060521063

ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N.W.
SUITE 200
WASHINGTON, D.C.
20006-2973

(202) 393-2266
FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

12236

February 10, 1995

Mr. Vernon A. Williams
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are three (3) duly executed copies of a Security Agreement-Trust Deed (Chattel Mortgage), dated as of February 10, 1995, a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed document are:

Debtor: ACF Industries, Incorporated
3301 Rider Trail South
Earth City, Missouri 63045-1383

Secured Party: McDonnell Douglas Finance Corporation
4060 Lakewood Boulevard
Long Beach, California 90808

A description of the railroad equipment covered by the enclosed document is attached as Schedule A.

Also enclosed is a check in the amount of $21.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,

Robert W. Alvord

RWA/bg
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423-0001

2/10/95

Office Of The Secretary

Robert W. Alvord
Alvord And Alvord
918 Sixteenth Street, NW.,Ste. 200
Washington,DC. 20006-2973

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 2/10/95 at 12:40PM, and assigned recordation number(s). 19236., 18605-F,18584-F,18586-D,18541-D, and 18576-B.

Sincerely yours,

Vernon A. Williams
Secretary

Enclosure(s)

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(0100521062)

$126.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature Janice M. Fort

19236

FEB [illegible] 6

SECURITY AGREEMENT - TRUST DEED
(CHATTEL MORTGAGE)

BETWEEN

ACF INDUSTRIES, INCORPORATED,

DEBTOR

AND

MCDONNELL DOUGLAS FINANCE CORPORATION,

SECURED PARTY

Dated as of February 10, 1995

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SECURITY AGREEMENT - TRUST DEED
(CHATTEL MORTGAGE)

SECURITY AGREEMENT - TRUST DEED (CHATTEL MORTGAGE) dated as of February 10, 1995 (this "Security Agreement") between ACF INDUSTRIES, INCORPORATED, a New Jersey corporation (the "Debtor"), and McDONNELL DOUGLAS FINANCE CORPORATION, a Delaware corporation, as the initial Lender under the Loan Agreement (as defined below) (in such capacity, the "Lender"), and as agent for any Transferees under such Loan Agreement (in such capacity, the "Agent" and, in the capacity of both Lender and Agent, the "Secured Party").

RECITALS

A. Pursuant to Section 1.01 of the Loan Agreement, the Lender has agreed to make a loan to the Debtor in the principal amount of $4,700,000 (including any portions of such loan subsequently assigned by the Lender to one or more Transferees, the "Secured Loan").

B. The principal of and interest on the Secured Loan and all additional amounts and other sums at any time due and owing from or required to be paid by Debtor under the terms of the Loan Agreement with respect to the Secured Loan, the Note issued by the Debtor pursuant thereto, this Security Agreement, or any of the other Loan Documents are hereinafter sometimes referred to as "indebtedness hereby secured".

Section 1. DEFINITIONS

1.01 As used herein the following terms shall have the meanings herein specified unless the context otherwise requires. Capitalized terms used but not defined herein that are defined in the Loan Agreement shall have the meanings assigned to them therein. Defined terms in this Security Agreement shall include in the singular number the plural and in the plural number the singular.

"AAR" shall mean the Association of American Railroads.

"AAR Value" shall mean, with respect to any railcar included in the Equipment or any proposed Replacement Unit, the settlement value of such railcar as determined in accordance with Rule 107 -- Damaged and/or Destroyed Cars (or any successor rule) of the AAR as published in the most recent edition of the Field Manual of the A.A.R. Interchange Rules (or a successor publication).

"Additional Insureds" shall have the meaning specified in Section 3.05(b).

"Allocable Amount" shall have the meaning specified in Section 5.02(c).

"Cash Collateral" shall have the meaning specified in Section 5.02(e).

"Casualty Loss" shall have the meaning specified in Section 5.02(a).

"Casualty Loss Trigger" shall have the meaning specified in Section 5.02(b).

"Collateral" shall have the meaning specified in Section 2.01.

"Debtor" shall have the meaning specified in the preamble.

"Eligible Lease", as of a specified date, shall mean an Equipment Lease: (i) the terms and form of which are reasonably satisfactory to the Lender, (ii) that is with a lessee reasonably satisfactory to the Lender, (iii) with respect to which each of the representations and warranties set forth in Section 3.03(a) hereof is true and correct as of such date as if made on and as of such date and (iv) with respect to which the Debtor has fully complied with each of its obligations set forth in Section 3.03(b) hereof.

"Equipment" shall have the meaning specified in Section 2.02.

"Equipment Leases" shall have the meanings specified in Section 2.03.

"Equipment Lease Proceeds" shall have the meaning specified in Section 2.03.

"ICA" shall mean the Interstate Commerce Act, as amended.

"indebtedness hereby secured" shall have the meaning specified in recital B hereof.

"Indemnified Matters" shall have the meaning specified in Section 6.06.

"Indemnitees" shall have the meaning specified in Section 6.06.

"Ineligible Lease Condition" shall have the meaning specified in Section 5.02(a).

"Ineligible Lease Trigger" shall have the meaning specified in Section 5.02(b).

"Interchange Rules" has the meaning specified in Section 3.05(a).

"Item of Equipment" shall have the meaning specified in Section 2.02.

"Lender" shall have the meaning set forth in the preamble.

"Lien" shall mean, with respect to any property, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such property.

"Loan Agreement" shall mean the Term Loan Agreement, dated as of the date of this Security Agreement, between Debtor and Secured Party, as the same may be amended, supplemented or modified from time to time.

"Loan Documents" shall mean the Loan Agreement, the Note, this Security Agreement, and any other document, instrument or agreement previously, now or hereafter executed by or on behalf of the Debtor and delivered pursuant to this Security Agreement or the Loan Agreement or in furtherance of the transactions contemplated hereby or thereby, as the same may be amended, supplemented or modified from time to time.

"Material Amendment" with respect to a given Equipment Lease shall mean any amendment or modification of, or waiver or compromise of any rights of the Debtor under, such Equipment Lease if the effect of such amendment, modification, waiver or compromise is to: (i) shorten the term of such Equipment Lease, (ii) decrease the amount of rent payable by the lessee under such Equipment Lease or the terms of payment of such rent, (iii) cause such Equipment Lease to cease to be an Eligible Lease or (iv) otherwise materially reduce the rights of the Debtor under such Equipment Lease.

"Money Market Rate" shall mean, with respect to any given month, the annual rate of interest equal to the average of the top rates paid by major New York banks on primary new issues of one-month negotiable certificates of deposit as of the last Business Day of the month immediately preceding such month, as published or announced on such date in the "MONEY RATES" table of (or any other designation or listing for such rate of interest at any time used by) the Eastern Edition of The Wall Street Journal (the "Journal") or, in the event that the Journal ceases for any reason to publish or announce such rate of interest, any other source reasonably selected by the Secured Party.

"Notices to Lessees" shall have the meaning specified in Section 4.02(b).

"Opinions of Counsel" shall have the meaning specified in

Section 3.08.

"Permitted Area" shall have the meaning specified in Section 3.02.

"Permitted Lien" shall have the meaning specified in Section 3.06.

"Replacement Trigger Date" shall have the meaning specified in Section 5.02(b).

"Replacement Unit" shall have the meaning specified in Section 5.02(d).

"Secured Loan" shall have the meaning specified in the first recital.

"Secured Party" shall have the meaning specified in the preamble.

"Security Agreement" shall mean this Security Agreement as specified in the preamble.

"Threshold Level" shall mean the lesser of (a) five Items of Equipment or (b) Items of Equipment with an aggregate AAR Value exceeding $250,000.

"UCC" shall mean the Uniform Commercial Code as in effect in the State of New York, unless otherwise specified.

Section 2. SECURITY

2.01 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 and sufficiency whereof are hereby acknowledged, and in order to secure the prompt and complete payment of the principal of and interest on the Secured Loan, and to secure the prompt and complete payment of all other indebtedness hereby secured and the prompt and complete performance and observance of all covenants and conditions contained in the Loan Agreement, in this Security Agreement, in the Note and in each of the other Loan Documents, does hereby grant, convey, assign and pledge to the Secured Party, its successors and assigns, a first priority lien on and security interest in all of the Debtor's rights, title and interest in and to the properties, rights, interests and privileges described in Sections 2.01, 2.02, 2.03, 2.04 and 2.05 hereof (all of which properties are hereinafter collectively referred to as the "Collateral").

2.02 Equipment Collateral. Collateral includes certain

railroad tank cars listed on Schedule A attached hereto (collectively, the "Equipment" or "Items of Equipment" and individually an "Item of Equipment") (which list includes the car number and AAR designation), together with all accessories, attachments, equipment, parts and appurtenances appertaining or attached to such Equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment (including, without limitation, any Replacement Units), whether now owned or hereafter acquired, together with any and all rents, issues, income, mileage credits earned, profits and avails therefrom, any and all books and records relating thereto, and the products and proceeds of any of the foregoing (including, but not limited to, any amounts payable or to become payable under any policy of insurance).

2.03 Rental Collateral. (a) Collateral also includes, subject to Section 4 hereof, all right, title and interest of Debtor in and to each and every lease relating to the Equipment, whether now existing or at any time hereafter entered into, but only to the extent relating to the Equipment (each such portion of such lease being an "Equipment Lease"), all rights to receive monies due or to become due under or pursuant to any of the Equipment Leases, all rights under (including any rights to receive proceeds of) any insurance, indemnity, warranty or guaranty with respect to any of the Equipment Leases, all claims for damages arising out of or for breach or default under any of the Equipment Leases and all payments due and to become due under any Equipment Lease, whether as contractual obligations, damages or otherwise, all rights to enforce or collect payments of any amounts described hereinbefore and to terminate any Equipment Lease, and any and all proceeds and products of the foregoing (the "Equipment Lease Proceeds").

(b) The Secured Party shall be entitled to collect and receive the Equipment Lease Proceeds only upon the occurrence of and during the continuance of an Event of Default.

(c) It is expressly agreed that, anything contained to the contrary herein notwithstanding, the Debtor shall remain liable under the Equipment Leases to perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and the Secured Party shall not have any obligation or liability under the Equipment Leases by reason or arising out of the assignment hereunder, nor shall the Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of the Debtor under or pursuant to the Equipment Leases or, except as otherwise expressly provided herein, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or to present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it

hereunder.

2.04 Certain Related Contract Rights. Collateral includes any contract or warranty rights or claims of any kind whatsoever that the Debtor may have against any Person from which the Debtor has acquired any of the Equipment or any parts or components therefor, or any related Equipment Leases, and any proceeds thereof.

2.05 Cash Collateral. Collateral also includes any Cash Collateral held by the Lender from time to time pursuant to Section 5.02 and all income and products and proceeds thereof.

Section 3. COVENANTS, REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

The Debtor covenants, warrants and agrees with the Secured Party until the Secured Loan and all other indebtedness hereby secured is paid in full:

3.01 Concerning this Security Agreement and the Collateral Generally. (a) The Debtor hereby represents and warrants that: (i) the Debtor has been duly incorporated and is validly existing and in good standing under the laws of the State of New Jersey, has full power and authority to own its property and carry on its business as currently conducted and is duly qualified to do business in such jurisdictions in which the failure to so qualify would have a Material Adverse Effect; (ii) the Debtor has the power and authority to enter into this Security Agreement and the transactions contemplated hereby and perform the indebtedness, obligations and liabilities hereunder; (iii) this Security Agreement and the indebtedness, obligations and liabilities hereunder are valid and binding obligations enforceable against the Debtor in accordance with their respective terms and do not violate or create a default under, or result in any Lien (other than the Liens created in favor of the Secured Party), pursuant to any instrument or agreement binding on the Debtor or any of its assets or properties; (iv) the Debtor has good and marketable title to the Collateral and each portion thereof, free and clear of any Liens or other rights (except for Permitted Liens); (v) none of the Collateral constitutes real property or fixtures; (vi) the Debtor's principal place of business and chief executive offices are located at 3301 Rider Trail South, Earth City, Missouri 63045; (vii) the Debtor's true and complete corporate name is "ACF Industries, Incorporated"; (viii) the Secured Party has a continuing, first-priority lien and security interest in and to the Collateral and each portion thereof; (ix) there are no mortgages, pledges, security interests or other consensual Liens covering now owned or hereafter acquired property of Debtor extending to the Collateral or any portion thereof; (x) except for such consents, approvals, authorizations, filings, or declarations that have been made and

that are in full force and effect, no consent, approval or authorization from, or filing or declaration with, any governmental authority or any industry regulatory authority (including the AAR) is required to be made by the Debtor to give the Secured Party a perfected first-priority lien and security interest in the Collateral or for the consummation of the transactions contemplated hereby; (xi) all of the books and records relating to the Collateral are currently located at the principal place of business and chief executive offices of Debtor; and (xii) none of the Collateral has at any time been owned by any Person other than the Debtor, ACF Railcar Acquisition Corporation, or American Car Line II Company.

(b) The Debtor shall at all times: (i) not change the location of its principal place of business and chief executive office, unless the Debtor (A) gives the Secured Party written notice of such change not later than 60 days after such change (or if an Event of Default shall have occurred and be continuing, immediately after such change) and (B) executes and delivers or causes to be executed and delivered, as the case may be, such financing statements, waivers, releases or other documents, instruments or agreements, and takes or causes to be taken, as the case may be, such other or further actions, as the Secured Party may reasonably require in order to perfect, or maintain perfection of, or otherwise to protect or preserve its interest in the Collateral or any portion thereof or in this Security Agreement; (ii) not change its corporate name, unless the Debtor (A) gives the Secured Party written notice of such change not later than 60 days after such change occurs and (or if an Event of Default shall have occurred and be continuing, immediately after such change) and (B) executes and delivers or causes to be executed and delivered, as the case may be, such financing statements, waivers, releases or other documents, instruments or agreements, and takes or causes to be taken, as the case may be, such other or further actions, as the Secured Party may reasonably require in order to perfect, or maintain perfection of, or otherwise to protect or preserve its interest in the Collateral or any portion thereof or in this Security Agreement; (iii) not merge or consolidate with any other entity if, as a result thereof, the Debtor is not the surviving entity, unless the Debtor (A) gives the Secured Party written notice of any such merger or consolidation not later than 60 days after such merger or consolidation becomes effective (or if an Event of Default shall have occurred and be continuing, immediately after such merger or consolidation becomes effective) and (B) executes and delivers or causes to be executed and delivered, as the case may be, such financing statements, waivers, releases or other documents, instruments or agreements, and takes or causes to be taken, as the case may be, such other or further actions, as the Secured Party may reasonably require in order to perfect, or maintain perfection of, or otherwise to protect or preserve its interest in the Collateral or any portion thereof or in this Security Agreement; (iv) upon three days' prior written notice,

permit, and cause each of its Railcar Subsidiaries to permit, representatives of the Secured Party, or any party designated by the Secured Party, during normal business hours: (A) prior to the occurrence of an Event of Default, to inspect the Collateral or any portion thereof or appraise, examine or otherwise verify the Collateral or any portion thereof, other than Collateral located at the facilities of the Debtor's customers, (B) after the occurrence of any Event of Default, to inspect any such Collateral or appraise, examine or otherwise verify any such Collateral, in each case no matter where located (with the Debtor agreeing to use its best efforts to facilitate such inspection, appraisal, examination or other verification of Collateral, including any such Collateral located at the facilities of the Debtor's customers) and (C) at any time, to examine and make copies (or other reproductions), summaries or extracts of any and all of the books and records of the Debtor (including any documents or other records evidencing or otherwise relating to the Collateral), or at the request of the Secured Party, make copies of such books and records for the Secured Party, subject to the limitations set forth in Section 5.01(i) of the Loan Agreement; (v) not change the location of the originals of the Equipment Leases in the Debtor's possession or control or the books and records of the Debtor unless the Debtor (A) gives the Secured Party written notice of any such change not later than five days after such change (or if an Event of Default shall have occurred and be continuing, immediately after such change) and (B) executes and delivers or causes to be executed and delivered as the case may be such financing statements, waivers, releases and other documents, instruments or agreements and takes or causes to be taken (as the case may be) such other or further actions as the Secured Party may reasonably require in order to perfect or maintain perfection of, or otherwise to protect or preserve, its interest in the Collateral or any portion thereof or in this Security Agreement; and (vi) ensure that the Secured Party shall at all times have a continuing, first-priority lien and security interest in and to the Collateral and each portion thereof.

3.02 Concerning the Equipment. The Debtor shall: (a) ensure that each Item of Equipment shall remain at all times and in all material respects (i) in compliance with industry practices and all applicable laws, statutes, rules, regulations, ordinances, judgments, writs, injunctions, orders, decisions or decrees (including, without limitation, any and all environmental laws, rules or regulations and the Interchange Rules (as defined hereinbelow)), (ii) eligible for all warranty protections provided for the Equipment by any manufacturer or supplier thereof or of any parts or components therefor and (iii) in compliance with all applicable requirements of any insurance policy required to be provided, kept or maintained pursuant to this Security Agreement; (b) ensure (as to its own use or operation) and use its best efforts to ensure (as to use or operation by lessees or others) that each Item of Equipment will be used and operated at all times

(i) in the general operation of the freight rail businesses of the Debtor or such lessees on their respective railroad systems, on railroad lines over which they have trackage rights and on railroad lines of other railroads within the 48 contiguous states of the continental United States, the State of Alaska and/or Canada (collectively, "Permitted Area") in the usual interchange of traffic or in through or run-through service (it being expressly understood and agreed that in no event shall any such Item of Equipment at any time be located in, transferred to or used or operated in any location outside the Permitted Area), (ii) in accordance in all material respects with industry practices and any applicable insurance policy requirements, (iii) in compliance in all respects with all applicable laws, statutes, rules, regulations, ordinances, judgments, writs, injunctions, orders, decisions or decrees (including, without limitation, any and all environmental laws, rules and regulations and the Interchange Rules) and (iv) only in the manner for which it was designed and intended; (c) not subject, and use its reasonable best efforts not to permit any Person to subject, any Item of Equipment or any portion thereof to waste or use or permit or suffer any other Person to use any such Item of Equipment or portion thereof in violation of any representation, warranty, term, covenant, condition, promise, agreement, provision, duty, liability or obligations under this Security Agreement; (d) not release, sell, convey, assign or otherwise dispose of all or any part of the Equipment (except for leases pursuant to Equipment Leases entered into in the ordinary course of the Debtor's business) in each case without the prior written consent of the Secured Party; (e) not place or suffer any other Person to place any Item of the Equipment or any portion thereof in any warehouse which issues a negotiable document, or with any carrier which issues a negotiable bill of lading, with respect thereto without the Secured Party's prior written consent; and (f) ensure that each Item of the Equipment and each portion thereof shall at all times hereafter remain tangible personal property.

3.03 Concerning the Leases. (a) Debtor hereby represents and warrants to the Secured Party with respect to each Equipment Lease as follows: (i) Debtor is not in material violation or breach of, or in material default with respect to, any provision of any Equipment Lease; (ii) none of the lessees under the Equipment Leases are in material violation or breach of, or are in material default with respect to, any provision of any Equipment Lease; (iii) each Equipment Lease has been duly authorized, executed and delivered by the Debtor and the related lessee and constitutes a legal, valid and binding obligation of the Debtor and such lessee enforceable against Debtor and such lessee in accordance with its terms; (iv) the rights of the lessee under each Equipment Lease are subject and subordinate to the security interest granted to the Secured Party in the related Equipment under this Security Agreement; (v) no Equipment Lease has granted a lessee a purchase option at lease termination with respect to all

or a portion of the Equipment subject to such Equipment Lease; (vi) each Equipment Lease is a true lease for UCC and tax purposes; (vii) no Equipment Lease grants to a lessee the right to purchase all or a portion of the Equipment subject to the Equipment Lease prior to its scheduled termination date or permits, with or without consideration, the lessee to terminate the Equipment Lease prior to its scheduled termination date except upon default of the Debtor as lessor; (viii) each lessee's obligation to pay rent under the Equipment Lease to which it is a party is unconditional and not subject to abatement or reduction of rent (other than an abatement of rent during any period during which the related Equipment is in a shop for repairs, to the extent provided in the applicable Equipment Lease) or any setoff against rent for any reason whatsoever (other than for any "mileage credits" collected by the Debtor on behalf of the lessee with respect to the Equipment subject to such Equipment Lease); (ix) each Equipment Lease entered into prior to or as of the date hereof is substantially in the form of the model Car Service Contract set forth in Exhibit I attached to the Loan Agreement; (x) all of the originals of the Equipment Lease documents within the possession or control of the Debtor are currently located at the principal place of business and chief executive offices of the Debtor; (xi) there are only two originals of each Equipment Lease document entered into prior to or as of the date hereof, only one of which is in the possession or control of the Debtor, it being acknowledged and understood by the Debtor that, to the extent that any Equipment Lease may constitute "chattel paper" (as defined in the UCC), no security interest in or other rights under such Equipment Lease shall be created by or through the transfer of possession of any version or copy of such Equipment Lease, other than an original of such Equipment Lease.

(b) The Debtor shall: (i) promptly provide to the Secured Party upon its request from time to time the corporate name and location of the principal place of business and chief executive office of any lessee, sublessee or other user of any Item of Equipment or any portion thereof; (ii) not terminate or enter into any Material Amendment with respect to any Equipment Lease or take any action inconsistent with or prohibited by, or omit to take any other action required under, any Equipment Lease, in each case without the prior written consent of the Secured Party; (iii) promptly mark or cause to be marked in a plain, distinctive, permanent and conspicuous manner, each and every Equipment Lease document entered into prior to, on or after the date hereof that is in the Debtor's possession or control with the legend set forth on Schedule B attached hereto and maintain or cause to be maintained at all times thereafter such legend thereon and ensure that each Equipment Lease in its possession contains such legend; and (iv) ensure that there will be not more than two originals of each Equipment Lease document entered into after the date hereof, only one of which will be kept in the possession or control of the Debtor, it being acknowledged and understood by the Debtor that, to the extent that any Equipment Lease may constitute "chattel paper"

(as defined in the UCC), no security interest in or other rights under such Equipment Lease shall be created by or through the transfer of possession of any version or copy of such Equipment Lease, other than an original of such Equipment Lease (with the Debtor hereby agreeing that it will not transfer possession of any such original within its possession or control to any Person other than a Person acting as a custodian or agent for it). In the event that any Equipment Lease expires or otherwise terminates at any time, the Debtor may enter into a renewal or replacement lease with respect to the related Equipment, provided that such renewal or replacement lease is an Eligible Lease. Any such renewal or replacement lease shall be deemed to be an "Equipment Lease" subject to this Agreement and shall be added to the List of Equipment Leases delivered by the Debtor to the Secured Party pursuant to Section 4.01(r) of the Loan Agreement as provided in such Section.

3.04 Debtor's Duties. The Debtor shall perform, abide by and be governed by each and all of the terms, provisions, covenants and agreements set forth in this Security Agreement, the Loan Agreement, the Note and any of the other Loan Documents, and in each and every supplement hereto or thereto or amendment hereof or thereof which may at any time or from time to time be executed and delivered by the parties hereto or thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, covenants, amendments or supplements to the Loan Agreement, the Note or any of such other Loan Documents were fully set out in an amendment or supplement to this Security Agreement.

3.05 Maintenance; Insurance; Books and Records.

(a) The Debtor shall maintain and keep or cause to be maintained and kept, at its (or its lessees) own cost and expense), each Item of Equipment in good working order, appearance, condition and repair in accordance with the Debtor's past practices, and in all events suitable for use in interchange in accordance with the interchange rules of the AAR (the "Interchange Rules"), unless and until such Item of Equipment becomes subject to a Casualty Loss.

(b) The Debtor shall, at its own cost and expense, with insurers and with self-insurance retentions reasonably satisfactory to the Secured Party (with the Secured Party hereby acknowledging the self-insurance retentions provided for in the Debtor's policies currently in force, as heretofore described in writing to the Secured Party, are satisfactory to the Secured Party):

(i) (A) keep and maintain the Equipment at all times while in its care, custody or control (other than while such Equipment is in storage) adequately insured against theft, damage and loss, customarily included on an all-risk basis for the full replacement value thereof and (B) keep and maintain all of its other insurable properties, its real property and other tangible

property insured against theft, damage and loss on an all-risk basis for the full replacement value thereof (but only to the extent that such insurance is customary in the industry and is available on commercially reasonable terms);

(ii) keep and maintain at all times in full force and effect comprehensive general liability insurance including, without limitation, premises and operations, bodily injury, blanket contractual, products liability and completed operations, including sudden accidental pollution coverage, independent contracts, broad form third party property damage, and personal injury of at least $95,000,000.00 per occurrence and in the aggregate with such coverage being in excess of a maximum self insurance retention of $5,000,000;

(iii) keep and maintain at all times in full force and effect such other insurance in such amounts, to such extent and against such risks, including, but not limited to, fire and other risks insured against by extended coverage, as is customary in the industry;

(iv) cause at all times each insurance policy required to be provided, kept or maintained under this Section 3.05(b) to (A) name McDonnell Douglas Corporation, McDonnell Douglas Finance Corporation and their respective subsidiaries and affiliates (all of the foregoing are hereinafter referred to, collectively, as the "Additional Insureds") as additional insureds, if such policy is a liability policy; (B) name each of the Additional Insureds as an additional insured and a loss payee, if such policy is a casualty or similar property insurance policy; (C) provide that the Secured Party shall be notified in writing of any proposed cancellation or modification of such insurance policy at least 30 days in advance of any such proposed cancellation or modification; (D) provide that such insurance shall not be invalidated by any action, inaction or breach of the Debtor and shall insure each of the Additional Insureds regardless of, and any insurance proceeds for losses shall be payable to each of the Additional Insureds notwithstanding, any omission or breach, or any act of negligence, including, but not limited to, any breach of condition or warranty in such policy of insurance, by the Debtor; (E) waive any right of subrogation of the insurers against each of the Additional Insureds and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Borrower; and (F) provide that such insurance shall be primary insurance, that the insurers under such insurance policies shall be liable under such policies without right of contribution from any other insurance coverage and expressly provide that all provisions thereof, except the limits of liability as permitted hereunder (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely and exclusively a liability and responsibility of the Borrower) shall operate in the

same manner as if there were a separate policy of such insurance covering each insured;

(v) on or before the Closing Date and thereafter on or prior to the renewal date of each insurance policy (and at such other times as the Secured Party may reasonably request) deliver to the Secured Party broker's certificates issued by or on behalf of the Debtor's insurers in respect of all policies, as issued or renewed. Each such certificate shall be accompanied by a statement from the Debtor's insurance broker or insurance agent stating whether, in the opinion of such broker or agent, such insurance policy complies with the requirements of this Section 3.05(b), that all premiums then due thereon have been paid and that, upon the issue or renewal date (as the case may be), such policy of insurance shall be in full force and effect; and

(vi) ensure that the Secured Party will not in any event be responsible or liable for the payment of premiums or assessments on any of the policies of insurance required to be provided, kept or maintained by the Debtor pursuant to this Section 3.05(b). The Secured Party may, however, obtain any insurance coverage for its own account and at its own expense (provided that such insurance does not interfere with the Debtor's ability to purchase the insurance required under this Section 3.05), and any proceeds payable thereunder shall be paid as provided in any policy of insurance relating thereto. The Debtor shall promptly provide the Secured Party with written notice of the receipt by the Debtor of any proceeds of any insurance required to be provided, kept or maintained by the Debtor pursuant to this Section 3.05(b) to the extent that it relates to the Collateral or any claims against the Secured Party.

(c) The Debtor shall keep and maintain at all times accurate and complete logs, books and records relating to the Collateral and each portion thereof, including any such logs, books or records required by any governmental authority having jurisdiction to be maintained or filed in respect of any item of Collateral.

3.06 Preservation of Collateral. The Debtor shall at all times hereafter maintain good and marketable title to the Collateral and each portion thereof and shall warrant and defend such title against all claims and demands of all third Persons. The Debtor shall promptly pay, when due, any and all taxes, assessments, fees and other public or private charges imposed, levied or assessed against or with respect to the Collateral or any portion thereof or this Security Agreement except if the Debtor is diligently contesting or defending against such tax, assessment, fee or other public or private charge by appropriate proceedings (which, in the case of taxes, assessments or public charges, meet the criteria set forth in the proviso to clause (b) of the definition of Permitted Lien set forth below), and such contest or

defense does not and will not result in any material risk of sale, disposition, forfeiture, seizure or other loss of, or any adverse effect on, any Collateral or any title thereto or interest therein. The Debtor shall not create, impose, assume or suffer to exist any Lien on the Collateral other than Permitted Liens (as hereinafter defined). As used herein, "Permitted Liens" shall mean (a) the Lien created by this Security Agreement in favor of the Secured Party and the Equipment Leases; (b) Liens for taxes, assessments or governmental charges or levies, provided that, if any such taxes, assessments or governmental charges or levies are delinquent, (i) the Debtor promptly gives the Secured Party notice of the related Lien upon the Debtor's discovering the same, (ii) no Event of Default shall have occurred and be continuing, (iii) the Debtor shall have set aside on its books adequate reserves sufficient to satisfy such taxes, assessments or governmental charges or levies (together with any interest, penalties, additions to tax or other assessments thereon) to the extent required by GAAP, consistently applied, (iv) the Debtor is diligently contesting or defending against such Lien by appropriate proceedings (which shall include the suspension of the collection of any such taxes, assessments or governmental charges and the execution of any such levies) and (v) such contest or defense does not and will not result in any material risk of sale, disposition, forfeiture, seizure or other loss of, or any adverse effect on, any Collateral or any title thereto or interest therein; (c) mechanics', materialmen's, suppliers', warehousemen's and other similar Liens arising in the ordinary course of business for services or materials, provided that, if payment therefor is overdue, the Debtor shall comply in all respects with the requirements set forth in subclauses (i) through (v) of the preceding clause (b); and (d) any other Lien with respect to which the Debtor shall have provided a bond in such amount, containing such terms and conditions, and with such surety, as may be satisfactory to the Secured Party in all respects.

3.07 Further Assurances. The Debtor shall, at its expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and documents, instruments, agreements and assurances reasonably requested by the Secured Party and which are necessary or appropriate for the perfection or preservation of the first-priority lien and security interest herein provided for in the Collateral, whether now owned or hereafter acquired.

3.08 Recordation and Filing. The Debtor shall cause this Security Agreement and any supplements hereto, 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 with the ICC, the Registrar General of Canada and such UCC and other filing offices as the Secured Party may reasonably designate from time to time in order to fully preserve and protect the rights of the Secured Party hereunder, and shall at its own expense furnish to the Secured Party promptly

after the execution and delivery of any supplement to this Security Agreement opinions of counsel for the Debtor, Gordon, Altman, Butowsky, Weitzen, Shalov & Wein, Alvord and Alvord, Aird & Berlis, Frank Pellegrini, Esq., and Stryker, Tams & Dill, respectively, or such substitute counsel as shall be reasonably satisfactory to the Secured Party (the "Opinions of Counsel"), which Opinions of Counsel shall cover all matters set forth in the forms of legal opinions set forth in Exhibits C, D, E, F and G to the Loan Agreement that relate to the Debtor, this Security Agreement or the Collateral. The Debtor further agrees that this Security Agreement or a photocopy of this Security Agreement shall be sufficient as a financing statement.

3.09 Power of Attorney. (a) The Debtor does hereby agree that the Secured Party shall have right, and does hereby irrevocably constitute and appoint the Secured Party, upon the occurrence and during the continuance of an Event of Default, the Debtor's true and lawful attorney with full power of substitution for it and in its name, place and stead, directly or indirectly, to enforce any of the right, powers, privileges and remedies under each and all of the Equipment Leases, to ask, demand, collect, receive, receipt for and sue for any and all Equipment Lease Proceeds hereof, with full power to settle, adjust or compromise any claim thereunder, make all waivers and agreements, give all notices, covenants and releases, and do all other things whatsoever that the Debtor is or may be entitled to do under the Equipment Leases, 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 part 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 Equipment Lease Proceeds and the security intended to be afforded hereby. Each and all the foregoing actions by the Secured Party shall be conclusively binding upon the Debtor in all respects. This power of attorney is a power coupled with an interest and is irrevocable.

(b) The powers conferred on the Secured Party hereunder are solely to protect its interest in the Collateral and shall not be construed so as to impose any duty upon it to exercise any such powers. The Secured Party shall be accountable only for amounts that it actually receives as a result of such powers and neither it not its Affiliates (including, without limitation, McDonnell Douglas Corporation) nor their respective officers, directors, employees, attorneys or agents shall be responsible to the Debtor for any act or failure to act, except for its or their own willful misconduct or gross negligence.

3.10 Marking of Equipment. (a) The Debtor shall cause each Item of Equipment to be kept numbered with the identifying

number set forth on Schedule A hereto. The Debtor shall not change, or permit to be changed, the identifying number of any Item of Equipment except in accordance with a statement of new identifying numbers to be substituted therefor, and then only after (i) the Secured Party has been notified in writing thereof, (ii) such statement has been filed, recorded or deposited in all public offices in which this Security Agreement shall have been filed, recorded or deposited and (iii) the Debtor shall have furnished to the Secured Party Opinions of Counsel in form and substance satisfactory to the Secured Party to the effect that such statement has been so filed, recorded and deposited, that such filing, recordation and deposit will protect the Secured Party's first Lien and security interests in such Items of Equipment, and that no further filing, recording, deposit, giving of notice to any other federal, state, local or foreign government or agency or other action is required to protect the Lien and security interests of the Secured Party in such Items of Equipment.

(b) If, in the opinion of the Debtor or the Lender, marking of one or more Items of Equipment becomes necessary at any time to properly protect the rights of the Lender in and to such Items of Equipment, the Debtor shall, as soon as practicable after the Debtor or the Lender has determined that such marking is required, arrange for the marking of each such Item of Equipment in the following manner: there shall be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of each such Item of Equipment a metal plate bearing the following words, or such words shall be otherwise plainly, distinctly, permanently and conspicuously marked on each side of such Item of Equipment, in either case in letters not less than one inch in height:

> "THIS CAR IS MORTGAGED TO MCDONNELL DOUGLAS FINANCE CORPORATION UNDER A SECURITY AGREEMENT - TRUST DEED (CHATTEL MORTGAGE) RECORDED UNDER SECTION 11303 OF THE INTERSTATE COMMERCE ACT AND UNDER SECTION 90 OF THE RAILWAY ACT (CANADA)."

Such plate or marks shall be such as to be readily visible and as to indicate plainly the Lender's interest in each such Item of Equipment. In the event that any of such plates or marks shall at any time be removed, defaced or destroyed prior to the termination of this Security Agreement, the Debtor shall forthwith cause the same to be restored or replaced.

(c) Except as provided above, the Debtor shall not permit the name of any Person (other than the Debtor or the Secured Party) to be placed on any Item of Equipment as a designation that might be interpreted as a claim of an ownership interest in or Lien on such Item of Equipment, provided that the Debtor may permit any such Item of Equipment to be lettered with the name, trademark,

initials or other insignia of any lessee of such Item of Equipment under any Equipment Lease in a customary manner.

Section 4. DEBTOR'S RIGHTS UNDER LEASES

Section 4.01 Rights of the Debtor. Except as otherwise expressly provided herein or in the Loan Agreement, until the occurrence and continuance of an Event of Default, Debtor may exercise all of the Debtor's rights, powers, privileges and remedies under the Equipment Leases, including, without limitation, the right to receive any and all monies due or to become due under the Equipment Leases.

Section 4.02 Obligation to Make Leases Available; Notices to Lessees. (a) Upon the occurrence and during the continuance of an Event of Default, the Secured Party shall have the right to require that the Debtor make available to the Secured Party upon demand the originals of any of the Equipment Leases (including, without limitation, any amendments, supplements, attachments, schedules or other documents relating thereto) for the Secured Party's use in connection with any litigation, proceeding, arbitration or other effort to collect any amounts due or to become due, or to enforce any of the rights or remedies available, under any such Equipment Leases.

(b) Upon the occurrence and during the continuance of an Event of Default, the Secured Party shall have the right to notify any lessee under any Equipment Lease of the assignment of such Equipment Lease to the Secured Party hereunder, and to direct any such lessee to make any payments due under such Equipment Lease, to give any notices required to be given thereunder and otherwise to tender any performance due thereunder, directly to the Secured Party. For the purpose of facilitating such actions, the Debtor agrees from time to time upon the request of the Secured Party (whether or not any Event of Default has occurred) to deliver to the Secured Party undated signed notices from the Debtor to each lessee under the Equipment Leases in the form of Exhibit H to the Loan Agreement ("Notices to Lessees"). The Secured Party agrees to hold any such notices in escrow until such time as an Event of Default has occurred.

Section 5. COLLATERAL

5.01 Possession of Collateral. Except as otherwise expressly provided herein or in the Loan Agreement, so long as no Event of Default has occurred and is continuing, the Debtor and each lessee party to an Equipment Lease shall be suffered and permitted to remain in full possession, enjoyment and control of the Collateral, including without limitation, the original of each Equipment Lease itself, and to manage, operate and use the

Collateral and each part thereof with the rights and franchises pertaining to the Collateral; provided, however, that the possession, enjoyment, control and use of the Collateral shall at all times be subject to the observance and performance of the obligations of the Debtor under this Security Agreement.

5.02 Casualty Loss; Failure to Maintain Equipment Subject to Eligible Leases; Cash Collateral.

(a) In the event that at any time any Item of Equipment is or becomes (i) destroyed, lost, stolen, irreparably damaged or otherwise unusable in the business of the Debtor, (ii) no longer located within the Permitted Area, (iii) missing for whatever reason for a period in excess of 120 days or (iii) taken by any governmental entity, including without limitation by condemnation, confiscation, requisition, taking of title or use by any governmental entity (in any such case, a "Casualty Loss"), the Debtor shall promptly inform the Secured Party of the Casualty Loss. In the event that at any time any Item of Equipment ceases to be subject to an Eligible Lease and remains not subject to an Eligible Lease for a continuous period of 120 days or more (an "Ineligible Lease Condition"), the Debtor shall promptly inform the Secured Party of such Ineligible Lease Condition.

(b) At such time as either (i) Casualty Losses shall have occurred on a cumulative basis with respect to Items of Equipment equal to or exceeding the Threshold Level (a "Casualty Loss Trigger") or (ii) an Ineligible Lease Condition shall have occurred on a cumulative basis with respect to Items of Equipment equal to or exceeding the Threshold Level (an "Ineligible Lease Trigger"), on a date that is within two Business Days after the occurrence of such an Ineligible Lease Trigger or is within the lesser of ten days after the Debtor becomes aware of the occurrence of such a Casualty Loss Trigger or five days after the Secured Party gives the Debtor notice of the occurrence of such a Casualty Loss Trigger, as applicable (such date being hereinafter called a "Replacement Trigger Date"), the Debtor shall take one or more of the following actions with respect to all Items of Equipment that have become subject to a Casualty Loss or Ineligible Lease Condition since the last Replacement Trigger Date: (A) prepay the Loan in an amount equal to the Allocable Amount (determined as of such Replacement Trigger Date) in respect of any such Item of Equipment (provided that any such prepayment shall be in a minimum amount of $250,000), (B) deposit with the Lender Cash Collateral in respect of any such Item of Equipment in an amount in Dollars equal to the Allocable Amount in respect of such Item of Equipment determined as of such Replacement Trigger Date, (C) replace any such Item of Equipment with a Replacement Unit in accordance with the provisions of Section 5.02(d) hereof or (D) any combination of the foregoing. To the extent that the Debtor takes one or more of the actions described in clauses (A), (B), (C) or (D) of the preceding sentence with respect to a specified Item of Equipment,

(x) the Debtor shall be entitled to retain, free of the Secured Party's Lien hereunder, any insurance proceeds, lessee payments, railroad payments or other casualty recoveries received by the Debtor to the extent that they relate to such Item of Equipment, and (y) the Secured Party shall execute and deliver such instruments and documents as the Debtor may reasonably request and which may be necessary or appropriate in order to release the Lien of the Secured Party on such Item of Equipment.

(c) The "Allocable Amount" with respect to an Item of Equipment as of a specified Replacement Trigger Date shall be equal to the product of (x) a fraction, the numerator of which is equal to the appraised value of such Item of Equipment (based on the average appraised value for Items of Equipment in the same DOT class, as set forth on the List of Equipment Leases delivered by the Debtor to the Secured Party pursuant to Section 4.01(r) of the Loan Agreement) and the denominator of which is equal to the appraised value of all Items of Equipment (as set forth on such List of Equipment Leases), and (y) 105% of the then outstanding balance of the Secured Loan as of such Replacement Trigger Date (or, if greater than such product, the AAR Value of such Item of Equipment on the Replacement Trigger Date).

(d) In the event that the Debtor determines to deposit Cash Collateral in respect of any Items of Equipment that have become subject to a Casualty Loss or an Ineligible Lease Condition, then, on or prior to the earlier of (i) 180 days after the applicable Replacement Trigger Date and (ii) the day on which the Secured Loan becomes due and payable (whether at maturity, by acceleration or otherwise), the Debtor shall have the right to replace any such Items of Equipment with replacement units of Rolling Stock of the same DOT class and built no more than two years earlier than the unit replaced (the "Replacement Units"), provided that each such Replacement Unit: (i) shall be free and clear of all Liens (other than Permitted Liens), (ii) shall have an AAR Value at least equal to the AAR Value for the Item or Items of Equipment being replaced, (iii) shall be subject to an Eligible Lease and (iv) shall otherwise be in all respects reasonably satisfactory to the Lender. The Debtor shall also have the right to replace any Item of Equipment that has become subject to a Casualty Loss or an Ineligible Lease Condition with a Replacement Unit as provided in Section 5.02(b)(C) above. Any Replacement Units and the related Equipment Leases shall immediately become a part of the Collateral for all purposes hereof and shall be added to the List of Equipment and the List of Equipment Leases delivered by the Debtor to the Secured Party pursuant to Sections 4.01(q) and (r) of the Loan Agreement, and the Debtor's ownership, use and possession thereof shall immediately become subject to the terms and conditions of this Security Agreement and each of the other Loan Documents and in connection therewith the Debtor shall deliver to the Secured Party such documents, instruments, agreements and Opinions of Counsel, and shall take such other or further actions,

with respect to such Replacement Units as the Secured Party may require. If Replacement Units are not so substituted for any Items of Equipment subject to a Casualty Loss or Ineligible Lease Condition within the time period provided for above, the Secured Party shall have the right to apply the Cash Collateral relating to such Items of Equipment to prepayment of the Loan, in whole or part, which prepayment shall be applied as specified in Section 6.03. The representations and warranties of the Debtor set forth in Section 3 above with respect to the Equipment and the Equipment Leases shall be true and correct with respect to each Replacement Unit and the related Equipment Lease as of the date such Replacement Unit becomes subject to this Security Agreement.

(e) In the event that the Debtor at any time elects to deposit an Allocable Amount as Cash Collateral with the Lender pursuant to subsection (a) or (b) above:

(i) Such Allocable Amount shall be deposited by the Debtor with the Secured Party to be held by the Secured Party as cash collateral to secure the prompt and complete payment of the principal of and interest on the Secured Loan and of all other indebtedness hereby secured (the "Cash Collateral"), until either applied to prepayment of the Loan, in whole or in part, or withdrawn pursuant to the Debtor's instructions in accordance with the terms and conditions of Section 5.02(f).

(ii) Any Cash Collateral held by the Secured Party may be commingled with other funds held by it from time to time, whether for its own account or otherwise. The Secured Party may, but shall have no obligation to, invest the Cash Collateral as it deems appropriate in its sole discretion. However, the Secured Party shall credit the Debtor at the end of each month with interest on any Cash Collateral held by the Secured Party during such month at the Money Market Rate applicable to such month, which interest shall be deemed to be part of the Cash Collateral held by the Secured Party hereunder.

(iii) Except as otherwise provided herein, the Cash Collateral shall not be released by the Secured Party except to the extent that all or any part of such amount is to be applied to prepay, in whole or in part, the Secured Loan pursuant to Section 5.02(d) above or withdrawn pursuant to the Debtor's instructions in accordance with the terms and conditions of Section 5.02(f) below.

(f) In the event that the Debtor replaces any Item of Equipment with respect to which the Debtor has deposited Cash Collateral with the Secured Party with a Replacement Unit pursuant to Section 5.02(d) above, so long as no Default or Event of Default

has occurred and is then continuing, the Debtor may at any time thereafter request that the Secured Party pay over to the Debtor, and the Secured Party shall pay over to the Debtor, an amount of Cash Collateral equal to the Allocable Amount deposited with the Secured Party in respect of such Item of Equipment, together with any interest credited thereon. Upon the occurrence and during the continuance of any Event of Default, the Secured Party may, in its sole discretion, apply all or any part of the Cash Collateral to the Secured Loan and/or any other indebtedness hereby secured, to be applied by the Secured Party as specified in Section 6.03 hereof.

5.03 Other Releases of Equipment. So long as no Default or Event of Default shall have occurred and be continuing, upon the request of Debtor, the Secured Party shall take such actions as may be reasonably requested by the Debtor and which are necessary or appropriate in order to release, and shall execute and deliver releases in recordable form and otherwise in a form reasonably satisfactory to Debtor releasing (i) all the Secured Party's interest in and to any Item of Equipment, and (ii) such Item of Equipment from the Lien of this Agreement; provided, however, that no Item of Equipment shall be so released unless simultaneously therewith there shall be made subject to the Lien of this Security Agreement and the interest of the Secured Party Replacement Units and related Eligible Leases in accordance with the substitution requirements of Section 5.02(d) hereof.

Section 6. SECURED PARTY'S RIGHTS

6.01 The Secured Party's Rights. The Debtor agrees that if an Event of Default 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 ICA and under the UCC (regardless of whether the ICA or UCC or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted), as applicable, and in addition thereto the Secured Party shall have the following rights and remedies:

(a) 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 Collateral, or use and operate or lease the Collateral until sold.

(b) The Secured Party shall have the right from time to

time to require the Debtor to, and the Debtor agrees that it will, at its expense and risk and upon the request of the Secured Party forthwith, assemble all or any Items of Equipment not then subject to an Equipment Lease as directed by the Secured Party and make them available to the Secured Party at a place or places to be designated by the Secured Party (which shall be in a storage yard or siding located contiguous to railroad tracks used in interchange within the 48 contiguous states of the United States).

(c) Any Collateral repossessed by the Secured Party under or pursuant to this Section 6.01 may be sold, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Secured Party may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Any such disposition which shall be a private sale or other private proceedings permitted by such requirements shall be made upon not less than 10 days' written notice to Debtor (which the Debtor hereby expressly acknowledges as reasonable) specifying the times at which such disposition is to be made and the intended sale price or other consideration therefor, and shall be subject, for 10 days after the giving of such notice, to the right of Debtor or any nominee of Debtor to acquire the Collateral involved at a price or for such other consideration so specified. Any such disposition which shall be a public sale permitted by such requirements shall be made upon not less than 10 days' written notice to Debtor (which the Debtor hereby expressly acknowledges as reasonable) specifying the time and place of such sale and, in the absence of applicable requirements of law, shall be by public auction after publication of notice of such auction not less than 10 days prior thereto in two newspapers in general circulation in the City of New York. To the extent permitted by any such requirement of law, the Secured Party may itself bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section without accountability to Debtor (except to the extent of any surplus money received as provided in Section 6.03). In the payment of the purchase price therefor, the Secured Party shall be entitled to have credit on account of the purchase price thereof of amounts owing to the Secured Party on account of the indebtedness hereby secured and the Secured Party may deliver the claims for interest on or principal of the Secured Loan or other indebtedness hereby secured in lieu of cash up to the amount which would, upon distribution of the net proceeds of such sale, be payable thereon. If, under mandatory requirements of applicable law, the Secured Party shall be required to make disposition of the Collateral within a period of time which does not permit the giving of notice to Debtor as hereinabove specified, the Secured Party need give Debtor only such notice of disposition (if any) as shall be reasonably practicable in view of such mandatory requirements of applicable law.

(d) The Secured Party may proceed to protect and enforce this Security Agreement or any of the Loan Documents 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 Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other legal or equitable remedy available under applicable law.

6.02 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings or applicable law or equity, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, by the Debtor or by any Person claiming, by, through or under the Debtor in and to the property sold and 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, by, through or under the Debtor, its successors or assigns.

6.03 Application of Sale Proceeds. The proceeds of any sale of the Collateral, or any part thereof, and the proceeds of any 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 such sale, and of all appropriate expenses, liabilities and advances, including legal expenses and reasonable attorneys' fees and disbursements, incurred or made by the Secured Party;

(b) Second, to the payment of the amount then owing or unpaid on the Secured Loan and any other indebtedness hereby secured, and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid thereon, then in such order of application as the Secured Party shall select in its sole discretion; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

The Secured Party shall give the Debtor notice of the manner in which any such proceeds have been applied by it.

6.04 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 determined adversely to the Secured Party, then, and in every such case, the Debtor and Secured Party shall be restored to their former positions and rights hereunder

with respect to the property subject to the security interest created under this Security Agreement.

6.05 Cumulative Remedies. No delay, omission, abandonment or discontinuance of the Secured Party in exercising any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy whether hereunder, at law or in equity, but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness hereby secured operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

6.06 Indemnity. The Debtor agrees to defend, protect, indemnify, and hold harmless the Secured Party and each or the Secured Party's Affiliates, including, without limitation, McDonnell Douglas Corporation, and their respective officers, directors, employees, attorneys and agents (collectively, the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding, whether or not such Indemnitees shall be designated a party thereto), imposed on, incurred by, or asserted against such Indemnitees (whether direct or indirect, and whether based on any federal or state laws or other statutory regulations, including, without limitation, securities and commercial laws and regulations, under common law or in equity, or based on contract or otherwise, including those relating to violation of any environmental, health or safety laws or regulations, the past, present or future operations of the Debtor or its predecessors in interest, or the past, present or future environmental, health or safety condition of any properties thereof) in any manner relating to or arising out of or as the result of negotiating, documenting or entering into, or the performance of, this Security Agreement, or any of the transactions contemplated herein, including, without limitation, the retention by the Secured Party of a security interest in the Collateral, the delivery, rejection, possession, use, operation, storage or

repossession of any of the Equipment during the period while a security interest therein remains in the Secured Party or during the period of the transfer of such security interest in the Collateral by the Secured Party pursuant to any of the provisions of this Security Agreement, or any noncompliance by the Debtor or any lessee or other user of the Equipment with any laws, rules or regulations, including, without limitation, those relating to protection of the environment, or any customs or practices of the railroad industry (collectively, the "Indemnified Matters"); provided, however, the Debtor shall have no obligation to an Indemnitee hereunder with respect to Indemnified Matters caused by or resulting from the willful misconduct or gross negligence of such Indemnitee, as determined by a court of competent jurisdiction by a final order not subject to review or appeal. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Debtor shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees. The obligations of the Debtor under this Section 6.06 shall survive the repayment of the Secured Loan and the other indebtedness hereunder secured and any termination of this Security Agreement. The parties hereto further agree that the indemnities set forth in this Section 6.06 are in addition to, and shall not in any manner limit or act as a waiver of, any rights, including, without limitation, any rights to indemnification or contribution, which the Indemnitees may have under applicable law.

Section 7. MISCELLANEOUS

7.01 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.

7.02 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.

7.03 Communications. All communications provided for herein shall be in writing (including telex, telecopy and cable) and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered to the addressee, when confirmed by telex answerback, or five days after being deposited in the United States mail, first

class, postage prepaid, addressed as set forth in Section 8.02 of the Loan Agreement.

7.04 Termination. This Security Agreement and the security interest granted hereby shall terminate when the Secured Loan and all other indebtedness hereby secured have been fully, finally and irrevocably paid or discharged, at which time the Secured Party shall execute and deliver to the Debtor all Uniform Commercial Code termination statements and such similar documents or instruments in recordable form which the Debtor shall reasonably request and which are necessary or appropriate to evidence such termination and to release the Collateral of record from the Lien created hereby. Upon termination of this Security Agreement in accordance with the terms of this Section 7.04, the Secured Party shall pay over to the Debtor all Cash Collateral then held by the Secured Party.

7.05 GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS (OTHER THAN THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE; PROVIDED, HOWEVER, THAT THE PARTIES SHALL BE ENTITLED TO ALL RIGHTS CONFERRED BY 49 U.S.C. SECTION 11303 AND SUCH ADDITIONAL RIGHTS, ARISING OUT OF THE FILING, RECORDING OR DEPOSIT HEREOF, IF ANY.

7.06 CONSENT TO JURISDICTION; SERVICE OF PROCESS. (a) EXCEPT AS PROVIDED IN SECTION 7.06(b) BELOW, THE DEBTOR AND THE SECURED PARTY AGREE THAT ALL DISPUTES BETWEEN THEM ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS SECURITY AGREEMENT, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE OR FEDERAL COURTS LOCATED IN NEW YORK COUNTY, NEW YORK, BUT SUCH PARTIES ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF NEW YORK COUNTY, NEW YORK. THE DEBTOR HEREBY WAIVES IN ALL DISPUTES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE.

(b) THE DEBTOR AGREES THAT THE SECURED PARTY SHALL HAVE THE RIGHT TO PROCEED AGAINST THE DEBTOR OR ITS PROPERTY IN A COURT IN ANY LOCATION TO ENABLE THE SECURED PARTY TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE INDEBTEDNESS HEREBY SECURED, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF THE SECURED PARTY. THE DEBTOR AGREES THAT IT WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIMS IN ANY PROCEEDING BROUGHT BY THE SECURED PARTY TO REALIZE ON PROPERTY, COLLATERAL OR OTHER SECURITY FOR THE INDEBTEDNESS SECURED HEREBY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE SECURED PARTY. THE DEBTOR HEREBY WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE SECURED PARTY COMMENCES A PROCEEDING DESCRIBED IN THIS SUBSECTION.

(c) THE DEBTOR HEREBY WAIVES PERSONAL SERVICE OF ANY PROCESS UPON IT AND, AS ADDITIONAL SECURITY FOR THE INDEBTEDNESS SECURED HEREBY, IRREVOCABLY APPOINTS ICAHN & CO., LOCATED AT ONE WALL STREET COURT, NEW YORK, NEW YORK, OR ANY OTHER ADDRESS IN THE STATE OF NEW YORK COMMUNICATED IN WRITING BY ICAHN & CO. TO THE SECURED PARTY, AS ITS AGENT FOR ACCEPTING SERVICE OF PROCESS ISSUED BY ANY COURT.

7.07 WAIVER OF JURY TRIAL. THE DEBTOR AND THE SECURED PARTY HEREBY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN THE DEBTOR AND THE SECURED PARTY ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM UNDER THIS SECURITY AGREEMENT. INSTEAD, ANY SUCH DISPUTES RESOLVED IN COURT WILL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.

7.08 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 constituting only one Security Agreement.

7.09 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 (unless the context indicates otherwise).

IN WITNESS WHEREOF, the Debtor and the Secured Party have caused this Security Agreement to be executed and delivered by their respective representative thereunto duly authorized as of the day and year first above written.

The Debtor:

ACF INDUSTRIES, INCORPORATED

By: Umesh Choksi
Name: Umesh Choksi
Title: Assistant Treasurer

The Secured Party:

McDONNELL DOUGLAS FINANCE CORPORATION

By: _____
Name:
Title:

[This page is the signature page to the Security Agreement-Trust Deed (Chattel Mortgage) dated as of February 10, 1995 between ACF Industries, Incorporated and McDonnell Douglas Finance Corporation.]

STATE OF Missouri)
: ss.:
COUNTY OF St. Louis)

On this 8th day of February, 1995, before me, personally appeared Umesh Choksi to me personally known, who being by me duly sworn, says that he/she resides at St. Louis, MO and is Assistant Treasurer of ACF Industries, Incorporated, that said instrument was signed on the date hereof 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.

Nancy Collins
Notary Public

NANCY COLLINS
NOTARY PUBLIC – STATE OF MISSOURI
ST. CHARLES COUNTY
MY COMMISSION EXPIRES AUG. 2, 1996

STATE OF CALIFORNIA)
: ss.:
COUNTY OF LOS ANGELES)

On this ___ day of February, 1995, before me, personally appeared _____ to me personally known, who being by me duly sworn, says that he resides at _____ and is _____ of McDonnell Douglas Finance Corporation, that said instrument was signed on the date hereof 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

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IN WITNESS WHEREOF, the Debtor and the Secured Party have caused this Security Agreement to be executed and delivered by their respective representative thereunto duly authorized as of the day and year first above written.

The Debtor:

ACF INDUSTRIES, INCORPORATED

By: _____
Name:
Title:

The Secured Party:

McDONNELL DOUGLAS FINANCE CORPORATION

By: _____
Name: DANIEL O. ANDERSON
Title: V.P - OPERATIONS

[This page is the signature page to the Security Agreement-Trust Deed (Chattel Mortgage) dated as of February 10, 1995 between ACF Industries, Incorporated and McDonnell Douglas Finance Corporation.]

STATE OF)
: ss.:
COUNTY OF)

On this ___ day of February, 1995, before me, personally appeared _____ to me personally known, who being by me duly sworn, says that he/she resides at _____ and is _____ of ACF Industries, Incorporated, that said instrument was signed on the date hereof 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

STATE OF CALIFORNIA)
: ss.:
COUNTY OF LOS ANGELES)

On this 9th day of February, 1995, before me, personally appeared Daniel O. Anderson to me personally known, who being by me duly sworn, says that he resides at Long Beach, CA and is VP. Operations of McDonnell Douglas Finance Corporation, that said instrument was signed on the date hereof 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.

ANICIA MC CLUNEY
COMM. #1004258
Notary Public — California
ORANGE COUNTY
My Comm. Expires SEP 6,1997

Anicia McCluney
Notary Public

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SCHEDULE A
to
Security Agreement - Trust Deed (Chattel Mortgage)
Dated as of February 10, 1995
by and between
McDonnell Douglas Finance Corporation
and
ACF Industries, Incorporated

List of Equipment Collateral

See Attached List.

08-Feb-95

MDFC CARS

ACFX	13208	ACFX	18944	ACFX	85281
ACFX	13209	ACFX	18945	ACFX	85282
ACFX	13210	ACFX	18946	ACFX	85284
ACFX	13211	ACFX	18947	ACFX	85285
ACFX	13212	ACFX	19217	ACFX	85286
ACFX	13213	ACFX	19222	ACFX	85287
ACFX	13214	ACFX	19223	ACFX	85288
ACFX	13215	ACFX	19224	ACFX	85289
ACFX	13216	ACFX	19267	ACFX	85291
ACFX	13217	ACFX	19689	ACFX	85292
ACFX	16905	ACFX	19690	ACFX	85293
ACFX	16906	ACFX	19955	ACFX	85294
ACFX	16907	ACFX	19956	ACFX	85295
ACFX	16908	ACFX	19957	ACFX	85296
ACFX	16909	ACFX	19968	ACFX	85297
ACFX	16910	ACFX	19969	ACFX	85298
ACFX	16911	ACFX	19972	ACFX	85304
ACFX	16913	ACFX	80075	ACFX	85473
ACFX	16914	ACFX	80076	ACFX	85474
ACFX	16915	ACFX	80080	ACFX	85475
ACFX	16916	ACFX	80089	ACFX	85495
ACFX	16917	ACFX	80091	ACFX	85496
ACFX	16926	ACFX	80093	ACFX	85498
ACFX	18586	ACFX	80094	ACFX	85499
ACFX	18590	ACFX	80096	ACFX	85501
ACFX	18593	ACFX	80098	ACFX	85502
ACFX	18690	ACFX	80100	ACFX	85503
ACFX	18719	ACFX	80145	ACFX	85504
ACFX	18752	ACFX	80146	ACFX	85505
ACFX	18753	ACFX	80147	ACFX	85507
ACFX	18760	ACFX	80148	ACFX	85508
ACFX	18830	ACFX	80149	ACFX	85509
ACFX	18831	ACFX	80150	ACFX	85510
ACFX	18833	ACFX	80151	ACFX	85511
ACFX	18837	ACFX	80152	ACFX	85671
ACFX	18838	ACFX	80154	ACFX	85672
ACFX	18846	ACFX	80155	ACFX	85705
ACFX	18849	ACFX	80156	ACFX	85758
ACFX	18875	ACFX	80157	ACFX	85759
ACFX	18898	ACFX	80171	ACFX	85760
ACFX	18928	ACFX	80172	ACFX	85761
ACFX	18929	ACFX	85262	ACFX	85762
ACFX	18931	ACFX	85263	ACFX	85763
ACFX	18932	ACFX	85265	ACFX	85765
ACFX	18933	ACFX	85266	ACFX	85984
ACFX	18934	ACFX	85274	ACFX	86147
ACFX	18935	ACFX	85275	ACFX	86149
ACFX	18936	ACFX	85276	ACFX	86150
ACFX	18937	ACFX	85277	ACFX	86151
ACFX	18943	ACFX	85280	ACFX	86153

08-Feb-95

MDFC CARS

ACFX	86154
ACFX	86157
ACFX	86158
ACFX	86161
ACFX	86162
ACFX	86163
ACFX	86164
ACFX	86165
ACFX	86166
ACFX	86167
ACFX	86168
ACFX	86169
ACFX	86261
ACFX	86262
ACFX	86263
ACFX	86264
ACFX	86265
ACFX	86266
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ACFX	86268
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ACFX	86270
ACFX	86271
ACFX	86272
ACFX	86273
ACFX	86274
ACFX	86275
ACFX	86340
ACFX	86341
ACFX	86342
ACFX	86343
ACFX	86344
ACFX	86345
ACFX	86346
ACFX	89402
ACFX	89412
ACFX	89415
ACFX	89416
ACFX	89417
ACFX	89419
ACFX	89420

191 CARS

SCHEDULE B
to
Security Agreement - Trust Deed
Dated as of February 10, 1995
by and between
McDonnell Douglas Finance Corporation
and
ACF Industries, Incorporated

Form of Equipment Lease Legend

The facing page of the original of each Equipment Lease shall bear the following legend:

> **"THE RIGHTS AND INTERESTS OF LESSOR UNDER THIS LEASE AND ALL AMENDMENTS AND RIDERS HERETO RELATING TO CERTAIN RAILCARS LISTED HEREIN, HAVE BEEN ASSIGNED TO ONE OR MORE FINANCIAL INSTITUTIONS OR BANKS LISTED ON THE PAGE OR PAGES AT THE END OF THIS LEASE AND ARE SUBJECT TO A FIRST PRIORITY PERFECTED SECURITY INTEREST IN FAVOR OF SUCH FINANCIAL INSTITUTIONS OR BANKS. TO THE EXTENT THAT THIS LEASE CONSTITUTES CHATTEL PAPER, NO SECURITY INTEREST IN THIS LEASE MAY BE CREATED OR PERFECTED THROUGH THE TRANSFER OR POSSESSION OF THIS COUNTERPART."**

Each page of or Schedule to any Equipment Lease listing any Items of Equipment as part of the rolling stock subject to such Equipment Lease shall specifically, clearly and conspicuously identify which Items of Equipment are subject to the security interest of the Secured Party hereunder.