



**Western Pacific
Railroad Company**
"THE FEATHER RIVER ROUTE"

Finance Department
526 Mission Street
San Francisco, CA 94105
Telephone 415 982-2100

RECORDATION NO. 13312 FILE 1425

NOV 12 1981 11 15 AM

INTERSTATE COMMERCE COMMISSION

R. W. Stumbo, Jr.
Senior Vice President

December 14, 1981

400.224

Interstate Commerce Commission
12th Street & Constitution, N.W.
Washington, D.C. 20423

Attn: Mildred Lee, Room 2303

Dear Ms. Lee:

Per your request, enclosed is copy of Security Agreement dated as of November 1, 1981, between Western Pacific Railroad Company and Clark Rental Corporation, filed and recorded with the ICC on November 12, 1981, Recordation No. 13312.

Very truly yours,

:ml

Enclosure

cc: Robert Kleinman, Esq.
Isham Lincoln & Beale
One First National Plaza, 42nd Floor
Chicago, IL 60603

RECORDATION NO. 13312 FILED 1425

NOV 12 1981 11 15 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of November 1, 1981

between

WESTERN PACIFIC RAILROAD COMPANY

and

CLARK RENTAL CORPORATION

Filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303 on November 12, 1981 at 11:15 A.M., Recordation No. 13312

SECURITY AGREEMENT

This Security Agreement ("Security Agreement") between The Western Pacific Railroad Company, a Delaware corporation (the "Lessee") and Clark Rental Corporation, a Michigan corporation (the "Lessor"), is dated as of November 1, 1981.

WHEREAS, the Lessor and the Lessee have entered into an Agreement dated as of November 11, 1981 (the "Agreement"), a copy of which is attached hereto as Exhibit A, pursuant to which the parties thereto agreed to characterize such agreement, for federal income tax purposes, as a lease of the items of new equipment described in Schedule I hereto (the "Leased Equipment");

WHEREAS, in order to secure its obligations under the Agreement, the Lessee desires to grant the Lessor a security interest in certain equipment as more fully described herein;

NOW, THEREFORE, the Lessor and the Lessee agree as follows:

1. Granting of Security Interest. In order to secure its obligations under the Agreement, including, but not limited to, its obligations under Sections 2, 5, 7, 11 and 17 of the Agreement, the Lessee hereby grants, conveys and transfers to the Lessor a security interest in the units of equipment described in Schedule II which is attached hereto and expressly made a part hereof (the "Collateral

Equipment"). Any and all additions to any unit of the Collateral Equipment, and any and all parts installed on and additions and replacements made to any unit of the Collateral Equipment, and any proceeds (except if the Lessee complies with the provisions of Section 3 concerning substituted equipment) shall be subject to all the terms and conditions of this Security Agreement and included in the term Collateral Equipment as used in this Security Agreement.

2. Duration of Security Interest. Lessor shall retain its security interest in the Collateral Equipment until Lessee shall have performed in full all of its obligations under the Agreement and under this Security Agreement. When, and only when, the Lessor has received all amounts due to it under the Agreement and the Lessee has performed all of its obligations under the Agreement, absolute right to the possession of, title to and property in the Collateral Equipment shall vest in the Lessee without further transfer or action on the part of the Lessor.

3. Maintenance; Casualty Occurrences. The Lessee represents and warrants that each unit of the Collateral Equipment is in good order and repair, is in operating condition and complies with all lawful requirements applicable to equipment of its vintage and type. The Lessee, at its own cost and expense, shall maintain and keep each unit of the Collateral Equipment in as good an operating order, repair and condition as such unit was in on the date of this Security Agreement, ordinary wear and tear excepted.

In the event that a unit of the Collateral Equipment shall become worn out, lost, stolen, destroyed, irreparably damaged from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of the Agreement or for an indefinite period, but only, in the case of an indefinite period, after such taking or requisition continues for one year, or by any other governmental entity resulting in the loss of possession by the Lessee for a period of one year (such occurrences being hereinafter called "Casualty Occurrences"), the Lessee shall cause the Lessor to be fully informed in regard thereto. Within thirty days after the third unit of the Collateral Equipment shall have suffered a Casualty Occurrence, the Lessee shall, upon and subject to the terms and conditions hereof, grant to the Lessor a security interest in a like number of additional items of equipment acceptable to the Lessor so that at all times there remains not less than 22 units of Collateral Equipment (other than units having suffered a Casualty Occurrence). For purposes of the preceding sentence, a unit of Collateral Equipment shall comprise either one (1) locomotive or ten (10) units of rolling stock.

The Collateral Equipment described in Schedule II consists entirely of locomotives. The substituted equipment can be a locomotive or locomotives meeting the requirements of this Section or can be units of rolling stock, provided

that each such unit of rolling stock shall meet all of the requirements for substituted equipment and shall be substituted for locomotives on the basis of 10 units of rolling stock for each locomotive. In addition to substitutions for Casualty Occurrences, the Lessee shall be permitted to substitute equipment once during the 12 month period after the date hereof and not more than once during any succeeding 12 month period; provided that all such equipment satisfies each of the requirements for substituted equipment hereunder.

Prior to each substitution of equipment for units of Collateral Equipment, whether after a Casualty Occurrence or otherwise, the Lessee shall file with the Lessor:

(1) a certificate of an operating officer of the Lessee certifying that each such substituted unit is standard gauge railroad rolling stock (other than passenger cars on work equipment) or standard gauge general purpose locomotives, and has been marked as required by the provisions of Section 11; and certifying that each such unit is in good order and repair, is in operating condition and complies with all lawful requirements (including rules of the American Association of Railroads) applicable to equipment of its vintage and type and is suitable for use in interchange service; and

(2) an opinion of counsel for the Lessee that the Lessor is vested with a first perfected security interest in such unit free and clear from all claims, liens,

security interests and other encumbrances (except to the extent, if any, which the Thirty Year 5% Income Debentures Due 1984 may automatically acquire a security interest pari passu with the Lessor), and that such unit has come under and become subject to this Security Agreement and all necessary filings and recordings have been made to perfect the interest of the Lessor therein.

The Lessee will cause any substituted unit or units to be marked as provided in Section 11 hereof. Any and all such substitutions of Collateral Equipment shall constitute accessions to the Collateral Equipment and shall be subject to all appropriate terms and conditions of this Security Agreement as though part of the original Collateral Equipment and shall be included in the term "Collateral Equipment" as used in this Security Agreement. Prior to such unit being included hereunder, title shall have been vested in the Lessee free and clear of all liens and encumbrances, and the Lessee shall execute, acknowledge, deliver, file, record or deposit all such documents and do any and all such acts as may be necessary to cause such substituted units to come under and be subject to this Security Agreement and to protect the title and interest of the Lessor in such substituted units.

4. Security Interest in Leased Equipment - Optional.

The Lessor shall immediately release its security interest in the Collateral Equipment upon being granted by the Lessee a security interest in the Leased Equipment subordinate only

to the rights of the secured party under the Conditional Sale Agreement dated as of May 15, 1981 (the "CSA"), between Portec, Inc., Trinity Industries, Inc. and the Lessee. Concurrently with the granting to the Lessor of a security interest in the Leased Equipment pursuant to this Section 4, the Lessee shall execute a security agreement with the Lessor providing that the Lessor shall retain such security interest until the Lessee has fulfilled all of its obligations under the Agreement, and containing such other provisions as the Lessor deems necessary to protect its security position.

5. Security Interest in Leased Equipment - Mandatory.

Immediately upon the Lessee obtaining absolute right to the possession of, title to and property in the Leased Equipment as provided in Article 6 of the CSA, the Lessee shall immediately grant, convey and transfer to the Lessor a first security interest in the Leased Equipment. Concurrently with the granting to the Lessor of a security interest in the Leased Equipment pursuant to this Section 5, the Lessee shall execute a security agreement with the Lessor providing that the Lessor shall retain such security interest until the Lessee has fulfilled all of its obligations under the Agreement, and containing such other provisions as the Lessor deems necessary to protect its security position. Concurrently with the execution of such a security agreement, the Lessor shall release its security interest in the Collateral Equipment.

6. Reports. On or before August 1 in each year, commencing with the year 1982, the Lessee shall cause to be furnished to the Lessor an accurate statement setting forth as of the preceding June 30 the amount, description and numbers of all units of the Collateral Equipment covered by this Security Agreement, the amount, description and numbers of all units of the Collateral Equipment that have suffered Casualty Occurrences or are undergoing repairs, other than running repairs, during the preceding calendar year (or since the date of this Security Agreement in the case of the first such statement), and such other information regarding the condition and state of repair of the Collateral Equipment as the Lessor may reasonably request.

7. Compliance with Laws and Rules. During the term of this Security Agreement, the Lessee will comply, and will cause every user of the Collateral Equipment to comply, in all respects with all laws (including, but not limited to, laws with respect to the use, maintenance and operation of the Collateral Equipment) of the jurisdictions in which operations involving the Collateral Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Collateral Equipment, to the extent that such laws and rules affect the title, operation and use of the Collateral Equip-

ment; and in the event that such laws or rules require any alteration, replacement or addition of or to any part of any unit of the Collateral Equipment, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Lessor, adversely affect the property or rights of the Lessor under this Security Agreement.

8. Possession and Use. The Lessee, so long as an event of default shall not have occurred and be continuing under this Security Agreement, shall be entitled to the possession of the Collateral Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Security Agreement. The Lessee will not transfer the right to possession of any unit of the Collateral Equipment.

9. Prohibition Against Liens. The Lessee will pay or discharge any and all sums claimed by any party from, through or under the Lessee or its successors or assigns which, if unpaid, might become a lien, charge, security interest or other encumbrance on or with respect to the Collateral Equipment, or any unit thereof and will promptly discharge any such lien, charge, security interest or other encumbrance which arises; provided, however, that the Lessee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable

manner and the nonpayment thereof does not, in the reasonable opinion of the Lessor, adversely affect the security interest of the Lessor in or to the Collateral Equipment or otherwise adversely affect its rights under this Security Agreement. Any amounts paid by the Lessor in discharge of liens, charges, security interests or other encumbrances upon the Collateral Equipment shall be secured by and under this Security Agreement.

This covenant will not be breached by reason of the existence of liens for taxes, assessments or governmental charges or levies, in each case so long as not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

10. Indemnities. The Lessee agrees to indemnify, protect and hold harmless the Lessor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Security Agreement, the retention by the Lessor of a security interest in the Collateral Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Collateral Equipment, any accident in connection with the operation, use, condition, possession, storage or return of any of the Collateral Equipment result-

ing in damage to property or injury or death to any person during the period when the Lessor holds a security interest in the Collateral Equipment, or arising out of the transfer of the security interest in the Collateral Equipment by the Lessor pursuant to any of the provisions of this Security Agreement. This covenant of indemnity shall continue in full force and effect notwithstanding the termination of this Security Agreement in any manner whatsoever.

11. Marking of Equipment. The Lessee will cause each unit of the Collateral Equipment to be kept numbered with its identifying number as set forth in Schedule II hereto, or in the case of Collateral Equipment not there listed, with such identifying number as shall be set forth in any amendment or supplement hereto extending this Security Agreement to cover such Collateral Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership Subject to a Security Agreement Filed under the Interstate Commerce Act", or other appropriate markings approved by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's interest in the Collateral Equipment and its rights under this Security Agreement. The Lessee will replace promptly any such markings which may be removed, defaced, obliterated or destroyed and will not change the number of any unit of the Collateral Equipment except in

accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Lessor by the Lessee and filed, recorded and deposited by the Lessee in all public offices where this Security Agreement shall have been filed, recorded and deposited.

Except as provided in the preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any unit of the Collateral Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Collateral Equipment to be lettered with the names or initials or other insignia of the Lessee or its affiliates or any successor to the business of Lessee.

12. Events of Default. The following shall constitute events of default under this Security Agreement:

(a) An Event of Default shall have occurred and be continuing under the Agreement;

(b) The Lessee shall, for more than 30 days after the Lessor shall have demanded performance thereof by written notice to the Lessee, fail or refuse to comply with any covenant, agreement, term or provision of this Security Agreement on the part of the Lessee to be kept or performed; or

(c) The Lessee shall make or suffer any unauthorized assignment or transfer of the right to possession of any unit of the Collateral Equipment.

Upon the occurrence of any such event of default, the Lessor shall be entitled to recover judgment for the entire amount due it pursuant to the provisions of the Agreement, and to collect such judgment out of any property of the Lessee wherever situated. The Lessee shall promptly notify the Lessor if it has actual knowledge of any event which constitutes, constituted, or with notice, demand and/or lapse of time could constitute, an event of default under this Security Agreement and the action taken or proposed to be taken with respect thereto.

The Lessor may, at its election, waive any such event of default and its consequences by notice to the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Lessee that time is of the essence of this Security Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

13. Remedies. At any time during the continuance of an event of default under this Security Agreement, the Lessor may, subject to compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Lessor, take or cause to be taken by its agent or agents immediate possession of the Collateral Equipment, or one or more of the units thereof, without

liability to return to the Lessee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Section 13 expressly provided, and may remove the same from the possession and use of the Lessee or any other person having such possession and use and for such purpose may enter upon the premises of the Lessee or any other premises where the Collateral Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Lessee.

In case the Lessor shall rightfully demand possession of the Collateral Equipment pursuant to this Security Agreement and shall designate a reasonable point or points for the delivery of the Collateral Equipment to the Lessor, the Lessee shall, at the Lessee's expense, forthwith and in the usual manner, cause the Collateral Equipment to be moved to such point or points and shall there deliver the Collateral Equipment or cause it to be delivered to the Lessor. At the option of the Lessor, the Lessee may keep the Collateral Equipment, at the expense of the Lessee, on any lines of railroad or premises approved by the Lessor until the Lessor shall have leased, sold or otherwise disposed of the same. The agreement to deliver the Collateral Equipment as hereinbefore provided is of the essence of this Security Agreement, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance

hereof. The Lessee hereby expressly waives any and all claims against the Lessor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Collateral Equipment in any reasonable manner.

At any time during the continuance of an event of default hereunder, the Lessor (after retaking possession of the Equipment as hereinbefore in this Section provided) may, at its election and upon such notice as is hereinafter set forth, retain the Collateral Equipment in satisfaction of the obligations of the Lessee under the Agreement and make such disposition thereof as the Lessor shall deem fit. Written notice of the Lessor's election to retain the Collateral Equipment shall be given to the Lessee by telegram or registered mail, addressed as provided in Section 16, and to any other persons to whom the law may require notice, within 30 days after such election. In the event that the Lessor should elect to retain the Collateral Equipment, all the Lessee's rights in the Collateral Equipment shall thereupon terminate and all payments made by the Lessee may be retained by the Lessor as compensation for the use of the Collateral Equipment; provided, however, that if the Lessee before the expiration of the 30-day period described in the next proviso, should pay or cause to be paid to the Lessor the total amount unpaid and due the Lessor pursuant to the provisions of the Agreement, together with interest thereon accrued and unpaid and all other payments due under this Security Agreement, including, but not limited to, expenses of Lessor in

retaking possession of, removing, storing or holding the Collateral Equipment and Lessor's reasonable attorney's fees, then in such event absolute right to the possession of, title to and property in the Collateral Equipment shall pass to and vest in the Lessee; and provided further, that if the Lessee or any other persons notified under the terms of this paragraph object in writing to the Lessor within 30 days from the receipt of notice of the Lessor's election to retain the Collateral Equipment, then the Lessor may not so retain the Collateral Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Lessor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Collateral Equipment in any other manner, it shall be deemed to have elected to sell the Collateral Equipment in accordance with the provisions of this Section.

At any time during the continuance of an event of default hereunder, the Lessor, with or without retaking possession of the Collateral Equipment, at its election and upon reasonable notice to the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Collateral Equipment, or one or more units thereof, free from any and all claims of the Lessee or any other person claiming from, through and under the Lessee at law or in equity, at public or private sale and with or

without advertisement, as the Lessor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Lessee should tender full payment of the total amount unpaid and due under the Agreement, together with interest thereon accrued and unpaid and all other payments due under this Security Agreement, as well as the expenses of the Lessor in retaking possession of, removing, storing, holding and preparing the Collateral Equipment for, and otherwise arranging for, such sale and the Lessor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Collateral Equipment shall pass to and vest in the Lessee. The proceeds of any sale or other disposition, less the attorneys' fees and any other expenses incurred by the Lessor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Collateral Equipment, shall be credited to the amount due the Lessor under the provisions of this Security Agreement.

Any sale hereunder may be held or conducted at Chicago, Illinois, or at such other place or places and at such time or times as the Lessor may specify, in one lot and as an entirety or in separate lots, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Lessor may determine, so long as such sale shall be in a commercially reasonable manner. The Lessee and all other persons to whom the law requires notice shall be given written notice of such

sale not less than 30 days prior thereto, by telegram or registered mail, addressed as provided in Section 16. If such sale is to be a private sale, it shall be subject to the rights of the Lessee to purchase or provide a purchaser, within 10 days prior to the proposed sale date, at the same price offered by the intending purchaser or a better price. The Lessor or the Lessee may bid for and become the purchaser of the Collateral Equipment, or any unit thereof, so offered for sale. In the event that the Lessor shall be the purchaser thereof, it shall not be accountable to the Lessee (except to the extent of surplus money received as hereinafter provided in this Section 13), and in payment of the purchase price therefor the Lessor shall be entitled to have credited on account thereof all sums due to the Lessor under the Agreement or hereunder.

Each and every power and remedy hereby specifically given to the Lessor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Lessor. All such power and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Lessor in the exercise of any such power or remedy, and no renewal or extension of any payments due hereunder, shall impair any such power or remedy or

shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Lessee shall not otherwise alter or affect the Lessor's rights or the Lessee's obligations hereunder. The Lessor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Lessee's obligations or the Lessor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Lessor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Security Agreement or the Agreement, the Lessee shall pay the amount of such deficiency to the Lessor upon demand; and if the Lessee shall fail to pay such deficiency, the Lessor may bring suit therefor and shall be entitled to recover a judgment therefor against the Lessee. If, after applying as aforesaid all sums realized by the Lessor, there shall remain a surplus in the possession of the Lessor, such surplus shall be paid to the Lessee.

The Lessee will pay all reasonable expenses, including attorneys' fees, incurred by the Lessor in enforcing its remedies under the terms of this Security Agreement. In the event that the Lessor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Lessor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Section 13 are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

14. Severability and Applicable Laws. Any provision of this Security Agreement prohibited or unenforceable by any applicable law or any jurisdiction shall as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Lessee to the full extent permitted by law.

Except as otherwise provided in this Security Agreement, the Lessee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Collateral Equipment, or one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Lessor's rights under this Security Agreement and any and all rights of redemption.

15. Recording. The Lessee will cause this Security Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded with

the Interstate Commerce Commission in accordance with 49 U.S.C. §11303; and the Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to the satisfaction of counsel for the Lessor, of its security interest in the Collateral Equipment and any equipment substituted for the Collateral Equipment and its rights under this Security Agreement or for the purpose of carrying out the intention of this Security Agreement; and the Lessee will promptly furnish to the Lessor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Lessor.

16. Notices. Any notice under this Security Agreement to be given by either party hereto to the other shall be deemed to have been properly served if delivered personally or if mailed, when mailed registered mail, postage prepaid, addressed to either party at its address set forth below, or to such other address as either party shall furnish to the other in writing:

(a) to the Lessor, at:

128 East Front Street
Buchanan, Michigan 94107
Attention: Vice President-Controller

(b) to the Lessee, at:

526 Mission Street
San Francisco, California 94105
Attention: Senior Vice President-Finance.

17. Law Governing. The terms of this Security Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Michigan; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. §11303 and such additional rights arising out of the filing, recording, registering or depositing, if any, of this Agreement or of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Security Agreement or any assignment hereof shall be filed, recorded, registered or deposited.

18. Execution. Although this Security Agreement is dated as of November 1, 1981 for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this Security Agreement to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

THE WESTERN PACIFIC RAILROAD
COMPANY

(Corporate Seal)

By /s/ R.W. Stumbo, Jr.
R.W. Stumbo, Jr.
Senior Vice President-Finance

ATTEST:

/s/ W.D. Brew
W.D. Brew
Secretary

CLARK RENTAL CORPORATION

(Corporate Seal)

By /s/ G.D. Lyon
G.D. Lyon
Senior Vice President

ATTEST:

/s/ Kim K. Linville
Kim K. Linville
Vice President

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

On this 9th day of November, 1981, before me personally appeared R.W. Stumbo, Jr., to me personally known, who, being by me duly sworn, says that he is the Senior Vice President-Finance of THE WESTERN PACIFIC RAILROAD COMPANY, a Delaware corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that such 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.

/s/ Diane Loretta Fafoutis
Notary Public

[Notarial Seal]

My Commission expires: December 14, 1983

STATE OF ILLINOIS)
) ss.
COUNTY OF LAKE)

On this 11th day of November, 1981, before me personally appeared G.D. Lyon, to me personally known, who, being by me duly sworn, says that he is Senior Vice President of CLARK RENTAL CORPORATION, a Michigan corporation, 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.

/s/ Robert W. Kleinman
Notary Public

[Notarial Seal]

My Commission expires: June 27, 1983

SCHEDULE I

<u>QUANTITY</u>	<u>TYPE</u>	<u>PURCHASE PRICE*</u>	<u>ROAD NUMBERS (Inclusive)</u>
36	100-ton 2,300 cubic ft. open top hopper cars manufactured by Porter, Inc. WP Road Nos. 10301 - 10336	\$1,550,551.50	WP 10,301 - 10,336
200	100-ton 2,300 cubic ft. open top hopper cars manu- factured by Trinity Industries Inc. WP Road Nos. 10801 - 11000	<u>8,761,781.50</u>	WP 10,801 - 11,000
	TOTAL	\$10,312,333.00	

* EQUALS PROPERTY OWNER'S
ADJUSTED BASIS

SCHEDULE II

<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>ROAD NUMBERS</u>
25	General Purpose Locomotives	WP 701 WP 703-710 WP 713 WP 725 WP 727-729 WP 731-732 WP 2001 WP 2002 WP 2004-2010