Chicago and NorthWestern
Transportation Company

1-282A007

One NorthWestern Center
Chicago, Illinois 60606

Office of the Secretary
312-559-6156

October 8, 1991

File No: A-13487-A (A-441)

17590
RECORDATION NO ____ FILED 1425
OCT 9 1991 10 50 AM
INTERSTATE COMMERCE COMMISSION

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

Dear Mr. Strickland:

Pursuant to Section 11303 (formerly Section 20C) of the Interstate Commerce Act, enclosed for recordation are five (5) original Counterparts of a Security Agreement dated as of October 1, 1991 from Chicago and North Western Transportation Company, Debtor, to the Long-Term Credit Bank of Japan, Ltd., Chicago Branch, Secured Party, covering railroad equipment.

The names and addresses of the parties to the Security Agreement are as follows:

Chicago and North Western
Transportation Company
One North Western Center
Chicago, IL 60606

The Long-Term Credit Bank
of Japan, Ltd., Chicago Branch
190 South LaSalle Street
Suite 800
Chicago, IL 60603

Enclosed is a check for $15.00 to cover your recording fee. Please retain one Counterpart for your files and return the other documents with the stamped recordation data to me.

Sincerely,

K. A. Dombrowski

K. A. Dombrowski
Assistant Secretary

Enclosures
cc: J. E. Voldseth/K. H. Lange
M. H. Shumate
R. C. Gancarz
R. R. DeWitt
N. H. Clark
Arthur Andersen & Co. (Joe Adams)

CSD11/4(3)

OCT 9 10 44 AM '91
MOTOR OPERATING UNIT

Interstate Commerce Commission

Washington, D.C. 20423

10/9/91

OFFICE OF THE SECRETARY

K.A. Dombrowski
Assistant Secretary
Chicago & North Western Trans. Co.
One North Western Center
Chicago, Illinois 60606

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 10/9/91 at 10:50am , and assigned recordation number(s). 17550

Sincerely yours,

Sidney L. Strickland, Jr.

Sidney L. Strickland, Jr.
Secretary

17560
RECORDATION NO _____ FILED 1425
OCT 9 1991 10 50 AM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of October 1, 1991

From

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY,

DEBTOR,

TO

THE LONG-TERM CREDIT BANK OF JAPAN, LTD.,
CHICAGO BRANCH

SECURED PARTY.

TABLE OF CONTENTS

Section	Heading	Page
Parties		0
Recitals		1
1.	Grant of Security	1
1.1	Equipment Collateral	2
1.2	Certain Other Collateral	2
1.3	Prohibition Against Liens and Limitations to Security Interest	2
1.4	Cross Collateralization	3
1.5	Duration of Security Interest	4
1.6	Releases	4
2.	Covenants and Warranties of the Debtor	4
2.1	Debtor's Duties	4
2.2	Warranty of Title	8
2.3	Further Assurances	9
2.4	After-Acquired Property	9
2.5	Recordation and Filing	9
2.6	Transfer Restrictions	10
2.7	Power of Attorney	10
2.8	Notice of Default	10
3.	Possession, Use and Release of Property	10
3.1	Possession of Equipment	10
3.2	Release of Equipment - Withdrawal Prepayment	11
3.3	Release of Equipment - Consent of Secured Party	11
3.4	Protection of Purchaser	11
4.	Insurance; Payment for Casualty Occurrence	11
4.1	Insurance	11
4.2	Casualty Occurrence and Duty of Debtor to Notify Secured Party	13
5.	Defaults and Other Provisions	14
5.1	Events of Default	14
5.2	Secured Party's Rights	17
5.3	Acceleration Clause	19
5.4	Waiver by Debtor	19
5.5	Effect of Sale	19

Section	Heading	Page
5.6	Application of Proceeds.....	19
5.7	Discontinuance of Remedies.....	20
5.8	Cumulative Remedies.....	20
6.	The Secured Party.....	21
6.1	Certain Rights of Secured Party.....	21
6.2	Showings Deemed Necessary by Secured Party.....	21
6.3	Status of Moneys Received.....	21
7.	Supplemental Security Agreements.....	22
8.	Indemnities and Assignments.....	22
8.1	Debtor's Indemnities.....	22
8.2	Patent Indemnities.....	22
8.3	Assignments.....	23
9.	Miscellaneous.....	24
9.1	Payment of Loan Account.....	24
9.2	Successors and Assigns.....	25
9.3	Partial Invalidity.....	25
9.4	Communications.....	25
9.5	Release.....	25
9.6	Governing Law.....	25
9.7	Counterparts.....	26
9.8	Headings.....	26
Signature Page.....		26
Acknowledgments.....		27

Attachments to Security Agreement:

Schedule A - Description of Equipment 28

Schedule B - Schedule of Casualty Values 29

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of October 1, 1991 (this "Agreement") from CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation (the "Debtor") whose post office address is 165 North Canal Street, Chicago, Illinois 60606, Attention: Vice President-Finance, to THE LONG-TERM CREDIT BANK OF JAPAN, LTD., CHICAGO BRANCH (the "Secured Party") whose post office address is 190 South LaSalle Street, Suite 800, Chicago, Illinois 60603.

R E C I T A L S:

A. The Debtor and the Secured Party have entered into that certain Secured Credit Agreement, dated as of March 28, 1991 (herein, as from time to time amended, called the "Credit Agreement") providing, in part, for the Debtor from time to time to borrow funds to be secured by a security agreement. Such indebtedness is to be evidenced by a Loan Account of the Secured Party (the "Loan Account") as provided in Section 2 of the Credit Agreement.

B. The Loan Account and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at the time due and owing from or required to be paid by the Debtor under the terms of the Loan Account, this Agreement, the Credit Agreement and the Debtor Related Agreements (as hereinafter defined) are hereinafter sometimes referred to as "indebtedness hereby secured".

C. Debtor represents and warrants that all of the requirements of law have been fully complied with and all other acts and things necessary to make this Agreement a valid, binding and legal instrument for the security of the Loan Account have been done and performed by the Debtor.

SECTION 1. GRANT OF SECURITY.

The Debtor in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which being hereby acknowledged, and in order to secure the payment of the principal of and interest on the Loan Account according to its tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in this Agreement, in the Credit Agreement and in the Debtor Related Agreements contained, does hereby convey, warrant, mortgage, assign, pledge and grant the Secured Party, its successors and 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, 1.2 and 1.3 hereof and all proceeds thereof (all of which properties and proceeds hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1 Equipment Collateral. Collateral includes the equipment described in Schedule A attached hereto and made a part hereof and in any supplement or supplements hereto from time to time executed between the Debtor and the Secured Party together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the equipment hereinabove described, 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 (collectively the "Equipment" and individually "Item" or "Item of Equipment").

1.2 Certain Other Collateral. Collateral includes all rights, title, interest, claims and demands, if any, which the Debtor may have against any manufacturer or seller and all proceeds of such rights, title, interest, claims and demands,it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rights, powers, privileges and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all sums at all times during the period from and after the date of this Agreement until the indebtedness hereby secured has been fully paid and discharged.

1.3 Prohibition Against Liens and Limitations to Security Interest. The Debtor will pay or discharge any and all sums claimed by any party from, through or under the Debtor or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or in the Equipment, or any unit thereof; provided, however, that the Debtor shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the opinion of the Secured Party (after notice thereof from Debtor), adversely affect the property or rights of the Secured Party in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Secured Party in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of (i) liens for taxes, assessments or governmental charges or levies, in each case, not due and delinquent, or (ii) undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent, or (iii) liens for taxes, assessments or governmental charges or levies, in each

case, due or delinquent, (iv) determined or not inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business, in each case, delinquent or (v) the lien of the Amended and Restated Merger Credit Agreement as defined in the Credit Agreement, so long as such lien is subordinated, in form and substance satisfactory to the Secured Party, to the security interest of the Secured Party; provided, however, that in the case of a lien described in the foregoing clauses (iii) or (iv) the validity of such lien is being contested in good faith by appropriate legal proceedings and such lien does not, in the opinion of the Secured Party (after notice thereof from Debtor), adversely affect the property or rights of the Secured Party in or to the Equipment or otherwise under this Agreement.

The liens, claims and encumbrances permitted by this Section 1.3 are hereinafter collectively referred to as the "Permitted Encumbrances."

The security interest granted by this Section 1 is subject to the lien of Permitted Encumbrances.

1.4 Cross Collateralization. The Debtor may cause the Secured Party pursuant to the Credit Agreement, to make loans to the Debtor secured by security agreements and equipment described therein (such security agreements being hereinafter collectively called the "Debtor Related Agreements"). In consideration for the Secured Party's entering into this Agreement and each Debtor Related Agreement and making Loans (as defined in the Credit Agreement) to the Debtor in respect of the Equipment and the equipment described in the Debtor Related Agreements, the Debtor agrees that the Equipment shall be security for the indebtedness and other obligations of the Debtor under the Debtor Related Agreements, and the Debtor does hereby grant to the Secured Party a continuing security interest in the Equipment, to secure the payment of the indebtedness and performance of the obligations of the Debtor under each Debtor Related Agreement in accordance with the terms thereof as though the Equipment were part of the equipment described therein; provided, however, that if the Debtor shall have paid all the principal of and interest (and premium, if any) on the Loan Account when any Debtor Related Agreement is still in effect, and thereafter any Item of Equipment suffers a Casualty Occurrence (as hereinafter defined) or is disposed of by the Debtor in the ordinary course of business, no deposit, prepayment or additional security shall be required hereunder or under any Debtor Related Agreement or otherwise, and provided there is then no existing default under any Debtor Related Agreement, the Secured Party's security interest in such Item of Equipment shall be deemed to be terminated and released upon such occurrence or disposition and absolute right to the possession of, title to, and property in such Item of Equipment shall vest in the Debtor without further transfer or action on the part of the Secured Party, except that the Secured Party, if requested by the Debtor and at the Debtor's expense, shall execute and deliver

to the Debtor or its nominee a release (without warranties) of its security interest in such Item of Equipment and such other documents as may be necessary or appropriate to make clear upon the public records the release of such security interest.

1.5 Duration of Security Interest. The Secured Party, its successors and assigns, shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Credit Agreement and Debtor Related Agreements contained, then these presents and the estate hereby granted and conveyed shall cease and this Agreement shall become null and void, otherwise this Agreement shall remain in full force and effect.

1.6 Releases. Upon cessation of the Secured Party's security interest as provided for in Section 1.5 above, the Secured Party, if so requested by the Debtor and at the Debtor's expense at that time will (a) execute a release and bill or bills or sale for the Equipment transferring and releasing its interest therein to the Debtor, or upon its order (such release and bill of sale to be without warranty except that the Equipment is free of all liens, security interests and other encumbrances created or retained hereby), and deliver such release and bill or bills of sale to the Debtor at its address referred to in the Credit Agreement, and (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Secured Party in the Equipment. The Debtor hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such release and bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such release and bill or bills of sale or instrument after written demand by the Debtor.

SECTION 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1 Debtor's Duties.

(a) The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Credit Agreement, and the Debtor Related Agreements and in each and every

supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement thereto were fully set out in an amendment or supplement to this Agreement.

(b) The Debtor will, at all times during the term of this Agreement, maintain the Equipment or cause the Equipment to be maintained in good order and repair at its own expense. The Debtor also agrees to use the Equipment only in the manner for which it was designed and intended. Without limiting the foregoing, the Debtor will at all times maintain the Equipment or cause the Equipment to be maintained in original condition, normal wear and tear excepted, all at the Debtor's expense. Any parts installed or replacements made by the Debtor to comply herewith shall be considered accessions and immediately subject to the security interest granted by this Agreement without further act. The Debtor shall make no other additions or improvements to the Equipment unless the same are readily removable without causing material damage to such Equipment or, if not readily removable, the same do not decrease the value, or modify the intended and permitted uses, of the Equipment. Title to any readily removable non-mandatory additions or improvements shall remain with the Debtor free of any security interest hereunder, but additions or improvements which are not readily removable shall without further act be immediately subject to the security interest granted by this Agreement.

(c) During the term of this Agreement the Debtor will at all times comply in all respects with all laws of the jurisdictions in which its operations involving the Equipment may extend, and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of any part on any unit of the Equipment, the Debtor will conform therewith, at its own

expense; provided, however, that the Debtor may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Secured Party (after notice thereof from Debtor), adversely affect the property or rights of the Secured Party under this Agreement.

(d) The Debtor will maintain the insurance described in Section 4 hereof.

(e) The Secured Party shall have at all times the right to enter into and upon any premises under the control of the Debtor where any of the Equipment is located for the purposes of inspecting the same, observing its use or otherwise protecting the Secured Party's interest therein.

(f) On or before April 30 in each year, commencing in 1992, the Debtor shall furnish to the Secured Party an accurate statement signed by an officer of the Debtor (a) setting forth as of the preceding December 31 the amount, description and numbers of all units of the Equipment that have been withdrawn from use pending repairs (such units being hereinafter called the "Bad Order Units") or that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) and such other information regarding the condition and state of repair of the Equipment as the Secured Party may reasonably request, (b) setting forth the amount, description and numbers of any Bad Order Units that have been repaired and that are in use on the date of such statement, and (c) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Section 2.1(g) hereof have been preserved or replaced. The Secured Party shall have the right, by its agents, to inspect the Equipment and the Debtor's records with respect thereto at such reasonable times as the Secured Party may request during the term of this Agreement.

(g) The Debtor will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will cause to be kept

and maintained, plainly, distinctly, permanently and conspicuously marked on each side or each end of each unit, in letters not less than one inch in height, the words "Ownership subject to a Security Agreement filed with the Interstate Commerce Commission" or the name of the Secured Party followed by the words "Secured Party", or other appropriate markings approved by the Secured Party with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Secured Party's interest in the Equipment and its rights under this Agreement. The Debtor will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Debtor will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Secured Party by the Debtor and filed, recorded and deposited by the Debtor in all public offices where this Agreement shall have been filed, recorded and deposited.

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

(h) All payments to be made by the Debtor hereunder will be free of expense to the Secured Party for collection or other charges and will be free of expenses to the Secured Party with respect to the amount of any local, state, federal or foreign taxes (other than net income taxes or other taxes in the nature of or in lieu of net income taxes being hereinafter called "Net Income Taxes") or license or registration fees, assessments, charges, fines, levies, imposts, duties, withholdings, stamp taxes and penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, use, payment, shipment, delivery or other disposition under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines, levies, imposts, duties, withholdings, stamp taxes and penalties, together with any interest payable with respect thereto, being hereinafter called "Impositions"), all of which Impositions the

Debtor assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Without limiting the foregoing, the Debtor will also pay promptly all Impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom (except for Net Income Taxes of the Secured Party) or upon the Secured Party solely by reason of its interest therein (except for Net Income Taxes of the Secured Party) and will keep at all times all and every part of the Equipment free and clear of all Impositions which might in any way affect the security interest of the Secured Party or result in a lien upon any part of the Equipment; provided, however, that the Debtor shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the opinion of the Secured Party, adversely affect the interest or rights of the Secured Party in or to the Equipment or otherwise under this Agreement. If any such Impositions shall have been charged or levied against the Secured Party directly and paid by the Secured Party, the Debtor shall reimburse the Secured Party upon presentation of an invoice therefor, and any amounts so paid by the Secured Party shall be secured by and under this Agreement; provided, however, that the Debtor shall not be obligated to reimburse the Secured Party for any Impositions so paid unless the Secured Party believes in its reasonable opinion that it shall have been legally liable with respect thereto (as evidenced, if the Debtor so requests, by an opinion of counsel for the Secured Party, the reasonable fees and out-of-pocket expenses of which counsel shall be paid by the Debtor) or unless the Debtor shall have approved the payment thereof.

2.2 Warranty of Title. The Debtor warrants that it is the owner of the Equipment; it has, or prior to the time of the closing (the "Closing") of the loan made on or about the date hereof and evidenced by the Loan Account will have, good title to the Equipment and the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only Permitted Encumbrances). The Debtor also agrees that it will promptly take such action as may be necessary to

duly discharge any liens, charges or encumbrances on the Collateral which result from claims against the Debtor; and the Debtor further agrees to indemnify and hold harmless the Secured Party from and against any cost or expenses (including legal fees and expenses) incurred, as a result of the imposition or enforcement of any liens, charges or encumbrances referred to in the foregoing clause of this second sentence of Section 2.2. Without limiting the foregoing, the Debtor agrees to cause to be executed prior to the Closing a termination or release of the liens, if any, evidenced by each financing statement (except any that pertains to a Permitted Encumbrance) or other filed or recorded instrument, if any, in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor, now on file in any public office covering any of the Collateral, excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein, and agrees to file or record in the appropriate public offices termination statements or other instruments evidencing such termination or release, promptly, but in no event later than the tenth business day after the Closing. Additionally, the Debtor agrees that it will not pledge, mortgage, grant a security interest in or assign the Collateral except under this Agreement.

2.3 Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

2.4 After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5 Recordation and Filing. The Debtor will cause this Agreement and all 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 in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at no expense to the Secured Party furnish to the Secured Party promptly after the execution and delivery of this Agreement and of each supplement to this Agreement an opinion of counsel stating that in the opinion of such counsel this Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as

to make effective of record the security interest intended to be created hereby.

2.6 Transfer Restrictions. The Debtor will not sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

2.7 Power of Attorney. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney, with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Sections 1.1 and 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all checks, instruments and commercial paper given in payment or in partial 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 rents and other sums and the security intended to be afforded hereby; provided that the Secured Party may exercise the rights granted under this Section 2.7 only if an Event of Default (as hereinafter defined) has occurred and is continuing.

2.8 Notice of Default. The Debtor further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an Event of Default under this Agreement if any officer of the Debtor has actual knowledge of such event or condition and is also aware, or should reasonably have been aware, that such event or condition constitutes such an Event of Default.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

3.1 Possession of Equipment. While the Debtor is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, always, that the possession, enjoyment, control, management, operation and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Agreement. The Debtor shall not, without the prior written consent of the Secured Party (which consent will not be unreasonably withheld), have the right to lease the Equipment or any unit thereof; provided, however, that the Debtor shall have the right to lease the Equipment or any unit thereof to any railroad organized under

the laws of the United States of America or any state thereof or the District of Columbia without the Secured Party's consent if such lease (i) shall provide that the Equipment will be operated and maintained in accordance with the terms hereof, and (ii) is for a term not longer than the lesser of six months or one day less than the remaining term of this Agreement. Any lease and the rights of the lessee thereunder shall in all events be expressly subject and subordinate to this Agreement and the rights and interests of the Secured Party and its successors and assigns hereunder. The Debtor shall, promptly upon entering into any such lease, furnish to the Secured Party a written statement setting forth the amount, description and number of the units of the Equipment being leased and attaching a copy of the lease. In no event shall any assignment or lease entered into by the Debtor relieve the Debtor of any liability or obligation hereunder which shall be and remain those of a principal and not a surety.

3.2 Release of Equipment - Withdrawal Prepayment. So long as no default or Event of Default has occurred and is continuing to the knowledge of the Debtor or the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment designated by the Debtor for termination in compliance with Section 4.2 of the Credit Agreement, upon prepayment of the amounts described in said Section.

3.3 Release of Equipment - Consent of Secured Party. In addition to the sale, exchange or release pursuant to the foregoing Section 3.2, the Debtor may sell or otherwise dispose of any Equipment then subject to the lien of this Agreement, and the Secured Party shall release its interest in the same from the lien hereof, to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the Secured Party.

3.4 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.

SECTION 4. INSURANCE: PAYMENT FOR CASUALTY OCCURRENCE

4.1 Insurance. The Debtor will, at all times during the term of this Agreement, at its own expense, insure the Equipment against liability and property damage exposures to the same extent as under the Debtor's then existing insurance in respect of similar equipment which the Debtor owns or leases.

For property damage coverage policies shall be maintained at a coverage level customary in the railroad industry but, in any event, comparable in amounts and against risks customarily insured against by railroad companies in respect of equipment similar to the Equipment. Secured Party will be named as an additional insured, as its interests may appear, under the Debtor's own property damage and liability policies but will not be named as a loss payee. Debtor shall furnish on the Closing Date, and cause to be furnished within thirty (30) days following a renewal date, to Secured Party, as evidence of insurance effected or in force in accordance with the provisions of this Section 4.1, a verification or certificate of insurance prepared by the Debtor's independent insurance broker or captive insurers or a certificate of an authorized officer of the Debtor along with evidence of the coverage certified to by the Debtor's authorized officer (in the event that a verification or certificate of a broker or captive insurer is not reasonably available).

Any net insurance proceeds (excluding public liability insurance) resulting from insurance carried by the Debtor or condemnation payments received by the Secured Party in respect of the Equipment suffering a Casualty Occurrence shall be deducted from the amounts payable by the Debtor to the Secured Party in respect of the related Casualty Occurrences pursuant to Section 4.2. If the Secured Party shall receive any such net insurance proceeds or condemnation payments and the Debtor already has paid the full Casualty Value with respect to the unit for which such proceeds are received, the Secured Party shall pay such net insurance proceeds or condemnation payments to the Debtor; provided, however, that if an Event of Default or other event (hereinafter called a "Default") which with notice, demand and/or lapse of time, would constitute an Event of Default shall have occurred and be continuing, then the amount otherwise payable to the Debtor may be retained by the Secured Party and applied to discharge the liabilities of the Debtor under this Agreement and the Debtor Related Agreements. All net insurance proceeds (excluding public liability insurance) received by the Secured Party or the Debtor with respect to a unit not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such unit, but no such proceeds shall be paid to the Debtor until the Secured Party shall have received a certificate signed by an authorized officer of the Debtor to the effect that such damage has been fully repaired; and any balance remaining after the completion of such repairs shall be paid to the Debtor unless an Event of the Default or Default hereunder shall have occurred and be continuing, in which case the amount otherwise payable to the Debtor may be retained by the Secured Party and applied to discharge the liabilities of the Debtor under this Agreement and the Debtor Related Agreements.

The Secured Party shall not be liable for the payment of premiums and assessments under any insurance policy

and such insurance shall be primary without right of contribution from any other insurance which is carried by the Secured Party to the extent that such other insurance provides it with contingent and/or excess liability insurance with respect to its interest as such in the Equipment.

4.2 Casualty Occurrence and Duty of Debtor to Notify Secured Party. In the event that the Equipment shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Debtor, in accordance with normal railroad industry standards shall be economically obsolete, or shall be irreparably damaged or otherwise rendered unsuitable or unfit for use from any cause whatsoever, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise for a stated period which exceeds the remaining term of this Agreement (such occurrence, being hereinafter called a "Casualty Occurrence"), the Debtor shall promptly and fully inform the Lessor and the Secured Party in regard thereto (but not later than thirty (30) days after knowledge of such Casualty Occurrence).

The Debtor shall, on the next Settlement Date (as defined in the Credit Agreement) following the Casualty Occurrence, pay to the Secured Party a sum equal to the aggregate Casualty Value (as defined below in this Section 4.2) of such units of the Equipment as of the date of payment and shall file with the Secured Party a certificate of an officer of the Debtor setting forth the Casualty Value of each unit of the Equipment suffering a Casualty Occurrence.

The principal portion of any Casualty Value required to be paid on the applicable Settlement Date pursuant to the provisions of the second paragraph of this Section 4.2 shall be applied by the Secured Party toward the reduction of the outstanding principal balance of the Loan Account. Payment of the Casualty Value shall proportionately reduce the amount of each of the remaining installments of principal hereunder by a percentage represented by a fraction, the numerator of which is the Purchase Price as hereinafter defined of the unit of Equipment for which the Casualty Value is paid and the denominator of which is equal to the Purchase Price of all of the Equipment (exclusive of units having suffered a Casualty Occurrence with respect to which a payment of the Casualty Value theretofore shall have been made pursuant to this Section 4.2).

The term "Purchase Price" as is used herein shall mean the prices per Unit of Equipment as set forth in Schedule "A" hereto.

The "Casualty Value" of each unit of Equipment suffering a Casualty Occurrence shall mean the value obtained by multiplying the Purchase Price of such unit by the percentage set forth opposite the Settlement Date next following the date of the

Casualty Occurrence on the Schedule of Casualty Values attached hereto as Schedule B. The payment of Casualty Value shall be in addition to the scheduled payment of the amounts otherwise due on the Settlement Date on which Casualty Value is paid.

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Secured party shall, upon request of the Debtor and at the Debtor's expense, after payment by the Debtor of a sum equal to (a) the Casualty Value of such equipment plus (b) any cost and expenses of the Secured Party in connection with such sale for which the Secured Party is to be reimbursed hereunder, execute and deliver to the Debtor or the Debtor's vendee, assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Agreement, in such form as may be reasonably requested by the Debtor.

SECTION 5. DEFAULTS AND OTHER PROVISIONS.

5.1 Events of Default. The term "Event of Default" for all purposes of this Agreement shall mean one or more of the following:

(a) The occurrence of any "Event of Default" as defined in the Credit Agreement (except in Section 7.1(a) thereof); or

(b) Default on the part of the Debtor in the due observance or performance of any other covenant, condition or agreement to be observed or performed under this Agreement or the Debtor Related Agreements, and such default shall continue unremedied for 30 days after written notice from the Secured Party to the Debtor specifying the default and demanding the same to be remedied provided, however, that the Secured Party's failure to make such demand shall in no way affect the obligations of the Debtor under this Agreement, the Credit Agreement or the Debtor Related Agreements; or

(c) Any representation or warranty on the part of the Debtor made herein or in the Credit Agreement or in any of the Debtor Related Agreements or in any statement or certificate furnished to the Secured Party or its assigns pursuant to or otherwise in connection with this Agreement, the Credit Agreement or any of the Debtor Related Agreements, or the transactions contemplated herein or therein shall prove to be false or misleading in any material respect as of the date of issuance or

making thereof, and, in the case of representations or warranties set forth in paragraphs 4 or 8 of Attachment A to Exhibit 2 to the Credit Agreement, any such representation or warranty has continued to be false and misleading for thirty days after written notice with respect thereto from the Secured Party to the Debtor; or

(d) Any claim, lien or charge (other than the Permitted Encumbrances) shall be levied or imposed upon the Equipment, and such claim, lien or charge shall not be discharged or removed, or provision made satisfactory to the Secured Party (in the sole determination of the Secured Party) to assure discharge or removal thereof, within thirty days after written notice from the Secured Party or the holder of the Loan Account to the Debtor demanding the discharge or removal thereof; or

(e) A case shall be commenced under Subchapter IV of Chapter 11 of the Bankruptcy Code (as such Subchapter IV is now in effect or hereafter may be amended or replaced), by or against the Debtor and, unless such petition or case shall have been dismissed, nullified or otherwise rendered ineffective (but then only so long as such ineffectiveness shall continue), (i) within sixty (60) days after such case shall have been commenced, (A) all the obligations of the Debtor under this Agreement shall not have been duly assumed for the then unexpired term hereof in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such case in such manner that such obligations shall have, to the fullest extent permitted by law, the same status and priority as to payment as obligations incurred by such trustee or trustees which are entitled to payment as administrative expenses pursuant to 11 U.S.C. 507(a)(1) (as such section is now in effect or hereafter may be amended or replaced) and (B) all Events of Default under subparagraphs (a), (b) or (f) of this Section 5.1 shall not have been cured, and (ii) thereafter during the pendency of the case, the trustee or trustees appointed in such case shall not cure in a timely fashion all other Events of Default under subparagraphs (a), (b) or (f) of this Section 5.1 which from time to time occur hereunder; or

(f) Any other case or proceeding shall be commenced by or against the Debtor for any relief or adjudication under any bankruptcy or insolvency law, or any law relating to the relief of debtors,

readjustment of indebtedness, reorganization, arrangement, composition or extension, or the Board of Directors of the Debtor shall authorize the commencement of any such other case or proceeding, and, if any such case or proceeding have been commenced against the Debtor, such case or proceeding shall not have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) within sixty (60) days after such case or proceeding shall have commenced; or the Debtor shall make an assignment for the benefit of creditors; or the Debtor admits in writing its inability to pay its debts generally as they become due, or is unable to pay or is generally not paying its debts as they become due, and such admission, inability or failure shall continue for thirty (30) days after notice thereof from the Secured Party; or a trustee, custodian or receiver is appointed for the Debtor or for a major part of the property thereof and is not discharged within sixty (60) days after such appointment; or

(g) The Debtor shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such unit (or make provision satisfactory to the Secured Party for such compliance) within fifteen (15) days after written notice from the Secured Party demanding such cancellation and recovery of possession.

At any time after the occurrence of such an Event of Default the Secured Party may, upon written notice to the Debtor and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Secured Party, declare (hereinafter called a "Declaration of Default") the entire Loan Account, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in the Credit Agreement as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Without limiting the other rights of the Secured Party, the Secured Party shall thereupon be entitled to recover

judgment for the entire unpaid balance of the Liabilities (as defined in the Credit Agreement), and to collect such judgment out of any property of the Debtor wherever situated. The Debtor shall promptly notify the Secured Party of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an Event of Default under this Agreement.

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

5.2 Secured Party's Rights. The Debtor agrees that when any Event of Default as defined in Section 5.1 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 (subject to the terms of this Agreement) and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Secured Party may by notice in writing to the Debtor declare the entire unpaid balance of the Loan Account to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued and unpaid interest thereon, shall be and become immediately due and payable.

(b) 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 same, or use and operate or lease the same until sold.

(c) The Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least fifteen days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction or private sale to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in notice above referred to; provided, however, that any such sale shall be held in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder of the Loan Account, or of any interest therein, may bid and become the purchaser at any such sale.

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

(e) The Secured Party may proceed (to the extent it previously has not done so) to exercise all rights, privileges and remedies under this Agreement, the Credit Agreement and under the Debtor Related Agreements, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

5.3 Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Agreement, the principal of the Loan Account, if not previously due, and the interest then accrued thereon, shall at once become and be immediately due and payable.

5.4 Waiver of Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any delay, stay or extension law now or at any time hereafter in force, nor claim, take or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, the Debtor hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

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

5.6 Application of Proceeds. The rentals, proceeds and/or avails of any lease or sale of the Collateral, or any part thereof, and the proceeds and the avails of the exercise of any right or 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 any such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys'

fees, incurred or made hereunder by the Secured Party, or the holder of the Loan Account and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment of the holder of the Loan Account of the amount then owing or unpaid on the Loan Account for principal, interest and premium, if any; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Loan Account, then first, to the unpaid premium, if any, thereon, second, to unpaid interest thereon, and third, to the unpaid principal installments thereof (in such order of installments as the Secured Party may from time to time elect);

(c) Third, to the payment of other amounts due or to become due to the Secured Party under the Credit Agreement, the Debtor Related Agreements or this Agreement (in such order of application as the Secured Party may from time to time elect); and

(d) Fourth, the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

5.7 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case, the Secured Party shall be restored to its former position and right hereunder with respect to the property subject to the security interest created under this Agreement.

5.8 Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Debtor hereunder 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 therein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing. The giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Agreement shall not operate to prejudice, waive or affect the

security of this 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.

SECTION 6. THE SECURED PARTY.

6.1 Certain Rights of Secured Party.

(a) The Secured Party makes no representation, or warranty as to the validity, sufficiency or enforceability of this Agreement, the Credit Agreement, the Debtor Related Agreements or any instrument included in the Collateral, or as to THE VALUE, TITLE, CONDITION, MERCHANTABILITY OR FITNESS FOR USE OF, OR OTHERWISE WITH RESPECT TO, ANY EQUIPMENT OR ITEM OF EQUIPMENT OR ANY SUBSTITUTE THEREFOR.

(b) The Secured Party may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

6.2 Showings Deemed Necessary by Secured Party. Notwithstanding anything elsewhere in this Agreement contained, the Secured Party shall have the right, but shall not be required, to demand in respect of withdrawal of any cash, the release of any property, the subjection of any after-acquired property to the lien of this Agreement, or any other action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information by the Secured Party deemed reasonably necessary or appropriate in addition to the matters by the terms hereof required as conditions precedent to such action.

6.3 Status of Moneys Received. All moneys received by the Secured Party shall, until used, applied or returned as herein provided, be held for the purposes for which they were received; and, except to the extent required by law, such moneys need not be segregated in any manner from any other moneys, may be deposited by the Secured Party under such general conditions as may be prescribed by law in the Secured Party's general banking department and the Secured Party shall be under no liability for interest on any moneys received by it hereunder.

SECTION 7. SUPPLEMENTAL SECURITY AGREEMENTS.

The Debtor and the Secured Party from time to time at any time may enter into an agreement or agreements supplemental hereto and which thereafter shall form a part hereof for any one or more of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon, the Debtor; or

(b) to subject to the security interest of this Agreement additional property hereafter acquired by the Debtor and intended to be subjected to the security interest of this Agreement and to correct and amplify the description of any property subject to the security interest hereof;

and the Debtor covenants to perform all requirements of any such supplemental agreement.

SECTION 8. INDEMNITIES AND ASSIGNMENTS.

8.1 Debtor's Indemnities. The Debtor agrees to indemnify, protect and hold harmless the Secured Party from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and costs, charges, and expenses in connection therewith, including reasonable counsel fees, arising out of (i) retention by the Secured Party of a security interest in the Equipment, (ii) the use and operation, or the maintenance, repair or replacement, thereof by the Debtor during the period when said security interest remains in the Secured Party, (iii) the transfer of said security interest in the Equipment by the Secured Party pursuant to any of the provisions of this Agreement, (iv) without limiting the foregoing, the construction, reconstruction, possession, purchase, delivery, installation, ownership, leasing, return, sale or other disposition of the Equipment, (v) the condition of the Equipment at any time, (vi) the acts or omissions to act of the Debtor, whether for itself or as agent or attorney-in-fact for the Secured Party hereunder or under any Debtor Related Agreement, or (vii) claims for negligence or strict liability in tort relating to the Equipment. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

8.2 Patent Indemnities, Warranty of Material and Workmanship. The Debtor agrees to indemnify, protect and hold harmless the Secured Party from and against any and all losses, damages, injuries, liabilities, claims, demands, costs, charges

and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Secured Party or its assigns because of the use in or about, or the construction or operation of, any of the Equipment or of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

8.3 Assignments. The Debtor will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Section 3 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent of the Secured Party. A sale, assignment, transfer, disposition or lease to a railroad company organized under the laws of the United States of America or any of the States thereof or other purchaser or lessee which shall acquire or lease all or substantially all the lines of railroad of the Debtor, and which, by execution of an appropriate instrument satisfactory to the Secured Party, shall assume and agree to perform each of, and all, the obligations and covenants of the Debtor under this Agreement, or an assignment by the Debtor to one of its wholly-owned subsidiary companies, shall not be deemed a breach of this covenant, provided that the Debtor (with binding effect upon successors of the Debtor) agrees not to be released as a primary obligor for the payment of principal and interest when due and payable (whether by acceleration or otherwise) on indebtedness outstanding under this Agreement on the date of such sale, assignment, transfer or disposition. The above provisions of this paragraph shall be subject to the provisions of Section 8.5 of the Credit Agreement.

All or any of the rights, benefits and advantages of the Secured Party under this Agreement, including the right to receive the payments herein provided to be made by the Debtor, may be assigned by the Secured Party and reassigned by any assignee at any time or from time to time. No such assignment shall relieve the Debtor of any of its obligations to the assignor Secured Party which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment by the Secured Party, either the assignor or the assignee shall give written notice to the Debtor, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Debtor of the notification of any such assignment, all payments

thereafter to be made by the Debtor under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Debtor recognizes that the Secured Party may assign this Agreement and understands that any assignment of this Agreement, or of some of or all the rights of the Secured Party hereunder, is contemplated. The Debtor expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Secured Party hereunder and for the purposes of inducing such acquisition, that in the event of such assignment by the Secured Party as hereinbefore provided, the rights of such assignee to the Liability or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder (and under the Credit Agreement and the Debtor Related Agreements) which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any defect in the Debtor's title to, or any interruption from whatsoever cause in the use, operation, or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment, or any part thereof, or by reason of any other indebtedness, howsoever and whenever arising, of the Debtor to any other person, firm, or corporation or to any governmental authority, or any breach of any obligation of the Debtor with respect to the Equipment or the manufacture, construction, delivery, repair or warranty thereof, or from any other cause whatsoever, it being the intent hereof that the Debtor shall be unconditionally and absolutely obligated to pay the Secured Party all of the amounts which are the subject of such assignment.

The Debtor will (a) in connection with each settlement for the Equipment subsequent to such assignment by the Secured Party, deliver to the assignee on or prior to the date for settlement, all documents required by the terms of such assignment to be delivered to such assignee in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee, and (b) furnish to such assignee such number of counterparts of any other certificate or document required by the Secured Party as may reasonably be requested.

SECTION 9. MISCELLANEOUS.

9.1 Payment of the Loan Account.

(a) The principal of, premium, if any, and interest on the Loan Account and any amounts payable under this Agreement shall be payable at the principal office of the Secured Party, in lawful money of the United States of America.

(b) The Debtor will cause all payments and prepayments of the principal of, and interest and premium, if any, on the Loan Account and any amounts payable under this Agreement to be made by wire transfer in Federal or otherwise immediately available funds before noon, Chicago time, on each date such payment or prepayment is due.

9.2 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 Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party shall bind, and (subject to the provisions of Section 8.3 hereof) inure to the benefit of, the respective successors and assigns of such parties whether so expressed or not.

9.3 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

9.4 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor:
Chicago and North Western Transportation Company
165 North Canal Street
Chicago, Illinois 60606

If to the Secured Party:
The Long-Term Credit Bank of Japan, Ltd., Chicago Branch
190 South LaSalle Street
Suite 800
Chicago, Illinois 60603

or to any such party at such other address as such party may designate by notice duly given in accordance with this Section to the other party.

9.5 Release. The Secured Party shall release this Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

9.6 Governing Law. This Agreement shall be construed in accordance with and governed by the internal laws of the State of Illinois; provided, however, that the Secured Party shall be

entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

9.7 Counterparts. This Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Agreement. Each of the Debtor and the Secured Party acknowledges receipt of a true, correct and complete counterpart of this Agreement.

9.8 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 Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

ATTEST:

Its Assistant Secretary

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

By: John E Volkert
Its Vice President

DEBTOR

[CORPORATE SEAL]

THE LONG-TERM CREDIT BANK OF JAPAN, LTD., CHICAGO BRANCH

By:
Its PAUL A. DYTRYCH
VICE PRESIDENT AND
DEPUTY GENERAL MANAGER

SECURED PARTY

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 7th day of October, 1991, before me personally appeared John E. Voldseth, to me personally known, who being by me duly sworn, says that he is a Vice President of CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

"OFFICIAL SEAL"
Judith A. Simon
Notary Public, State of Illinois
My Commission Expires 6/7/93

Judith A. Simon
Notary Public

My Commission Expires:

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 8th day of October, 1991, before me personally appeared Paul Dietrych, to me personally known, who being by me duly sworn, says that he is a Vice President of THE LONG-TERM CREDIT BANK OF JAPAN, LTD., CHICAGO BRANCH, that said instrument was signed and sealed on behalf of said bank 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 bank.

[SEAL]

" OFFICIAL SEAL "
ELIZABETH SKREZYNA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3/17/92

Elizabeth Skrezyna
Notary Public

My Commission Expires:

L347-2 (27.*)

SCHEDULE A

Quantity	Description	Serial No.	Railroad System No.	Purchase Price
1	Tie Unloader	TUL-186	17-6083	$ 136,098
1	Ballast Regulator	9103	17-6084	$ 140,328
2	Ballast Regulator/Snow	9106	17-6087	$ 157,622
		9107	17-6085	$ 157,622
2	Tie Inserter/Extractor	5591181	17-6098	$ 119,492
		5591191	17-6099	$ 119,492
4	Hydra Hammer	1005	17-6103	$ 115,165
		1006	17-6104	$ 115,165
		1007	17-6105	$ 136,165
		1008	17-6106	$ 136,165
2	Air Compressor	3172271	17-6107	$ 17,249
		3172272	17-6108	$ 17,249
3	Backhoe	JJG0028036	17-6112	$ 40,378
		JJG0029560	17-6111	$ 40,378
		JJG0028243	17-6110	$ 36,352
1	Maxi Light	910423	17-6124	$ 13,400
1	Spike Setter/Driver	256125	17-6125	$ 53,680
1	Viscosimeter	195S30B07478	9-261	$ 20,397
1	Utility Crane	X9MF00255	17-6100	$ 195,267
1	Loader 980C	4YG00723	17-6119	$ 168,576
1	Skid Loader	NA	17-6121	$ 20,587
1	Little Giant Crain	649112		$ 291,874
			SUBTOTAL	$2,248,700

Quantity	Description	Serial No.	Railroad System No.	Purchase Price
38	Fully Enclosed Bi-Level Automobile Racks		ETTX 801226	$ 11,399
			ETTX 820621	$ 11,399
			ETTX 820624	$ 11,399
			ETTX 820625	$ 11,399
			ETTX 820635	$ 11,399
			ETTX 820639	$ 11,399
			ETTX 820643	$ 11,399
			CTTX 820707	$ 11,399
			CTTX 820903	$ 11,399
			CTTX 820908	$ 11,399
			CTTX 820999	$ 11,399
			CTTX 853714	$ 11,399
			ETTX 853783	$ 11,399
			ETTX 853786	$ 11,399
			CTTX 853817	$ 11,399
			TTGX 853834	$ 11,399
			CTTX 853859	$ 11,399
			CTTX 853862	$ 11,399
			CTTX 853864	$ 11,399
			CTTX 853871	$ 11,399
			CTTX 853875	$ 11,399
			ETTX 853876	$ 11,399
			CCTX 853887	$ 11,399
			CTTX 853902	$ 11,399
			CTTX 853906	$ 11,399
			CTTX 853907	$ 11,399
			CTTX 853908	$ 11,399
			CTTX 853910	$ 11,399
			CTTX 853913	$ 11,399
			CTTX 853943	$ 11,399
			TTVX 853958	$ 11,399
			CTTX 854024	$ 11,399
			CTTX 854046	$ 11,399
			TTGX 854074	$ 11,399
			TTGX 941657	$ 11,399
			TTGX 942533	$ 11,399
			TTGX 942576	$ 11,399
			TTGX 942636	$ 11,399
			SUBTOTAL	$ 433,162

Quantity	Description	Serial No.	Railroad System No.	Purchase Price
107	Fully Enclosed Tri-Level Automobile Racks		ETTX 901439	$ 8,581
			ETTX 907527	$ 8,581
			ETTX 904737	$ 8,581
			EETX 904727	$ 8,581
			ETTX 902439	$ 8,581
			ETTX 904135	$ 8,581
			ETTX 902680	$ 8,581
			ETTX 908436	$ 8,581
			ETTX 907523	$ 8,581
			ETTX 907897	$ 8,581
			ETTX 902437	$ 8,581
			ETTX 901348	$ 8,581
			ETTX 907295	$ 8,581
			ETTX 908883	$ 8,581
			ETTX 907737	$ 8,581
			ETTX 900551	$ 8,581
			ETTX 903721	$ 8,581
			ETTX 907507	$ 8,581
			ETTX 907851	$ 8,581
			ETTX 901394	$ 8,581
			ETTX 907689	$ 8,581
			ETTX 901338	$ 8,581
			ETTX 902349	$ 8,581
			ETTX 908140	$ 8,581
			ETTX 907010	$ 8,581
			ETTX 907913	$ 8,581
			ETTX 907838	$ 8,581
			ETTX 900581	$ 8,581
			ETTX 901114	$ 8,581
			ETTX 908517	$ 8,581
			ETTX 902450	$ 8,581
			ETTX 907746	$ 8,581
			ETTX 907899	$ 8,581
			ETTX 908780	$ 8,581
			ETTX 907070	$ 8,581
			ETTX 903484	$ 8,581
			ETTX 903794	$ 8,581
			ETTX 908818	$ 8,581
			ETTX 903330	$ 8,581
			ETTX 907520	$ 8,581
			ETTX 901972	$ 8,581
			ETTX 903045	$ 8,581
			ETTX 904398	$ 8,581
			ETTX 901957	$ 8,581
			ETTX 902968	$ 8,581
			ETTX 907418	$ 8,581
			ETTX 907972	$ 8,581

Quantity	Description	Serial No.	Railroad System No.	Purchase Price
			ETTX 900558	$ 8,581
			ETTX 907486	$ 8,581
			ETTX 903460	$ 8,581
			ETTX 907524	$ 8,581
			ETTX 907415	$ 8,581
			ETTX 907726	$ 8,581
			ETTX 908028	$ 8,581
			ETTX 909145	$ 8,581
			ETTX 908013	$ 8,581
			ETTX 908575	$ 8,581
			ETTX 903802	$ 8,581
			ETTX 900555	$ 8,581
			ETTX 907517	$ 8,581
			ETTX 907854	$ 8,581
			ETTX 907874	$ 8,581
			ETTX 907248	$ 8,581
			ETTX 907739	$ 8,581
			ETTX 904317	$ 8,581
			ETTX 903795	$ 8,581
			ETTX 900786	$ 8,581
			ETTX 904688	$ 8,581
			ETTX 907716	$ 8,581
			ETTX 908813	$ 8,581
			ETTX 907884	$ 8,581
			ETTX 904777	$ 8,581
			ETTX 904021	$ 8,581
			ETTX 907096	$ 8,581
			ETTX 907988	$ 8,581
			ETTX 907334	$ 8,581
			ETTX 904237	$ 8,581
			ETTX 908136	$ 8,581
			ETTX 907843	$ 8,581
			ETTX 903791	$ 8,581
			ETTX 908068	$ 8,581
			ETTX 908130	$ 8,581
			ETTX 908671	$ 8,581
			ETTX 904682	$ 8,581
			ETTX 901395	$ 8,581
			ETTX 907886	$ 8,581
			ETTX 907500	$ 8,581
			ETTX 907548	$ 8,581
			ETTX 907279	$ 8,581
			ETTX 900557	$ 8,581
			ETTX 907684	$ 8,581
			ETTX 903781	$ 8,581
			ETTX 907841	$ 8,581
			ETTX 903810	$ 8,581
			ETTX 900524	$ 8,581
			ETTX 904299	$ 8,581
			ETTX 907135	$ 8,581
			ETTX 908576	$ 8,581
			ETTX 907487	$ 8,581

Quantity	Description	Serial No.	Railroad System No.	Purchase Price
			ETTX 900561	$ 8,581
			ETTX 907750	$ 8,581
			ETTX 907885	$ 8,581
			ETTX 902404	$ 8,581
			ETTX 901406	$ 8,581
			ETTX 900550	$ 8,581
			ETTX 902445	$ 8,581
			ETTX 904606	$ 8,581
			SUBTOTAL	$ 918,167

Quantity	Description	Serial No.	Railroad System No.	Purchase Price
37	Partially Enclosed Tri-Level Automobile Racks		CTTX 908134	$ 8,088
			CTTX 903906	$ 8,088
			CTTX 902649	$ 8,088
			CTTX 901982	$ 8,088
			CTTX 908035	$ 8,088
			CTTX 908630	$ 8,088
			CTTX 903602	$ 8,088
			CTTX 907281	$ 8,088
			CTTX 903652	$ 8,088
			CTTX 907025	$ 8,088
			CTTX 904704	$ 8,088
			CTTX 907120	$ 8,088
			CTTX 901437	$ 8,088
			CTTX 900869	$ 8,088
			CTTX 907018	$ 8,088
			CTTX 904218	$ 8,088
			CTTX 901052	$ 8,088
			CTTX 908173	$ 8,088
			CTTX 907266	$ 8,088
			CTTX 907000	$ 8,088
			CTTX 908104	$ 8,088
			CTTX 902373	$ 8,088
			CTTX 907158	$ 8,088
			CTTX 903764	$ 8,088
			CTTX 908676	$ 8,088
			CTTX 907016	$ 8,088
			CTTX 907361	$ 8,088
			CTTX 902143	$ 8,088
			CTTX 907003	$ 8,088
			CTTX 907273	$ 8,088
			CTTX 907267	$ 8,088
			CTTX 901288	$ 8,088
			CTTX 902917	$ 8,088
			CTTX 908146	$ 8,088
			CTTX 907166	$ 8,088
			CTTX 904342	$ 8,088
			CTTX 800021	$ 8,088
			SUBTOTAL	$ 299,256
			TOTAL	$3,899,285

SCHEDULE B

SCHEDULE OF CASUALTY VALUES

Settlement Date	Casualty Percentage
Prior to 04/01/92	100.000%
04/01/92	96.875
07/01/92	93.750
10/01/92	90.625
01/01/93	87.500
04/01/93	84.375
07/01/93	81.250
10/01/93	78.125
01/01/94	75.000
04/01/94	71.875
07/01/94	68.750
10/01/94	65.625
01/01/95	62.500
04/01/95	59.375
07/01/95	56.250
10/01/95	53.125
01/01/96	50.000
04/01/96	46.875
07/01/96	43.750
10/01/96	40.625
01/01/97	37.500
04/01/97	34.375
07/01/97	31.250
10/01/97	28.125
01/01/98	25.000
04/01/98	21.875
07/01/98	18.750
10/01/98	15.625
01/01/99	12.500
04/01/99	9.375
07/01/99	6.250
10/01/99	3.125
01/01/00	0.000

Chicago and NorthWestern
Railway Company

165 N Canal St
Chicago, Illinois 60606

Office of the Secretary
312 559 6156

December 29, 1994

File: A-13487-A
EOC: A-441

Mr. Sidney Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, DC 20423

RE: Security Agreement dated as of October 1, 1991 from Chicago and North Western Transportation Company, Debtor, to The Long-Term Credit Bank of Japan, Ltd., Chicago Branch, Secured Party.

ICC Recordation No.: 17560

Dear Mr. Strickland:

In connection with the above agreements, please be advised that the name of Chicago and North Western Transportation Company was changed to **Chicago and North Western Railway Company** effective May 6, 1994, pursuant to the Certificate of Amendment of Restated Certificate of Incorporation of Chicago and North Western Transportation Company filed with the State of Delaware on May 5, 1994.

Sincerely,

K. A. Dombrowski
Assistant Secretary

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 29th day of December, 1994, before me personally appeared K. A. Dombrowski, to me personally known, who, by me being duly sworn, says that she is Assistant Secretary of Chicago and North Western Railway Company and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My commission expires: April 12, 1995

" OFFICIAL SEAL "
PENNY MENCHEY
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 4/12/95

L.\GROUPS\SECURE\GENERAL\NAMECHG\010 (10)