1-164A012

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17385
RECORDATION NO. _____ FILED 1425
JUN 13 1991 -11 10 AM
INTERSTATE COMMERCE COMMISSION

June 13, 1991

Hon. Sidney L. Strickland, Jr., Esq., Secretary
Interstate Commerce Commission
Washington, DC 20423

$30.00 filing fee 17385
RECORDATION NO. _____ FILED 1425
JUN 13 1991 -11 10 AM
INTERSTATE COMMERCE COMMISSION

NEW NUMBER Re: (1) Security Agreement, Dated As of June 12, 1991 Between Itel Rail Corporation, as Debtor, and Deutsche Credit Corporation as Secured Party (the "Security Agreement"); and
(2) Supplement No. 1 to the Security Agreement ("Supplement No. 1")

-A

Dear Mr. Strickland:

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

Please record the Security Agreement under a new recordation number and Supplement No. 1 under the recordation number assigned to the Security Agreement and the letter designation -A.

The parties to the aforementioned instruments are listed below:

Itel Rail Corporation (Debtor)
550 California Street
San Francisco, California 94104

Deutsche Credit Corporation
2333 Waukegan Road
Deerfield, Ill 60015

The Security Agreement creates a security interest in favor of the Secured Party in the railcar equipment listed on Schedule 1 to Supplement No. 1.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

THELEN, MARRIN, JOHNSON & BRIDGES

Dianne P. Urhausen

C:0104U

6/13/91

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE SECRETARY

Dianne F. Uhausen
Thelen,Marrin Johnson & Bridges
Two Embarcadero Center
San Francisco,California 94111

Dear
Sir:

The enclosed dcoument(s) was recorded pursuant to the provisions of Section 11303 of the Insterstate Commerce Act, 49 U.S.C. 11303, on 6/13/91 at 11:10am, and assigned recordation number(s). 17385 & 17385-A & 17386

Sincerely yours,

Sidney L. Strickland, Jr.

Sidney L. Strickland, Jr.
Secretary

17385
RECORDATION NO. _____ FILED 1425
JUN 13 1991 -11 10 AM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of June 12, 1991

Between

ITEL RAIL CORPORATION,

as Debtor

and

DEUTSCHE CREDIT CORPORATION,

as Secured Party

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(Not a part of the Agreement)

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ATTACHMENTS TO SECURITY AGREEMENT

Exhibit A - Form of Supplement

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of June 12, 1991 (this "Security Agreement"), is between ITEL RAIL CORPORATION, a Delaware corporation (the "Debtor"), and DEUTSCHE CREDIT CORPORATION, a Delaware corporation (the "Secured Party").

R E C I T A L S:

A. The capitalized terms used in this Security Agreement shall have the meanings specified in Annex I to the Note Purchase Agreement unless otherwise herein defined or the context hereof shall otherwise require.

B. The Debtor and the Secured Party have entered into a Note Purchase Agreement providing for the commitment of the Secured Party to purchase on the Closing Date, Secured Notes of the Debtor as provided therein.

C. It is a condition to the obligation of the Secured Party under the Note Purchase Agreement to purchase the Secured Notes that the parties shall have entered into this Security Agreement.

D. All of the requirements of law relating to the transactions contemplated hereby have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Secured Notes will by the Closing Date have been done and performed (except for the filing of this Security Agreement and the Supplement with the Registrar General of Canada which shall be filed therewith within twenty (20) days of the Closing Date).

SECTION 1. GRANT OF SECURITY.

The Debtor, in consideration of the premises and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of all the Secured Indebtedness and the performance and observance of all of the Debtor's covenants contained in the Secured Notes, in this Security Agreement and in the Note Purchase Agreement, does, subject to the terms and provisions hereof, hereby convey, warrant, mortgage, assign, pledge and grant unto the

Secured Party, its successors and permitted assigns, a security interest in all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof (all of which properties being hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral"); provided, however, that any payments or amounts which have been distributed to the Debtor by the Secured Party in accordance with the provisions of this Security Agreement, and to which the Debtor is entitled hereunder, shall not be subject to the security interest of this Security Agreement.

1.1. Equipment Collateral. The Collateral includes (i) the Equipment described in Schedule 1 to the Supplement, the form of which is attached hereto as Exhibit A and made a part hereof (the "Supplement"); together with (ii) all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, (iii) all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, (iv) all bills of sale or other purchase documents for the Equipment, as and only to the extent such relate to the Equipment, and (v) all proceeds, including, but not limited to, all insurance proceeds related thereto.

1.2. Assigned Leases.

(a) Subject to Section 1.2(b) hereof, the Collateral also includes all right, title and interest of the Debtor in and to each and every lease agreement currently in effect or hereafter entered into by the Debtor, as lessor, as and only to the extent such leases relate to the Equipment (as and only to the extent such leases relate to the Equipment, the "Assigned Leases"), including, but not limited to:

(i) all payments due and to become due under any Assigned Lease whether as contractual obligations, damages or otherwise;

(ii) 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; and

(iii) 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 Assigned Leases (which extensions, renewals or replacements relate to the Equipment), whether now owned or hereafter acquired, and all income, profits and avails therefrom, all rights thereunder and all proceeds thereof.

(b) Notwithstanding anything otherwise contained in this Security Agreement:

(i) until the occurrence and continuance of an Event of Default, the Debtor may exercise all of the Debtor's rights, powers, privileges and remedies under the Assigned Leases including, without limitation, the right to receive any and all monies due or to become due under the Assigned Leases; and

(ii) the Debtor shall retain possession of all originals of the Assigned Leases (except the originals delivered to the respective lessee or filed with the ICC) at its principal place of business and shall retain such possession unless instructed in writing by the Secured Party and all other lenders with interests under a lease, any portion of which constitutes an Assigned Lease, to release the same.

1.3. Duration of Security Interest.

(a) The security interest of the Secured Party in any Assigned Lease shall terminate if such lease shall be amended, supplemented or modified so as to exclude the Equipment and in such event the Secured Party shall execute and deliver to the Debtor the instruments referred to in Section 1.3(b) hereof.

(b) The security interest of the Secured Party in any of the Collateral is granted upon the express condition that if the Debtor shall pay or cause to be paid all of the Secured Indebtedness then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void, and in such event the Secured Party shall (upon the request of the Debtor and at no cost to the Secured Party) execute and deliver to the Debtor such instrument or instruments as may be necessary or appropriate in order to make clear upon the public records the title of the Debtor in and to the Collateral.

SECTION 2. POSSESSION, USE AND RELEASE OF COLLATERAL.

2.1. Possession of Collateral. Subject to Section 7.2 of the Note Purchase Agreement, the Debtor and any lessee or sublessee of the Equipment shall, to the exclusion of the Secured Party, be permitted to remain in full possession, enjoyment and control of the Collateral and to manage, operate, lease and use the same and each part thereof with the rights and franchises appertaining thereto.

2.2. Release of Property and Liens.

(a) So long as no Event of Default has occurred and is continuing, the Secured Party shall execute a release in respect of any Unit designated by the Debtor for payment of the Loan Value or for replacement pursuant to Section 3 hereof, upon receipt from the Debtor of written notice designating the Unit with respect to such Event of Loss and the receipt from the Debtor or such other Person, as the case may be, of all sums payable or documents required in compliance with said Section 3. Any such written notice from the Debtor shall be accompanied by an Officer's Certificate of the Debtor setting forth the basis for such request, together with such additional evidence of such compliance as the Secured Party shall reasonably request. The Secured Party agrees to execute such instruments as the Debtor shall reasonably request to evidence such release and consents to all appropriate filings to confirm such release of public record.

(b) Upon the written request of the Debtor, the Secured Party shall execute and deliver any and all releases, termination statements and other agreements and filings as Debtor shall reasonably request to evidence the termination of the Secured Party's security interests in the Collateral as set forth in and in accordance with Section 1.3 hereof.

2.3. Condemnation. The Debtor, immediately upon obtaining actual knowledge of the institution of any proceedings for the condemnation of any Unit, which such condemnation proceedings, if successful, would reasonably be likely to result in an Event of Loss, shall notify the Secured Party of the pendency of such proceedings. The Secured Party, at its own cost and expense, may participate in any such proceedings, and the Debtor from time to time will deliver or cause to be delivered to the Secured Party all instruments requested by it to permit such participation. In the event of such condemnation proceedings, the award or compensation payable to the Debtor shall be paid to the Secured Party, and such award or compensation shall be paid or applied in accordance with Section 2.6 hereof. The Secured Party shall be under no obligation to question the amount of the award or compensation and the Secured Party may accept any such award or compensation. In any such compensation proceedings, the Secured Party may be represented by counsel.

2.4. Release of Collateral - Consent of the Secured Party. In addition to any release pursuant to Section 1.3 and Section 2.2 hereof, the Debtor may sell or otherwise dispose of all or any part of the Collateral then subject to the Lien of this Security Agreement upon the written consent of the Secured Party, and the Secured Party shall release the same from the Lien and security interest hereof, to the extent and on the terms and upon compliance with the conditions provided for in any such written consent.

2.5. Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or Unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

2.6. Insurance Proceeds and Condemnation Payments. If the Secured Party shall receive any insurance proceeds under insurance required to be maintained by the Debtor under the Note Purchase Agreement or condemnation payments in respect of such Units suffering an Event of Loss, (a) if the Debtor shall not at the time be obligated to pay the Loan Value of any Unit of Equipment as provided in Section 3 hereof, the Secured Party shall pay such proceeds or condemnation payments to the Debtor, or (b) if the Debtor shall at the time be obligated to pay the Loan Value, the Secured Party shall use such proceeds or condemnation payments to reimburse the Debtor for its payment of the Loan Value to the Secured Party (to the extent the

Debtor shall have already paid such Loan Value), or, if not already paid by the Debtor, apply such proceeds or condemnation payments in satisfaction of the obligation of the Debtor to pay the Loan Value then due, and the balance, if any, of such proceeds or condemnation payments shall be paid over to the Debtor; provided, that no Default or Event of Default shall have occurred and be continuing. All insurance proceeds received by the Secured Party under insurance required to be maintained by the Debtor under the Note Purchase Agreement in respect of any Unit not suffering an Event of Loss shall be paid to the Debtor upon proof satisfactory to the Secured Party that any damage to such Unit in respect of which such proceeds were paid has been fully repaired; provided that no Default or Event of Default shall have occurred and be continuing.

Any amount referred to in the preceding paragraph which is payable to the Debtor shall not be paid to the Debtor or, if it has been previously paid directly to the Debtor, shall not be retained by the Debtor, if at the time of such payment an Event of Default shall have occurred and be continuing, but shall be paid to and held by the Secured Party, as part of the Collateral, and at such time as there shall not be continuing any such Event of Default, such amount shall be, at the option of the Debtor, either (x) paid to the Debtor, or (y) applied to the outstanding principal balance of the Secured Notes.

SECTION 3. EVENT OF LOSS.

(a) Payment of Loan Value. In the event that any Unit (a) shall suffer an actual or constructive total loss, (b) shall suffer destruction or damage which, in the Debtor's good faith opinion, makes repair uneconomic or renders such Unit unfit for commercial use, (c) shall have title thereto taken or appropriated by any governmental authority under the power of eminent domain or otherwise, or (d) shall be taken or requisitioned for use by any governmental authority under the power of eminent domain or otherwise for a period extending beyond the earlier of (i) twelve (12) months after the date of such taking or requisition, or (ii) the Maturity Date (any such occurrence being hereinafter called an "Event of Loss"), the Debtor shall promptly and fully inform the Secured Party of such Event of Loss. At such date as Events of Loss with respect to twelve (12) Units (exclusive of those Units for which substitute Units have been provided under Section 3(b) hereof) shall have occurred (which date shall be referred to as a "Loss Date") the Debtor shall become obligated to prepay a principal amount of the Secured Notes in accordance with the provisions of Section 3 of the Note Purchase Agreement. For purposes of this Security Agreement, the "Loan Value" in

respect of any Unit shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Equipment Cost of such Unit which has suffered an Event of Loss, and the denominator of which is the Total Equipment Cost of all Units then subject to this Security Agreement, times (B) the unpaid principal amount of the Secured Notes outstanding immediately prior to the payment provided for in this Section 3.

(b) Substitution. Provided no Default or Event of Default shall have occurred and be continuing, in lieu of payment of all or a portion of the Loan Value for any Unit due and owing as provided in subsection (a) above, the Debtor shall have the option, on or prior to the date on which such Loan Value would have otherwise been due and payable, to substitute as collateral hereunder for any such Unit with respect to which an Event of Loss occurred, a Unit of Equipment (a "Substitute Unit"), title to which shall then be held by the Debtor free and clear of all Liens other than Permitted Liens; provided that such Substitute Unit has a value, utility and remaining economic life at least equal to, and being in as good operating condition as, such Unit with respect to which an Event of Loss occurred, assuming such Unit was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Prior to or at the time of any such substitution the Debtor, at its own expense, will furnish the Secured Party with a Supplement, in the form attached as Exhibit A hereto, with respect to such Substitute Unit, and shall so execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the protection of the security interest being herein provided for in such Substitute Unit.

SECTION 4. DEFAULTS.

4.1. Events of Default. The terms "Default" or "Event of Default" for all purposes of this Security Agreement shall mean a Default or Event of Default under the Note Purchase Agreement.

4.2. Secured Party's Rights. The Debtor agrees that when any 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 Uniform Commercial Code of Illinois, and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies set forth in the Note Purchase Agreement.

SECTION 5. MISCELLANEOUS.

5.1. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted 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 permitted assigns of such parties whether so expressed or not.

5.2. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

5.3. Communications. All communications provided for herein shall be in writing or by a telecommunications device capable of creating a written record, and any such notice shall become effective (a) upon personal delivery thereof, including, without limitation, by overnight mail and courier service, (b) five (5) days after the date on which it shall have been mailed by United States mail, certified or registered, postage prepaid, return receipt requested, or, (c) in the case of notice by such a telecommunications device, when a written acknowledgment as to the receipt thereof by the transmittee has been received by the sender, addressed to each party at the addresses listed on Schedule 1 to the Note Purchase Agreement or to any such party at such other address as such party may designate by notice duly given in accordance with this Section 5.3 to the other party hereto.

5.4. Business Day. Notwithstanding anything herein or in any other Operative Agreement to the contrary, if the date on which any payment is to be made pursuant to this Security Agreement is not a Business Day, the payment otherwise payable on such date shall be payable on the next succeeding Business Day.

5.5. Governing Law. This Security Agreement and the Secured Notes 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 Illinois.

5.6. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original, but all together only one Security Agreement.

5.7. 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.

5.8. Further Assurances. The Debtor shall, at its sole cost and expense, do such further acts and execute and deliver such further documents as the Secured Party from time to time reasonably requires for the protection of the rights hereby created or intended now or hereafter so to be created, or for carrying out the intention or facilitating the performance of the terms of this Security Agreement or any of the other Operative Agreements, or for assuring the validity, perfection, priority or enforceability of any Lien under any Operative Agreement; provided, however, that the Debtor shall not be required to provide any Lease Assignments except upon a Closing Date.

IN WITNESS WHEREOF, the Debtor and the Secured Party have caused this Security Agreement to be executed, as of the day and year first above written.

ITEL RAIL CORPORATION

BY: Robert Kiehnle
Name: Robert Kiehnle
Title: Vice President-Finance and Treasurer

AS DEBTOR

DEUTSCHE CREDIT CORPORATION

BY: _____
Name:
Title:

BY: _____
Name:
Title:

AS SECURED PARTY

5.6. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original, but all together only one Security Agreement.

5.7. 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.

5.8. Further Assurances. The Debtor shall, at its sole cost and expense, do such further acts and execute and deliver such further documents as the Secured Party from time to time reasonably requires for the protection of the rights hereby created or intended now or hereafter so to be created, or for carrying out the intention or facilitating the performance of the terms of this Security Agreement or any of the other Operative Agreements, or for assuring the validity, perfection, priority or enforceability of any Lien under any Operative Agreement; provided, however, that the Debtor shall not be required to provide any Lease Assignments except upon a Closing Date.

IN WITNESS WHEREOF, the Debtor and the Secured Party have caused this Security Agreement to be executed, as of the day and year first above written.

ITEL RAIL CORPORATION

BY: _____
Name: Robert Kiehnle
Title: Vice President-Finance and Treasurer

AS DEBTOR

DEUTSCHE CREDIT CORPORATION

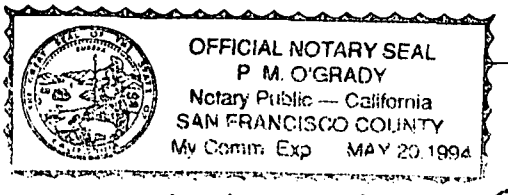
BY: _____
Name: JAMES S. POOR
Title: SVP, CFO & TREASURER

BY: _____
Name: R.E. SCHOEN
Title: S.V.P.

AS SECURED PARTY

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this 11th day of June, 1991, before me, the undersigned, personally appeared Robert C. Kiehnle, to me personally known (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as V.P.-Finance & Treasurer of ITEL RAIL CORPORATION, the corporation therein named and acknowledged to me that said instrument was executed on behalf of said corporation by authority of its Board of Directors or pursuant to its bylaws.



P.M. O'Grady
Notary Public

My commission expires: 5/20/94

STATE OF ILLINOIS)
) SS
COUNTY OF _____)

On this ___ day of June, 1991, before me, the undersigned, personally appeared _____, to me personally known (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as _____ of DEUTSCHE CREDIT CORPORATION, the corporation therein named and acknowledged to me that said instrument was executed on behalf of said corporation by authority of its Board of Directors or pursuant to its bylaws.

_____
Notary Public

My commission expires:

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this ___ day of June, 1991, before me, the undersigned, personally appeared _____, to me personally known (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as _____ of ITEL RAIL CORPORATION, the corporation therein named and acknowledged to me that said instrument was executed on behalf of said corporation by authority of its Board of Directors or pursuant to its bylaws.

_____
Notary Public

My commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

On this 11thday of June, 1991, before me, the undersigned, personally appeared James S. Poor, to me personally known (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as Sr. Vice President,CFO & Treasurer of DEUTSCHE CREDIT CORPORATION, the corporation therein named and acknowledged to me that said instrument was executed on behalf of said corporation by authority of its Board of Directors or pursuant to its bylaws.

Peter K. Lannon Jr.
Notary Public

My commission expires: June 7, 1995

" OFFICIAL SEAL "
PETER K LANNON JR
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXP. 6/7/95

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

On this 11th day of June, 1991, before me, the undersigned, personally appeared Robert E. Schoen, to me personally known (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as Senior Vice President of DEUTSCHE CREDIT CORPORATION, the corporation therein named and acknowledged to me that said instrument was executed on behalf of said corporation by authority of its Board of Directors or pursuant to its bylaws.

Notary Public

My commission expires: June 7, 1995

" OFFICIAL SEAL "
PETER K LANNON JR
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXP: 6/7/95

EXHIBIT A to the
Security Agreement

SECURITY AGREEMENT
SUPPLEMENT NO. __

THIS SECURITY AGREEMENT SUPPLEMENT NO. __ (this "Supplement"), dated June __, 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 June 12, 1991 (herein called the "Security Agreement"), between the Debtor and Deutsche Credit Corporation, a Delaware corporation, 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 Note Purchase 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, as and only to the extent such relate to the Equipment, and (4) all proceeds, including, but not limited to, all insurance proceeds related thereto, and (ii) subject to Section 1.2(b) of the Security Agreement, each and every lease agreement currently in effect or hereafter entered into by the

Debtor, as lessor, as and only to the extent such leases relate to the Equipment (as and only to the extent such leases relate to the Equipment, the "Assigned Leases"), including, but not limited to: (1) all 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 relate to the Equipment), whether now owned or hereafter acquired, and all income, profits and avails therefrom, all rights thereunder and all proceeds thereof.

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 June 12, 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 conflict of law provisions) of the State of Illinois.

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: _____
Name: Robert Kiehnle
Title: Vice President-Finance and Treasurer

AS DEBTOR

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this ___ day of June, 1991, before me, the undersigned, personally appeared _____, to me personally known (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as _____ of ITEL RAIL CORPORATION, the corporation therein named and acknowledged to me that said instrument was executed on behalf of said corporation by authority of its Board of Directors or pursuant to its bylaws.

_____
Notary Public

My commission expires: