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INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT  
SUPPLEMENT NO. 1

THIS SECURITY AGREEMENT SUPPLEMENT NO. 1 (this "Supplement"), dated June 7, 1991, by ITEL RAIL CORPORATION, a Delaware corporation, as Debtor (the "Debtor").

W I T N E S S E T H:

The Security Agreement, dated as of May 15, 1991 (herein called the "Security Agreement"), between the Debtor and The Yasuda Trust and Banking Company, Limited, a company organized and existing under the laws of Japan and acting through its New York branch, as lender and as secured party (the "Secured Party"), provides for the execution and delivery of a Supplement thereto substantially in the form hereof, which shall particularly describe the Equipment and the Assigned Leases (such terms and other defined terms in the Security Agreement being herein used with the same meanings) and shall specifically grant a security interest in such Equipment and in such Assigned Leases;

The Debtor, in consideration of the premises and other good and valuable consideration, receipt whereof is hereby acknowledged, and intending to be legally bound, and in order to secure the payment of all Secured Indebtedness and the performance and observance of all the covenants and conditions contained in the Secured Notes, the Security Agreement and the Loan Agreement, does hereby convey, warrant, mortgage, assign, pledge and grant unto the Secured Party, its successors and permitted assigns, forever, a security interest in, all right, title and interest of the Debtor in (i) the Equipment described in Schedule 1 hereto; together with (1) all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, (2) all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, (3) all bills of sale or other purchase documents for the Equipment and manufacturer's warranties, as and to the extent such relate to the Equipment, (4) all of the rents, issues, profits, revenues and other income of said Equipment, and (5) all proceeds, including, but not limited to, all insurance proceeds and indemnity payments related thereto, and (ii) subject to Section 1.2(c) of the Security Agreement, each and every lease agreement currently in effect or hereafter entered into by the Debtor, as lessor, relating to the Equipment which does not constitute a Nonassigned Lease (the "Assigned Leases").

including, but not limited to: (1) all rents, income, issues, profits, revenues and other payments due and to become due under any Assigned Lease whether as contractual obligations, damages or otherwise; (2) all of its claims, rights, powers, or privileges and remedies under any Assigned Lease, but only to the extent permitted by a lessee under any Assigned Lease; (3) all of its rights under any Assigned Lease to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, waiver or approval together with full power and authority with respect to any Assigned Lease to demand, receive, enforce, collect or give receipt for any of the foregoing rights or any property the subject of any of the Assigned Leases, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action which (in the opinion of the Secured Party) may be necessary or advisable in connection with any of the foregoing insofar, but only insofar, as such rights relate to the Equipment which is subject to such Assigned Leases, together with all extensions, renewals and replacements of such Assigned Leases (which extensions, renewals or replacements do not constitute Nonassigned Leases), whether now owned or hereafter acquired, and all income and profits therefrom all rights thereunder and all proceeds thereof, and (iii) subject to Section 1.2(c) of the Security Agreement (1) all rent or lease payments due or to become due with respect to the Equipment under each lease agreement currently in effect or hereafter entered into relating to the Equipment which (i) contains the language set forth in Section 6.3 of the Loan Agreement subordinating the rights of the lessee thereunder to the Secured Party, and (2)(A) has a term of not more than (1) year, or (B) relates to not more than twenty (20) Units, as and only to the extent such rights and payments relate to the Equipment.

TO HAVE AND TO HOLD the aforesaid property unto the Secured Party, its successors and permitted assigns forever, upon the terms and conditions set forth in the Security Agreement.

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

Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Supplement may refer to the "Security Agreement dated as of May 15, 1991" or the "Security Agreement"

Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Supplement may refer to the "Security Agreement dated as of May 15, 1991" or the "Security Agreement" without making specific reference to this Supplement, but nevertheless all such references shall be deemed to include this Supplement unless the context shall otherwise require.

Section 1.1. Governing Law. This Supplement shall be construed in accordance with and governed by the internal laws and decisions (as opposed to conflicts of law provisions) of the State of New York; provided however, that the parties shall be entitled to the rights conferred by 49 U.S.C. Section 11303 and such additional rights, if any, arising out of the filing, recording or deposit hereafter, as shall be conferred by the laws of the several jurisdictions in which this Security Agreement may be filed, recorded or deposited.

Section 1.2. Headings. Any headings or captions preceding the text of the sections hereof are intended solely for convenience of reference and shall not constitute a part of this Supplement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Debtor has caused this Supplement to be executed on its behalf by one of its duly authorized officers.

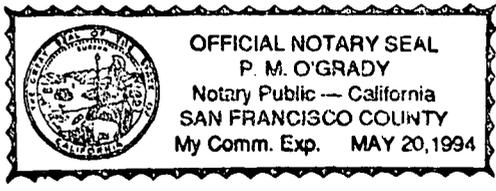
ITEL RAIL CORPORATION

By: Robert Kiehnle  
Name: Robert Kiehnle  
Title: Vice President - Finance  
and Treasurer  
AS DEBTOR

STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF SAN FRANCISCO )

On this 28<sup>th</sup> day of MAY, 1991, before me personally appeared Robert Kiehnle, to me personally known, who being by me duly sworn, says that he is the V.P. - FINANCE & TREASURER of ITEL RAIL CORPORATION, that said instrument was signed and sealed on 5-28, 1991, 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.

*P.M. O'Grady*  
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Notary Public



(SEAL)

My commission expires: 5-20-94

EQUIPMENT DESCRIPTION

<u>Qty.</u>	<u>Car Size and Type</u>	<u>Reporting Marks</u>
A. <u>Manufactured by Trinity Industries, Inc.</u>		
52	100 Ton, 5851 Cu. Ft., Covered Hopper Freight Car	PLCX 47650-651, 47653-659, 47689, 47693, 47652, 47660-47688, 47690-47692 47694-47701
104	4750 Cu. Ft., Covered Hopper Freight Car	ITLX 40239 ITLX 40304-40406
104	3000 Cu. Ft., Covered Hooper Aggregate Car	ITLX 30208-30281, SFLC 351070-351099
B. <u>Manufactured by Thrall Car Manufacturing Company</u>		
21	100 Ton, 73 ft. Centerbeam Flatcar	SRY 73026, 73035 73062-73080