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ITEL

February 12, 1991

Itel Rail Corporation
550 California Street
San Francisco, CA 94104
(415) 984-4200

1-045A014

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

RECORDATION NO. 16667-F FILED 1425

FEB 14 1991 -9 50 AM

INTERSTATE COMMERCE COMMISSION

Re: **Second Amendment to Security Agreement**

Dear Mr. Strickland:

On behalf of Itel Rail Corporation, the above instrument, in five (5) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the $15 recordation fee.

Please record this Release under the Security Agreement dated December 21, 1989, between Itel Rail Corporation and Chemical Bank, as Agent, which was filed with the ICC on December 26, 1989, under Recordation No. 16667.

The parties to the aforementioned instrument are listed below:

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

Chemical Bank (Secured Party)
277 Park Avenue, 6th Floor
New York, New York 10028

This Amendment amends Sections 1(b), 2 and 3 of the Security Agreement in their entirety.

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

Very truly yours,

patricia schumacker

Patricia Schumacker
Legal Assistant

MOTOR OPERATING UNIT
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RECORDATION NO. 16667-B
FILED 1425
FEB 14 1991 -9 50 AM
INTERSTATE COMMERCE COMMISSION

SECOND AMENDMENT TO SECURITY AGREEMENT

SECOND AMENDMENT dated as of February 28, 1990 to Security Agreement dated as of December 21, 1989, as amended (the "Security Agreement") made by Itel Rail Corporation, a Delaware corporation (the "Debtor"), to Chemical Bank, as agent (in such capacity, the "Agent") on behalf of the banks (the "Lenders") parties to the Credit Agreement dated as of December 21, 1989 (the "Credit Agreement").

WHEREAS, the Debtor has executed and delivered the Security Agreement to the Agent, for the ratable benefit of the Lenders, pursuant to the Credit Agreement; and

WHEREAS, the parties desire to amend the Security Agreement in certain respects:

NOW, THEREFORE, in consideration of the premises and promises contained herein and in the Credit Agreement, the Debtor hereby agrees with the Lenders as follows:

1. Amendment of Section 1(b). Effective upon the Effective Date, as defined in Section 6 hereof, subsection (b) of Section 1 of the Security Agreement be and it is hereby amended to read in its entirety as follows:

> "(b) The finance lease receivables listed on Schedule 1 attached hereto and made a part hereof, including all sums of money or other proceeds due or becoming due thereon, all instruments pertaining thereto, all guaranties and security therefor, and all insurance proceeds payable with respect to any of the foregoing (the "Pledged Receivables") (all of the Pledged Rolling Stock and Pledged Receivables being hereinafter called the "Present Collateral");"

2. Amendment of Section 2. Effective upon the Effective Date, the penultimate proviso of the first sentence of Section 2 of the Security Agreement be and it is hereby amended to read in its entirety as follows:

> "provided, however, that no security interest shall be granted with respect to assets owned by the Debtor as of the date hereof or acquired by the

Debtor after the date hereof if either (i) such assets are subject to a lien permitted by subsection (g), subsection (h), subsection (i), subsection (j) or subsection (l) of Section 9.04 of the Credit Agreement, if and only if the terms of such permitted lien or the agreement constituting such Future Collateral prohibit the Debtor from granting a security interest in such assets hereunder, or (ii) such assets are leases which constitute chattel paper and which either: (A) relate to Lease Receivables, as defined in the Indenture dated as of March 1, 1990, as supplemented by a First Supplemental Indenture dated as of March 1, 1990, each between the Debtor, Itel Rail Funding Corporation and Texas Commerce Bank National Association, as Trustee, or (B) are Blended Leases or relate to Blended Lease Payment Rights, both as defined in the Security Agreement and Trust Indenture dated as of December 14, 1989 between the Debtor and Continental Bank, National Association, as Trustee."

3. Amendment of Section 3(b). Effective as of the Effective Date, subsection (b) of Section 3 of the Security Agreement be and it is hereby amended to read in its entirety as follows:

"(b) A true, correct and complete list of all rail cars subject to the security interest granted hereunder as of the date hereof is attached hereto as Schedule 3, and as of the date hereof none of such rail cars are subject to any lien or encumbrance thereon or security interest or claim of any third person therein, except for (i) liens junior to those pursuant hereto or to the Demand Debenture which are permitted pursuant to Section 9.04(k) of the Credit Agreement, and (ii) liens junior to those pursuant hereto or to the Demand Debenture which are permitted pursuant to subsections (a), (b), (c) and (d) of Section 9.04 of the Credit Agreement which secure in the aggregate an amount not in excess of $5,000,000. A true, correct and complete list of all rail cars owned by the Debtor and not subject to the security interest granted hereunder as of the date hereof is attached hereto as Schedule 4."

4. No Other Amendments. Except as expressly amended as provided for herein, the Security Agreement shall continue

to be, and shall remain, in full force and effect in accordance with its terms.

5. Representations and Warranties. The Debtor represents and warrants to the Lenders as follows:

(a) The execution, delivery and performance by the Debtor of this Second Amendment are within the Debtor's corporate powers, have been duly authorized by all necessary corporate action, and require no action by or in respect of, or filing with, any governmental body, agency or official, except for filings with the Interstate Commerce Commission pursuant to Title 49 USC Section 11303, and the execution, delivery and performance by the Debtor of this Second Amendment does not contravene, or constitute a default under, any provision of applicable law or regulations or of the certificate of incorporation or the by-laws of the Debtor or of any material agreement, judgment, injunction, order, decree or other instrument binding upon the Debtor or any assets of the Debtor, or result in the creation or imposition of any lien on any asset of the Debtor.

(b) This Second Amendment constitutes the valid and binding obligation of the Debtor, enforceable against it in accordance with its terms, except as enforceability may be subject to applicable bankruptcy, insolvency, reorganization, equity of redemption, moratorium or other laws now or hereafter in effect relating to creditors rights, and to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

6. Effective Date. This Second Amendment shall become effective as of the date first written above (the "Effective Date"), provided, however, that all of the following conditions precedent have been satisfied:

(a) The Agent shall have received the consent of the Requisite Lenders to its execution and delivery hereof; and

(b) The Effective Date under, and as defined in, the First Amendment dated February 28, 1990 to the Credit Agreement shall have occurred.

7. Governing Law. This Second Amendment shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of laws principles.

IN WITNESS WHEREOF, the Debtor and the Agent have executed this Second Amendment as of the date first above written.

ITEL RAIL CORPORATION

By: Robert Kulik
Its: VICE PRESIDENT AND TREASURER

CHEMICAL BANK

By: Mark London
Its: VICE PRESIDENT

4861G

STATE OF Illinois)
) SS.
COUNTY OF Cook)

The foregoing instrument was acknowledged before me this 26th day of October, 1990, by Mark W Lanton, Vice President of Chemical Bank.

Witness my hand and official seal.

" OFFICIAL SEAL "
DEBORAH K WELLES
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 2/15/93

Deborah K Welles
Notary Public

My commission expires: 2/15/93

4868G

STATE OF CALIFORNIA)
) SS.
COUNTY OF SAN FRANCISCO)

The foregoing instrument was acknowledged before me this 1st day of FEBRUARY, 1990, by ROBERT C. KIEHNLE, VICE PRESIDENT AND TREASURER of Itel Rail Corporation.

Witness my hand and official seal.

OFFICIAL SEAL
PATRICIA SCHUMACKER
Notary Public-California
SAN FRANCISCO COUNTY
My Comm. Exp Feb 4, 1991

patricia schumacker
Notary Public

My commission expires: 2-4-91

4868G