,

1989", the "Lease dated as of September 15, 1989" or the "Equipment Lease Agreement dated as of September 15, 1989," or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement, unless the context shall otherwise require.

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

14. This Lease Supplement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York and may be executed in any number of counterparts, each such counterpart constituting an original but all together one and the same instrument.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed and delivered on the day and year first above written.

Lessor: FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Owner Trustee under Itel Rail Trust No. 89-3

By: Val T. Orton
Name: Val T Orton
Title: ASSISTANT VICE PRESIDENT

Lessee: ITEL RAIL CORPORATION

By: _____
Name: Robert C. Kiehnle
Title: Vice President-Finance

The right, title and interest of the Lessor under this Lease Supplement and the Lease referred to herein and certain of the Rent due and to become due hereunder and thereunder have been assigned as collateral security to and are subject to a security interest in favor of Continental Bank, National Association, as Indenture Trustee under a Security Agreement and Trust Indenture dated as of September 15, 1989 between said Indenture Trustee, as secured party, and the Lessor, as debtor. Information concerning such security interest may be obtained from the Indenture Trustee at its address set forth in Section 22.1 of said Lease.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed and delivered on the day and year first above written.

Lessor: FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Owner Trustee under Itel Rail Trust No. 89-3

By: _____
Name:
Title:

Lessee: ITEL RAIL CORPORATION

By: Robert Kiehnle
Name: Robert C. Kiehnle
Title: Vice President-Finance

The right, title and interest of the Lessor under this Lease Supplement and the Lease referred to herein and certain of the Rent due and to become due hereunder and thereunder have been assigned as collateral security to and are subject to a security interest in favor of Continental Bank, National Association, as Indenture Trustee under a Security Agreement and Trust Indenture dated as of September 15, 1989 between said Indenture Trustee, as secured party, and the Lessor, as debtor. Information concerning such security interest may be obtained from the Indenture Trustee at its address set forth in Section 22.1 of said Lease.

STATE OF UTAH)
) SS:
COUNTY OF SALT LAKE)

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

Notary Public

[NOTARIAL SEAL]

NOTARY PUBLIC
ROBERT ALLEN LINDSAY
STATE OF UTAH

My Commission Expires:

My Commission Expires July 1, 1991

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On this 23rd day of October 1989, before me personally appeared Robert C. Kiehnle, to me personally known, who being by me duly sworn says that such person is Vice President-Finance of **ITEL RAIL CORPORATION**, that the foregoing **Lease Supplement No. 2** was signed on behalf of said corporation by authority of its Board of Directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Patricia M. O'Grady

OFFICIAL SEAL
PATRICIA M O'GRADY
NOTARY PUBLIC - CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO
My Comm Expires April 20, 1990

Receipt of the original counterpart of the foregoing Lease Supplement is hereby acknowledged this 26th day of October, 1989.

Indenture Trustee: CONTINENTAL BANK, NATIONAL ASSOCIATION as Indenture Trustee

By: _____

Name: Robert S. Clark

Title: Vice President

Schedule 1A to
Lease Supplement No. 2

ITEL RAIL CORPORATION
THIS IS THE ORIGINAL SCHEDULE FOR
TRUST NO.3 FOR THE SECOND DELIVERY
DATE PURSUANT TO LEASE SUPPLEMENT 2
RENTAL SCHEDULE
(Expressed as a Percent of Equipment Cost)

Re: Itel Rail Trust No. 89-3

Date	Arrears Rent	Advance Rent	Total Rent

ITEL RAIL CORPORATION
THIS IS THE ORIGINAL SCHEDULE FOR
TRUST NO.3 FOR THE SECOND DELIVERY
DATE PURSUANT TO LEASE SUPPLEMENT 2
-Termination and Stipulated Loss Values-

Schedule 2A
to Lease
Supplement No. 2

Re: Itel Rail Trust No. 89-3

Values are net of any arrears rent due that day.
The lessee pays the loss value plus the "Rent Received".
The base for percentage amounts is

Date of Termin.	Stipulated Loss Value (%)

ITEL RAIL CORPORATION
THIS IS THE ORIGINAL SCHEDULE FOR
TRUST NO.3 FOR THE SECOND DELIVERY
DATE PURSUANT TO LEASE SUPPLEMENT 2
-Termination and Stipulated Loss Values-

Schedule 3A
to Lease
Supplement
No. 2

Re: Itel Rail Trust No. 89-3

Values are net of any arrears rent due that day.
The lessee pays the loss value plus the "Rent Received".
The base for percentage amounts is

Date of Termination
Termin. Value (%)