0-033A051

$15.00

LAW OFFICES

ZUCKERT, SCOUTT & RASENBERGER

BRAWNER BUILDING

888 SEVENTEENTH STREET, N. W.

WASHINGTON, D. C. 20006-3959

TELEPHONE: (202) 298-8660

TELECOPIERS. (202) 342-0683

(202) 342-1316

TELEX: 89648

JERROLD SCOUTT, JR
RAYMOND J RASENBERGER
MARVIN S LIEBERMAN
FRANK J COSTELLO
EDGAR T BELLINGER
RALPH L KISSICK
JAMES L DEVALL
JOHN T STEWART, JR *
WALTER DARNALL VINYARD, JR
WILLIAM H CALLAWAY, JR
RACHEL B TRINDER
CHARLES J SIMPSON, JR
MONIQUE E YINGLING
RICHARD A ALLEN
MALCOLM L BENGE
JAMES A HARRIS
ANDREW R PLUMP
JAYME RIZZOLO EPSTEIN
RICHARD P SCHWEITZER
GEORGE B DELTA
MICHAEL J KLEIN
SHERRICE A KNISELY
DENNIS P BOURGAULT
KENNETH S NANKIN
VINCENT P BRESNAHAN, JR *
YVONNE L RAMOS NEITZ*
PATRICE M KELLY*

*NOT ADMITTED IN D C

OF COUNSEL
EUGENE M ZUCKERT
J MICHAEL KEELING

RECORDATION NO 16600-A B FILED 1425

FEB 2 1990 2:55 PM

INTERSTATE COMMERCE COMMISSION

February 2, 1990

Noreta McGee
Secretary
Interstate Commerce Commission
12th & Constitution, N.W.
Washington, D.C. 20423

Re: Recordation of Amendment dated December 8, 1989, to Security Agreement dated as of October 27, 1989 Among Chicago and North Western Acquisition Corp. and its Subsidiaries; Chicago and North Western Holdings Corp. and Chemical Bank Security Rolling Stock and Other Property

Dear Ms. McGee:

I enclose a corrected original and one certified copy thereof of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code. The enclosed document corrects the identical document that was filed on January 23, 1990 and that was given Recordation No. 16600-A. It corrects it by including notarized Corporate Forms of Acknowledgements of the signatures of John Voldseth and Mitzi S. Cheever, who are the officers of the corporations that are parties to the document and who executed the document on behalf of the parties.

This document is an amendment dated December 8, 1989 to a previously recorded Security Agreement, and is therefore a secondary document.

The primary document to which this is connected is a Security Agreement dated as of October 27, 1989 (hereinafter "Security Agreement"), which was filed with the Commission on November 8, 1989 and is recorded under Recordation No. 16600. Inasmuch as this is a secondary document, it is requested that it be assigned the next available letter designation under Recordation No. 16600.

Recordation Clerk

The names and mailing addresses of the parties to the documents are as follows:

Grantors

1. Chicago and North Western Acquisition Corp.
   c/o Blackstone Capital Partners L.P.
   The Centre at Purchase
   Two Manhattanville Road
   Purchase, New York 10577

2. Chicago and North Western Holdings Corp.
   c/o Blackstone Capital Partners L.P.
   The Centre at Purchase
   Two Manhattanville Road
   Purchase, New York 10577

3. CNW Corporation
   One North Western Center
   Chicago, Illinois 60606

4. Chicago and North Western Transportation Company
   One North Western Center
   Chicago, Illinois 60606

5. North Western Leasing Company
   One North Western Center
   Chicago, Illinois 60606

6. Midwestern Railroad Properties, Inc.
   One North Western Center
   Chicago, Illinois 60606

7. CNW Realco, Inc.
   One North Western Center
   Chicago, Illinois 60606

8. Transportation Quality Systems, Inc.
   One North Western Center
   Chicago, Illinois 60606

9. Wisconsin Town Lot Company
   One North Western Center
   Chicago, Illinois 60606

Collateral Agent

Chemical Bank
277 Park Avenue
New York, New York 10172

The Security Agreement covers property including railroad rolling stock listed by unit number and described by car type code in Schedule III to the Security Agreement. The amendment to the Security Agreement being filed herewith makes no change in the property covered by the Security Agreement as amended.

A fee of $15.00 is enclosed. Please file stamp and return the original to the undersigned.

A short summary of the document to appear in the index follows:

> Amendment dated December 8, 1989 to Security Agreement dated as of October 27, 1989 among CHICAGO AND NORTH WESTERN ACQUISITION CORP., CHICAGO NORTH WESTERN HOLDINGS CORP., CNW CORPORATION, CHICAGO AND NORTHWESTERN TRANSPORTATION COMPANY, NORTH WESTERN LEASING COMPANY, MIDWESTERN RAILROAD PROPERTIES, INC., CNW REALCO, INC., TRANSPORTATION QUALITY SYSTEMS, INC., WISCONSIN TOWN LOT COMPANY and CHEMICAL BANK, as collateral agent for the lenders and the issuing bank which are party to a Credit Agreement dated as of August 14, 1989, as amended, and covering property of the Grantors including all locomotives and rail cars of the Grantors, as listed in Schedule III of the Security Agreement.

Please call the undersigned if there are any questions about the foregoing.

Very truly yours,

Richard A. Allen

RAA/caf

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

2/2/89

OFFICE OF THE SECRETARY

Richard A. Allen
Zuckert,Scoutt & Rasenberger
888 17th St. N.W.
Washington,D.C. 20006-8660

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/2/90 at 2:55 pm and assigned recordation number(s). 16600-8

Sincerely yours,

Noreta R. McGee

Noreta R. McGee
Secretary

Enclosure(s)

Certified Copy

RECORDATION NO. 16690-B FILED 1425
FEB 2 1990 2:55 PM
INTERSTATE COMMERCE COMMISSION

EXECUTION COPY

SECOND AMENDMENT AND ASSIGNMENT (the "Second Amendment") dated as of December 8, 1989, to the Amended and Restated Credit Agreement dated as of August 14, 1989, as amended and restated through October 26, 1989 (the "Credit Agreement"), among CHICAGO AND NORTH WESTERN ACQUISITION CORP., a Delaware corporation (the "Company"), CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation ("CNTC"), CHICAGO AND NORTH WESTERN HOLDINGS CORP., a Delaware corporation ("Holdings"), CNW CORPORATION, a Delaware corporation ("CNW"), the lenders (the "Lenders") listed in Schedule 2.01(a) of the Credit Agreement, BANK OF MONTREAL, a Canadian banking corporation, as issuing bank (in such capacity, the "Issuing Bank") and CHEMICAL BANK, a New York banking corporation, as agent for the Issuing Bank and the Lenders (in such capacity, the "Agent").

AMENDMENT dated December 8, 1989, to the Subsidiary Guaranty (as defined in the Credit Agreement).

AMENDMENT dated December 8, 1989, to the Pledge Agreement (as defined in the Credit Agreement).

AMENDMENT dated December 8, 1989, to the Security Agreement (as defined in the Credit Agreement) (together with the Amendment to the Subsidiary Guaranty and the Amendment to the Pledge Agreement, the "Other Amendments").

A. The parties hereto have agreed, subject to the terms and conditions hereof, (a) to amend and restate the Credit Agreement (i) to make certain changes to the Credit Agreement reflected herein, (ii) to give effect to the conversion of certain term loan borrowings outstanding as of the date hereof into term loan borrowings contemplated hereby and (iii) to give effect to certain assignments of such term loan borrowings, and (b) for greater certainty, to amend and restate the Subsidiary Guaranty, the Pledge Agreement and the Security Agreement to further reflect the intent of the parties thereto that the obligations of the Borrowers and their Affiliates guaranteed and secured thereby are to be the obligations set forth in the Credit

Agreement and other Loan Documents, as amended from time to time.

B. Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Credit Agreement, as amended after giving effect to Section 1 of this Amendment. References herein to provisions of the Credit Agreement are references to such provisions as amended after giving effect to Section 1 of this Amendment.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the Company, CNTC, Holdings, CNW, the Lenders, the Issuing Bank and the Agent hereby agree as follows:

SECTION 1. Amendment of the Credit Agreement. Upon the effectiveness of this Section in accordance with Section 6 hereof, the Credit Agreement shall be and is hereby amended and restated in the form of Annex A hereto, and the preambles to the Subsidiary Guaranty and the Pledge Agreement shall be and are hereby amended and restated in the forms of Annex B and Annex C, respectively, hereto. The definition of "Term Facility Closing Date" set forth in Annex A hereto shall be completed with the insertion of the date of the effectiveness of this Section. Except as expressly amended hereby, the Credit Agreement and the other Loan Documents shall continue in full force and effect in accordance with the provisions thereof prior to the effectiveness of this Section. As used in the Credit Agreement and the other Loan Documents, the terms "Agreement", "this Agreement", "herein", "hereinafter", "hereto", "hereof", and words of similar import shall, unless the context otherwise requires, mean the Credit Agreement or such other Loan Document, as applicable, as amended by this Amendment. As used herein and in the other Loan Documents, the term "Credit Agreement" shall, unless the context otherwise requires, mean the Credit Agreement as amended by this Amendment.

SECTION 2. Amendment of the Security Agreement. Upon the execution and delivery of this Amendment (and prior to the effectiveness of Section 1), the Security Agreement shall be and is hereby amended (i) to revise the preamble as provided in Annex D hereto and (ii) by the addition immediately after Section 9 of the Security Agreement of a new Section 9a in the form attached hereto as Annex E.

SECTION 3. Conversion of Merger Term Loans; Assignments. (a) Simultaneously with the amendment and restatement of the Credit Agreement pursuant to Section 1 above, a portion of each of the Term Loans made pursuant to the Credit Agreement prior to the effectiveness of this Section then outstanding equal to the fraction of $200,000,000 over the aggregate amount of such Term Loans then outstanding shall be automatically converted into a Term Facility Loan of the same Type payable by the same Borrower and to the order of the same Lender (the unconverted portion of each such Term Loan thereafter being a Merger Facility Term Loan).

(b) Upon such conversion, each Lender with a Term Facility Loan Commitment in excess of the aggregate amount of Term Facility Loans owed to it (a "Purchasing Lender") shall be deemed to have assumed and purchased from each of the Lenders without a Term Facility Loan Commitment or with a Term Facility Loan Commitment which is less than the aggregate amount of Term Facility Loans owed to it (a "Transferring Lender") the portion of each Term Facility Loan owed to each such Transferring Lender (with each Transferring Lender transferring and assigning Term Facility Loans pro rata in proportion to the amount by which the aggregate amount of Term Facility Loans owed to it exceeds its Term Facility Loan Commitment) which will equal in the aggregate the amount by which such Purchasing Lender's Term Facility Loan Commitment exceeds the aggregate amount of Term Facility Loans owed to it. Each of the Transferring Lenders (i) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, delivery, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, the Loan Documents or any other instrument or document furnished pursuant thereto, other than that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim and (ii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Holdings, the Borrowers and their respective subsidiaries, or the performance or observance by Holdings, the Borrowers and their respective subsidiaries of any of their obligations under the Credit Agreement, the Loan Documents or any other instrument or document furnished pursuant hereto or thereto. Each Purchasing Lender (i) represents and warrants that it is legally authorized to enter into this Second Amendment; (ii) confirms that it has received a copy of the Credit Agreement, together with

copies of the most recent financial statements delivered pursuant thereto and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Second Amendment; and (iii) agrees that it will, independently and without reliance upon Chemical Bank or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement.

(c) Each Transferring Lender deemed to have transferred and assigned a Eurodollar Loan or a CD Loan as set forth above shall be indemnified by the applicable Borrower in accordance with Section 2.15 of the Credit Agreement against any loss or expense which such Transferring Lender sustains or incurs as a consequence of such transfer and assignment.

SECTION 4. Commitment Fees. The Borrowers, jointly and severally, agree to pay to each Term Facility Lender, through the Agent, on the Term Facility Closing Date a commitment fee of 1/8 of 1% of the average daily unused amount of the Term Facility Loan Commitment of such Lender. Such commitment fee shall be deemed to have commenced to accrue to each such Lender on November 2, 1989, and shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

SECTION 5. Replacement Merger Facility Term Notes. Each Borrower shall execute and deliver to the Agent for distribution to each Merger Facility Lender a replacement Merger Facility Term Note complying with the provisions of Section 2.04 of the Credit Agreement. The schedule of loans and payments attached to each such replacement Merger Facility Term Note shall reflect the Merger Facility Term Loans outstanding and owed to such Lender after giving effect to Section 3 of this Second Amendment. Upon the effectiveness of Section 1 of this Amendment, the "Term Notes" delivered to the Lenders on the Merger Facility Term Closing Date shall be deemed canceled, with the obligations evidenced thereby being evidenced by the replacement Merger Facility Term Notes. Within a reasonable period of time following the effectiveness of Section 1 of this Amendment, the Agent shall transmit the canceled "Term Notes" to the Borrowers and transmit the replacement Merger Facility Term Notes to the proper Lenders.

SECTION 6. Conditions to Effectiveness. Section 1 of this Amendment shall become effective only upon the satisfaction in full, on or prior to January 24, 1990, of the following conditions precedent:

(a) The Agent shall have received for distribution to the Lenders (i) duly executed Term Facility Loan Notes complying with the provisions of Section 2.04 of the Credit Agreement and (ii) the replacement Merger Facility Term Notes in accordance with Section 5 hereof.

(b) The representations and warranties set forth in Article III of the Credit Agreement and in each other Loan Document shall be true and correct in all material respects on and as of the date of such effectiveness and after giving effect thereto with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) Holdings, the Company and each of its subsidiaries shall be in compliance in all material respects with all the terms and provisions set forth in the Credit Agreement and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such effectiveness, no Event of Default or Default shall have occurred and be continuing.

(d) The Borrowers shall have received all ICC approvals or exemptions, in form and substance satisfactory to the Lenders, required for the Borrowers to incur Term Facility Loans; provided, however, that the effectiveness of Section 1 hereof must occur, if at all, within 20 days after the receipt by the Borrowers of such approval or exemption.

(e) Not less than 31% of the Merger Facility Term Loans outstanding immediately prior to the effectiveness of Section 1 hereof shall be Merger Facility Term Loans to CNTC.

(f) All commitment fees referred to in Section 4 hereof and all accrued interest on all Merger Facility Term Loans converted into Term Facility Loans pursuant to Section 3 hereof shall have been paid in full to the Agent for distribution to the appropriate Lenders.

(g) All fees referred to in the September 25, 1989, fee letter agreement among Chemical Bank and the Borrowers which are or become due and payable on the date of such effectiveness shall have been paid in full.

(h) The Agent shall have received counterparts of this Amendment which, when taken together, bear the signatures of all the parties hereto.

(i) The Agent shall have received the favorable written opinions of (i) Simpson Thacher & Bartlett, special counsel for Holdings, the Company and its subsidiaries, (ii) Steptoe & Johnson, special regulatory counsel for Holdings, the Company and its subsidiaries, (iii) James P. Daley, Esq., general counsel for CNW and its subsidiaries and (iv) local counsel acceptable to the Lenders in each state in which Mortgaged Property is located, each dated the date of such effectiveness and addressed to the Lenders, and each satisfactory in form and substance to the Lenders.

(j) The Agent shall have received (i) a copy of the certificate or articles of incorporation, including all amendments thereto, of Holdings, the Company and each subsidiary of the Company, certified as of a recent date by the Secretary of State of the state of its organization (or, in lieu thereof, a certificate of the Secretary or Assistant Secretary of Holdings confirming that none of such documents have been amended on or after the Merger Facility Closing Date) and a certificate or telex as to the good standing of Holdings, the Company and each subsidiary of the Company as of a recent date, from such Secretary of State; (ii) a certificate of the Secretary or Assistant Secretary of Holdings, the Company and each subsidiary of the Company dated the date of such effectiveness and certifying (A) that attached thereto is a true and complete copy of the by-laws of such entity as in effect on the date of such effectiveness and at all times since a date prior to the date of the resolutions described in clause (B) below (or, in lieu thereof, a certificate of the Secretary or Assistant Secretary of Holdings confirming that none of such documents have been amended on or after the Merger Facility Closing Date), (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such entity authorizing the execution, delivery and performance of this Amendment and all related documents to which it is a party and, in the case of the Borrowers, the incurrence of Term Facility Loans hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, and (C) as to the incumbency and specimen signature of each officer executing this Amendment or any other document delivered in connection herewith on behalf of such entity; (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to

clause (ii) above; and (iv) such other documents as the Lenders or their counsel or Cravath, Swaine & Moore, counsel for the Agent, may reasonably request.

(k) All aspects of the documentation relating to this Amendment and all corporate and other proceedings taken or to be taken in connection with such transactions and all documents incidental thereto shall be reasonably satisfactory in form and substance to the Required Lenders and to Cravath, Swaine & Moore, counsel for the Agent, and the Lenders shall have received all such copies of such documents as the Lenders may reasonably request. All legal matters incident to this Amendment shall be reasonably satisfactory to the Required Lenders and to Cravath, Swaine & Moore, counsel for the Agent.

(l) The Agent shall have received a certificate dated the date of such effectiveness and signed by a Financial Officer of each Borrower, confirming compliance with the conditions precedent set forth in paragraphs (b), (c), (d), (e), (f) and (g) above.

SECTION 7. Applicable Law. **THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

SECTION 8. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument.

SECTION 9. Expenses. The Company and CNTC each agrees, jointly and severally, to reimburse the Agent for its reasonable out-of-pocket expenses in connection with

this Amendment, including the reasonable fees and expenses of Cravath, Swaine & Moore, counsel for the Agent.

IN WITNESS WHEREOF, the Company, CNTC, Holdings, CNW, each of the Lenders, the Issuing Bank and the Agent have caused this Amendment to be duly executed by their duly authorized officers, all as of the date and year first above written.

CHICAGO AND NORTH WESTERN
ACQUISITION CORP.,

by John E Voldseth
Title: Assistant Treasurer

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY,

by John E Voldseth
Title: Vice President-Finance

CHICAGO AND NORTH WESTERN
HOLDINGS CORP.,

by John E Voldseth
Title: Assistant Treasurer

CNW CORPORATION,

by John E Voldseth
Title: Vice President-Finance

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 8th day of December, 1989, before me personally appeared John Voldseth, to me personally known, who being by me duly sworn, says that he is the Assistant Treasurer of Chicago and North Western Acquisition Corp., that said instrument was signed 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.

Carol A. Fritzshall
Signature of Notary Public

My Commission Expires_____

CAROL A FRITZSHALL
NOTARY PUBLIC State of New York
No. 31-4752867
Qualified in Kings County
Certificate Filed in New York County
Commission Expires September 30, 1991

10395004HP1115E

BANK OF MONTREAL, as Issuing Bank,

by

Title:

W. T. S. Fraser
Vice President and Credit

CHEMICAL BANK, individually and as Agent,

by

Title:

CONTINENTAL BANK N.A.,

by

Title:

THE FIRST NATIONAL BANK OF CHICAGO,

by

Title:

GENERAL ELECTRIC CAPITAL CORPORATION,

by

Title:

NATIONAL WESTMINSTER BANK USA,

by

Title:

BANK OF MONTREAL, as Issuing Bank,

by

_____
Title:

CHEMICAL BANK, individually and as Agent,

by

_____
Title:

CONTINENTAL BANK N.A.,

by

_____
Title:

THE FIRST NATIONAL BANK OF CHICAGO,

by

_____
Title:

GENERAL ELECTRIC CAPITAL CORPORATION,

by

_____
Title:

NATIONAL WESTMINSTER BANK USA,

by

_____
Title:

BANK OF MONTREAL, as Issuing Bank,

by

_____

Title:

CHEMICAL BANK, individually and as Agent,

by

_____

Title:

CONTINENTAL BANK N.A.,

by

_____

Title: Vice President

THE FIRST NATIONAL BANK OF CHICAGO,

by

_____

Title:

GENERAL ELECTRIC CAPITAL CORPORATION,

by

_____

Title:

NATIONAL WESTMINSTER BANK USA,

by

_____

Title:

BANK OF MONTREAL, as Issuing Bank,

by

Title:

CHEMICAL BANK, individually and as Agent,

by

Title:

CONTINENTAL BANK N.A.,

by

Title:

THE FIRST NATIONAL BANK OF CHICAGO,

by

Title:

GENERAL ELECTRIC CAPITAL CORPORATION,

by

Title:

NATIONAL WESTMINSTER BANK USA,

by

Title:

BANK OF MONTREAL, as Issuing Bank,

by

Title:

CHEMICAL BANK, individually and as Agent,

by

Title:

CONTINENTAL BANK N.A.,

by

Title:

THE FIRST NATIONAL BANK OF CHICAGO,

by

Title:

GENERAL ELECTRIC CAPITAL CORPORATION,

by

Title: Manager-Rail Financing

NATIONAL WESTMINSTER BANK USA,

by

Title:

[2303-968TR/Amendmt2/WD-RLM/4460/17M]

BANK OF MONTREAL, as Issuing Bank,

by

Title:

CHEMICAL BANK, individually and as Agent,

by

Title:

CONTINENTAL BANK N.A.,

by

Title:

THE FIRST NATIONAL BANK OF CHICAGO,

by

Title:

GENERAL ELECTRIC CAPITAL CORPORATION,

by

Title:

NATIONAL WESTMINSTER BANK USA,

by Elizabeth A Richardson

Title: Assistant Treasurer

AMERICAN SAVINGS AND LOAN
OF FLORIDA,

by _____
Title: SR. VICE PRESIDENT

BANQUE PARIBAS,

by _____
Title:

CREDITANSTALT-BANKVEREIN,
NEW YORK BRANCH,

by _____
Title:

by _____
Title:

THE MITSUI BANK, LTD.,

by _____
Title:

SUN LIFE INSURANCE COMPANY
OF AMERICA,

by _____
Title:

THE TOKAI BANK, LIMITED,

by _____
Title:

AMERICAN SAVINGS AND LOAN
OF FLORIDA,

by

Title:

BANQUE PARIBAS,

by

Title: Vice President

CREDITANSTALT-BANKVEREIN,
NEW YORK BRANCH,

by

Title:

by

Title:

THE MITSUI BANK, LTD.,

by

Title:

SUN LIFE INSURANCE COMPANY
OF AMERICA,

by

Title:

THE TOKAI BANK, LIMITED,

by

Title:

AMERICAN SAVINGS AND LOAN
OF FLORIDA,

by

Title:

BANQUE PARIBAS,

by

Title:

CREDITANSTALT-BANKVEREIN,
NEW YORK BRANCH,

by

Title: V.P.

by

Title: V.P.

THE MITSUI BANK, LTD.,

by

Title:

SUN LIFE INSURANCE COMPANY
OF AMERICA,

by

Title:

THE TOKAI BANK, LIMITED,

by

Title:

AMERICAN SAVINGS AND LOAN
OF FLORIDA,

by

Title:

BANQUE PARIBAS,

by

Title:

CREDITANSTALT-BANKVEREIN,
NEW YORK BRANCH,

by

Title:

by

Title:

THE MITSUI BANK, ~~LTD.~~,

by

Title: Assistant General Manager

SUN LIFE INSURANCE COMPANY
OF AMERICA,

by

Title:

THE TOKAI BANK, LIMITED,

by

Title:

AMERICAN SAVINGS AND LOAN
OF FLORIDA,

by

Title:

BANQUE PARIBAS,

by

Title:

CREDITANSTALT-BANKVEREIN,
NEW YORK BRANCH,

by

Title:

by

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THE MITSUI BANK, LTD.,

by

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SUN LIFE INSURANCE COMPANY
OF AMERICA,

by

Title:

THE TOKAI BANK, LIMITED,

by

Title:

AMERICAN SAVINGS AND LOAN
OF FLORIDA,

by

Title:

BANQUE PARIBAS,

by

Title:

CREDITANSTALT-BANKVEREIN,
NEW YORK BRANCH,

by

Title:

by

Title:

THE MITSUI BANK, LTD.,

by

Title:

SUN LIFE INSURANCE COMPANY
OF AMERICA,

by

Title:

THE TOKAI BANK, LIMITED,

by

Title: General Manager

THE TRAVELERS INSURANCE COMPANY,

by

Title: CRAIG H FARNSWORTH
Investment Officer

DRESDNER BANK AG, CHICAGO AND GRAND CAYMAN BRANCHES,

by

Title:

by

Title:

THE FUJI BANK, LIMITED,

by

Title:

HARRIS TRUST & SAVINGS BANK,

by

Title:

THE BANK OF NEW YORK,

by

Title:

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

by

Title:

THE TRAVELERS INSURANCE COMPANY,

by

Title:

DRESDNER BANK AG, CHICAGO AND GRAND CAYMAN BRANCHES,

by

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by

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THE FUJI BANK, LIMITED,

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HARRIS TRUST & SAVINGS BANK,

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by

Title:

DRESDNER BANK AG, CHICAGO AND GRAND CAYMAN BRANCHES,

by

Title:

by

Title:

THE FUJI BANK, LIMITED,

by

Title: Shigeo Sugimoto
Joint General Manager

HARRIS TRUST & SAVINGS BANK,

by

Title:

THE BANK OF NEW YORK,

by

Title:

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

by

Title:

THE TRAVELERS INSURANCE COMPANY,

by

Title:

DRESDNER BANK AG, CHICAGO AND GRAND CAYMAN BRANCHES,

by

Title:

by

Title:

THE FUJI BANK, LIMITED,

by

Title:

HARRIS TRUST & SAVINGS BANK,

by Christine M. Tierney

Title:

THE BANK OF NEW YORK,

by

Title:

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

by

Title:

THE TRAVELERS INSURANCE COMPANY,

by

Title:

DRESDNER BANK AG, CHICAGO AND GRAND CAYMAN BRANCHES,

by

Title:

by

Title:

THE FUJI BANK, LIMITED,

by

Title:

HARRIS TRUST & SAVINGS BANK,

by

Title:

THE BANK OF NEW YORK,

by Kevin Stewart

Title: Vice President

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

by

Title:

THE TRAVELERS INSURANCE COMPANY,

by

Title:

DRESDNER BANK AG, CHICAGO AND GRAND CAYMAN BRANCHES,

by

Title:

by

Title:

THE FUJI BANK, LIMITED,

by

Title:

HARRIS TRUST & SAVINGS BANK,

by

Title:

THE BANK OF NEW YORK,

by

Title:

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

by

Title: Vice President and Deputy General Manager

[2303-968TR/Amendmt2/WD-RLM/4460/17M]

THE MITSUI TRUST & BANKING CO. LTD.,

by

Title:

THE MITSUBISHI TRUST AND BANKING CORPORATION,

by

Title:

NORWEST BANK MINNESOTA, N.A.,

by

Title:

THE CHASE MANHATTAN BANK, N.A.,

by

Title:

SAITAMA BANK, LTD.,

by

Title:

THE NORTHERN TRUST COMPANY,

by

Title:

THE MITSUI TRUST & BANKING CO. LTD.,

by

Title:

THE MITSUBISHI TRUST AND BANKING CORPORATION,

by

Title: Vice President

NORWEST BANK MINNESOTA, N.A.,

by

Title:

THE CHASE MANHATTAN BANK, N.A.,

by

Title:

SAITAMA BANK, LTD.,

by

Title:

THE NORTHERN TRUST COMPANY,

by

Title:

THE MITSUI TRUST & BANKING CO. LTD.,

by

Title:

THE MITSUBISHI TRUST AND BANKING CORPORATION,

by

Title:

NORWEST BANK MINNESOTA, N.A.,

by

Title: AVP

THE CHASE MANHATTAN BANK, N.A.,

by

Title:

SAITAMA BANK, LTD.,

by

Title:

THE NORTHERN TRUST COMPANY,

by

Title:

THE MITSUI TRUST & BANKING CO. LTD.,

by

Title:

THE MITSUBISHI TRUST AND BANKING CORPORATION,

by

Title:

NORWEST BANK MINNESOTA, N.A.,

by

Title:

THE CHASE MANHATTAN BANK, N.A.,

by

Title: VICE PRESIDENT

SAITAMA BANK, LTD.,

by

Title:

THE NORTHERN TRUST COMPANY,

by

Title:

THE MITSUI TRUST & BANKING CO. LTD.,

by

Title:

THE MITSUBISHI TRUST AND BANKING CORPORATION,

by

Title:

NORWEST BANK MINNESOTA, N.A.,

by

Title:

THE CHASE MANHATTAN BANK, N.A.,

by

Title:

SAITAMA BANK, LTD.,

by

Title: MANAGER

THE NORTHERN TRUST COMPANY,

by

Title:

[2303-968TR/Amendmt2/WD-RLM/4460/17M]

THE MITSUI TRUST & BANKING CO. LTD.,

by

Title:

THE MITSUBISHI TRUST AND BANKING CORPORATION,

by

Title:

NORWEST BANK MINNESOTA, N.A.,

by

Title:

THE CHASE MANHATTAN BANK, N.A.,

by

Title:

SAITAMA BANK, LTD.,

by

Title:

THE NORTHERN TRUST COMPANY,

by Jennifer S Yamitert

Title: Officer

CREDIT SUISSE,

by _____

Title: JAN KOFOL
SENIOR VICE PRESIDENT

by _____

Title: KRISTINN R. KRISTINSSON
ASSISTANT TREASURER

MIDWESTERN RAILROAD PROPERTIES, INCORPORATED,

by _____

Title:

NORTH WESTERN LEASING COMPANY,

by _____

Title:

WISCONSIN TOWN LOT COMPANY,

by _____

Title:

CNW REALCO, INC.,

by _____

Title:

TRANSPORTATION QUALITY SYSTEMS, INC.,

by _____

Title:

CREDIT SUISSE,

by _____

Title:

by _____

Title:

MIDWESTERN RAILROAD PROPERTIES, INCORPORATED,

by John E Voldseth

Title: Vice President-Finance

NORTH WESTERN LEASING COMPANY,

by John E Voldseth

Title: Vice President-Finance

WISCONSIN TOWN LOT COMPANY,

by John E Voldseth

Title: Vice President-Finance

CNW REALCO, INC.,

by John E Voldseth

Title: Vice President-Finance

TRANSPORTATION QUALITY SYSTEMS, INC.,

by John E Voldseth

Title: Vice President-Finance

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 8th day of December, 1989, before me personally appeared John Voldseth, to me personally known, who being by me duly sworn, says that he is the Assistant Treasurer of Chicago and North Western Acquisition Corp., that said instrument was signed 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.

Carol A. Fritzshall
Signature of Notary Public

My Commission Expires_____

CAROL A. FRITZSHALL
NOTARY PUBLIC State of New York
No. 31-4752867
Qualified in Kings County
Certificate Filed in New York County
Commission Expires September 30, 1991

10395004HP1115E

SECURITY AGREEMENT dated as of October 27, 1989, among CHICAGO AND NORTH WESTERN ACQUISITION CORP,, a Delaware corporation (the "Company"), CHICAGO AND NORTH WESTERN HOLDINGS CORP., a Delaware corporation ("Holdings"), each of the direct and indirect subsidiaries of the Company listed on the signature pages hereto (the "Subsidiaries") (the Company, Holdings and the Subsidiaries being collectively called the "Grantors") and CHEMICAL BANK, a New York banking corporation, as collateral agent (the "Agent") for the lenders (the "Lenders") and the issuing bank (the "Issuing Bank") party to the Credit Agreement dated as of August 14, 1989, as the same may hereafter be amended or modified from time to time (the "Credit Agreement"), among the Company, Holdings, Chicago and North Western Transportation Company ("CNTC"), CNW Corporation, the Lenders, the Issuing Bank and the Agent.

The Lenders and the Issuing Bank have respectively agreed to make Loans (such term, and each other capitalized term used but not defined herein, having the meaning given to it in the Credit Agreement) to the Company and CNTC and to issue Letters of Credit for the account of the Company and CNTC pursuant to, and subject to the terms and conditions specified in, the Credit Agreement. The obligations of the Lenders to make Loans, and of the Issuing Bank to issue Letters of Credit, under the Credit Agreement are conditioned upon, among other things, the execution and delivery by the Grantors of a security agreement in the form hereof to secure (a) the due and punctual payment by the Company and CNTC of (i) the principal of and interest on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Company or CNTC under the Credit Agreement in respect of any Letter of Credit Disbursement, when and as due, including interest thereon, if any, and (iii) all other monetary obligations of the Company and CNTC to the Lenders, the Issuing Bank or the Agent under the Credit Agreement, this Agreement and the other Loan Documents to which the Company or CNTC is or is to be a party, (b) the due and punctual payment of all monetary obligations, and performance of all other obligations of the Company and CNTC under the Credit Agreement, this Agreement and the other Loan Documents to which the Company or CNTC is or is to be a party, (c) the due and punctual

9a. Purchase Money Obligations. The Agent shall, upon the request of the applicable Grantor (which Grantor shall have provided evidence to the Agent's reasonable satisfaction that Section 6.02(h) of the Credit Agreement applies to the transaction for which the delivery of a subordination agreement has been requested), execute and deliver a form of subordination agreement reasonably acceptable to the Agent, which subordinates the security interest of this Agreement to a security interest securing indebtedness permitted by the Credit Agreement and incurred after the date hereof to purchase property or assets as contemplated by Section 6.02(h) of the Credit Agreement.

Certification

I hereby certify that I have compared the foregoing copy of an original of an Amendment dated December 8, 1989 to SECURITY AGREEMENT dated as of October 27, 1989 among CHICAGO AND NORTH WESTERN ACQUISITION CORP., CHICAGO AND NORTHWESTERN HOLDINGS CORP., CNW CORPORATION, CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, NORTH WESTERN LEASING COMPANY, MIDWESTERN RAILROAD PROPERTIES, INC., CNW REALCO, INC., and CHEMICAL BANK and the annexes thereto, and have found the copy to be complete and identical in all respects to the original documents.

Ardelle M Nicholson

Ardelle M. Nicholson
Notary Public

My Commission expires: 9-14-92

Certification

I hereby certify that I have compared the foregoing copy of an original of an Amendment dated December 8, 1989 to SECURITY AGREEMENT dated as of October 27, 1989 among CHICAGO AND NORTH WESTERN ACQUISITION CORP., CHICAGO AND NORTHWESTERN HOLDINGS CORP., CNW CORPORATION, CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, NORTH WESTERN LEASING COMPANY, MIDWESTERN RAILROAD PROPERTIES, INC., CNW REALCO, INC., and CHEMICAL BANK and the annexes thereto, and have found the copy to be complete and identical in all respects to the original documents.

Ardelle M Nicholson
Ardelle M. Nicholson
Notary Public

My Commission expires: 9-14-92