

RECORDATION NO. 26605 FILED

OCT 10 '06 10-45 AM

SURFACE TRANSPORTATION BOARD

ALVORD AND ALVORD
ATTORNEYS AT LAW
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SUITE 301
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October 10, 2006

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Security Agreement, dated as of September 4, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Borrower: Grupo Ferroviario Mexicano,
S.A. de C.V.
Bosque de Ciruelos No. 99
Col. Bosques de las Lomas
11700, Mexico, D.F.

Administrative Agent: HSBC Bank plc
8 Canada Square, Level 17
London, E14 5HQ
United Kingdom

Mr. Vernon A. Williams
October 10, 2006
Page 2

A description of the railroad equipment covered by the enclosed document
is:

15 locomotives: FXE 4000 – FXE 4014.

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

Security Agreement.

Also enclosed is a check in the amount of \$34.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/sem
Enclosures

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SECURITY AGREEMENT
SURFACE TRANSPORTATION BOARD

This SECURITY AGREEMENT, dated as of September 4, 2006 (this "Security Agreement") made by GRUPO FERROVIARIO MEXICANO, S.A. DE C.V., a sociedad anonima de capital variable organized under the laws of Mexico (the "Borrower"), in favor of HSBC BANK PLC, a bank organized and existing under the laws of England, as Administrative Agent under the Credit Agreement referred to below (in such capacity, together with any successor thereto as such Administrative Agent, the "Administrative Agent").

WITNESSETH:

WHEREAS, the Borrower, Ferrocarril Mexicano, S.A. de C.V. (the "Guarantor"), the Lenders (as defined therein) and the Administrative Agent have entered into a Credit Agreement dated as of the date hereof (as amended, modified, supplemented or restated and in effect from time to time, the "Credit Agreement") providing for the making of an export financing credit by the Lenders to finance the purchase of Goods (as hereinafter defined) relating to 15 SD70 ACe locomotives and the payment of the related EDC Guarantee Fee to Export Development Canada ("EDC"); and

WHEREAS, it is a condition to the making of the initial loan pursuant to the Credit Agreement that this Security Agreement be executed and delivered by the Borrower to the Administrative Agent for the purpose of subjecting all of the Borrower's right, title and interest in and to the Collateral (as hereinafter defined) to the lien hereof; and

WHEREAS, the Borrower desires to grant a mortgage, pledge and security interest in favor of the Administrative Agent, as agent for and for the benefit of, the Administrative Agent and the Lenders, and to execute this Security Agreement to satisfy the conditions described in the preceding paragraph;

NOW, THEREFORE, in consideration of the benefits accruing to the Borrower, the receipt and sufficiency of which are hereby acknowledged, the PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I

Certain Definitions

Section 1.1. Definitions. Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

ARTICLE II

Granting Clauses

Section 2.1. Mortgage and Grant of Security Interest. To secure the due and prompt payment of the amounts due under the Credit Agreement and the Notes and the performance and observance by the Borrower and the Guarantor of all their respective duties, obligations and indebtedness, now existing or hereafter arising, contingent or otherwise, to the Administrative Agent and the Lenders under the Credit Agreement and the other Borrower Documents and Guarantor Documents to which it is a party, and for the uses and purposes and subject to the terms and provisions hereof, and in consideration of the premises and of the covenants herein contained, the sufficiency whereof is hereby acknowledged, the Borrower hereby grants, bargains, assigns, transfers and conveys unto the Administrative Agent, as agent for and for the benefit of the Administrative Agent and the Lenders and their respective successors and assigns, and the Borrower hereby mortgages, pledges and confirms unto the Administrative Agent, as agent for and for the benefit of the Administrative Agent and the Lenders and their respective successors and assigns, a first and senior security interest in and mortgage lien upon, all right, title and interest of the Borrower in, to and under the following described property, rights and privileges (which collectively, including all property hereafter specifically subjected to the lien of this Security Agreement, shall constitute the "Collateral"), to wit:

(a) all right, title and interest of the Borrower in the Goods listed on Exhibit A of this Security Agreement, as more particularly described in the Locomotive Purchase Agreement dated November 7, 2005 between Electro-Motive Diesel, Inc. and the Borrower (as amended or otherwise modified from time to time, the "Purchase Agreement") and listed on the Acquisition List (together with all replacements and parts installed thereon, the "Goods"), together with all records, logs and other documents at any time required to be maintained with respect to the foregoing property;

(b) all right, title and interest, now existing or hereafter arising, of the Borrower in, to and under the Purchase Agreement, including but not limited to any warranties thereunder;

(c) all insurance and requisition proceeds;

(d) all right, title, interest, claims and causes of action, now existing or hereafter arising, of the Borrower in, to and under the Lease Agreement (Contrato de Arrendamiento) dated as of June 1, 2006 between the Borrower and the Guarantor (the "Lease Agreement") and any other lease agreement under which any of the Goods are leased to any Person, including but not limited to all collecting rights thereunder;

(e) all right, title, interest, claims and causes of action, now existing or hereafter arising, of the Borrower in any manufacturer's warranties under the Purchase Agreement or, in the event of any of the manufacturer's warranties being superseded by a maintenance services agreement, such agreement relating to the Goods; and

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(f) all proceeds of any of the foregoing.

Notwithstanding anything in the foregoing or the Borrower Documents to the contrary, the aforesaid grant, bargain, assignment, transfer, conveyance, mortgage and pledge shall be subject to the terms and conditions hereof.

The parties hereto agree that unless an Event of Default shall have occurred and be continuing, the Borrower shall have the rights of use, operation, exploitation, and administration of the Goods, including but not limited to the right, to the exclusion of the Administrative Agent, (a) to quiet enjoyment of the Goods, and to possess, use, retain and control the Goods and all revenues, income and profits derived therefrom, and (b) with respect to the Lease Agreement, to exercise in the Borrower's name or (subject to the further provisos to this Section 2.1) the name of an Affiliate of the Borrower all rights and powers of the Borrower under the Lease Agreement (other than to amend, modify or waive any material provision of the Lease Agreement), and provided further that, notwithstanding the occurrence and continuation of an Event of Default, prior to the Administrative Agent's foreclosure of its security interest in the Lease Agreement, the Administrative Agent shall not enter into any amendment of the Lease Agreement which would increase the obligations of the Borrower thereunder or prohibit the Borrower's exercise of its rights thereunder to acquire good title to the Goods subject to the lien hereof.

The Administrative Agent acknowledges that the Borrower is expressly authorized to lease the Goods to the Guarantor and, unless an Event of Default shall have occurred and be continuing, to collect any and all proceeds and amounts due under the Lease Agreement.

ARTICLE III

Warranties

Section 3.1. Borrower Warranties. Borrower warrants that:

(i) no financing statement or other instrument covering the Collateral (other than any which may have been filed on behalf of a Administrative Agent) is on file in any public office;

(ii) the Borrower's corporate and fiscal domicile are as set forth on Schedule I hereto;

(iii) the Borrower has no place of business outside of Mexico;

(iv) the Borrower is not now known and during the two years preceding the date hereof has not previously been known by any other trade name;

(v) during the five years preceding the date hereof the Borrower has not had any legal name different from the one set forth on the signature pages of this Security Agreement nor has the Borrower been the subject of any merger or other corporate reorganization;

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(vi) the Borrower is a corporation duly organized and validly existing under the laws of Mexico;

(vii) the execution and delivery of this Security Agreement and the performance by the Borrower of its obligations hereunder are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, have received all necessary governmental approval (if any shall be required), and do not and will not contravene or conflict with any provision of law or of the charter or by-laws of the Borrower or of any material agreement, indenture, instrument or other document, or any material judgment, order or decree, which is binding upon the Borrower;

(viii) this Security Agreement is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, except that the enforceability of this Security Agreement may be limited by bankruptcy, suspension of payments, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and this Security Agreement creates in favor of the Administrative Agent, as agent for and for the benefit of the itself and the Lender, a valid and enforceable security interest in the Collateral;

(ix) upon the recordation of this Security Agreement with the Surface Transportation Board in Washington, D.C and the registration of the Pledge Agreement with the Mexican Railway Registry and the Public Registry of Property and Commerce, as provided in such Pledge Agreement, the security interest in the Goods created hereby and thereby would be a perfected security interest-which is senior and prior to all other security interest in the Collateral as described therein; and

(x) the Borrower is in compliance with the requirements of all applicable laws, rules, regulations and orders of every Governmental Authority, the non-compliance with which would reasonably be expected to result in a material adverse effect on any rights, remedies or security interests of the Administrative Agent under this Security Agreement.

ARTICLE IV

Receipt, Distribution and Application of Principal and Interest

Section 4.1 Event of Default. After an Event of Default shall have occurred and be continuing, all payments received from the Borrower and other monies realized by the Administrative Agent (whether from the disposition of the Collateral, the proceeds thereof or otherwise) shall be applied in accordance with Section 9 of the Credit Agreement.

ARTICLE V

Covenants

Section 5.1 Liens and Other Undertakings. The Borrower agrees that it will not create, assume, permit or suffer to exist any Lien (other than Permitted Liens) on the Goods or any of the other Collateral, and if any such Lien (other than a Permitted Lien) shall arise, the Borrower will promptly at its own expense cause the same to be duly discharged and removed. The Borrower hereby covenants for the benefit of the Administrative Agent and each Lender to comply with its obligations as set forth in Section 10 of the Credit Agreement.

Section 5.2 Possession of Goods. Except for the lease of the Goods under the Lease Agreement and except as otherwise permitted or required by the Borrower Documents, the Borrower will not, without the prior written consent of the Administrative Agent, lease or otherwise in any manner deliver, transfer or relinquish possession or control of the Goods (other than in the ordinary course of business), or transfer any of their right, title or interest in, the Goods, or make any modifications to the Goods prohibited by the Credit Agreement.

Section 5.3 Further Assurances. The Borrower agrees that, promptly upon request by the Administrative Agent, and at the Borrower's cost and expense, it will promptly correct any material defect or error that may be discovered in any document delivered in connection with this Security Agreement to which it is a party, or in the execution, acknowledgment or recordation thereof. The Borrower also agrees that, from time to time, promptly upon request by the Administrative Agent or any Lender, and at the Borrower's cost and expense, it will also do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any of such documents or any and all such further acts, deeds, conveyances, mortgages, deeds of trust, trust deeds, assignments, financing statements and continuations thereof; notices of assignment, transfers, certificates, assurances, and other instruments as the Administrative Agent reasonably may require from time to time in order (i) to carry out more effectively the purposes of this Security Agreement, (ii) to subject to the liens and security interest created by this Security Agreement any of its respective properties, rights or interest now covered or hereafter intended to be covered by this Security Agreement, (iii) to perfect and maintain, subject to the terms and conditions of this Security Agreement and the Pledge Agreement, as the case may be, the validity, effectiveness and priority of this Security Agreement and the liens and security interests intended to be created hereunder and thereunder in the jurisdiction in which the Goods are registered or located and in such other places as is necessary or as the Administrative Agent or any Lender reasonably may request, (iv) to better assure, convey, grant, assign, transfer, preserve, protect and confirm unto the Administrative Agent and the Lenders the respective rights granted or now or hereafter intended to be granted to the Administrative Agent and the Lenders under this Security Agreement and the Pledge Agreement and (v) to enable the Administrative Agent and the Lenders to exercise and enforce their respective rights and remedies hereunder with respect to the Goods after an Event of Default.

Section 5.4. Financing Statements. Upon the reasonable instructions at any time, and from time to time, of the Administrative Agent, and upon receipt of the form or document to be filed pursuant to such instructions, the Borrower shall, at the Borrower's cost and expense, execute and file any financing statement (and any continuation statement with respect to any

such financing statement) or any other similar document relating to the security interest and assignments created by this Security Agreement, as may be specified in such instructions.

ARTICLE VI

Remedies

Section 6.1 Remedies Generally.

(i) If an Event of Default shall have occurred and be continuing and so long as the same shall be continuing unremedied, then and in every such case, and subject to Section 4.1 and the terms and conditions of the Credit Agreement, the Lenders and the Administrative Agent (a) may exercise any or all of the rights and powers and pursue any and all of the remedies pursuant to this Section 6.1, (b) shall have and may exercise all of the rights and remedies of a secured party under applicable law and (c) may take possession of all or any part of the properties covered or intended to be covered by this Security Agreement and may exclude the Borrower and all Persons claiming under any of them wholly or partly therefrom.

(ii) The Borrower agrees, to the full extent that it lawfully may, that, in case any Event of Default shall have occurred and be continuing, then, and in every such case, the Administrative Agent may exercise any or all of the rights and powers and pursue any and all of the remedies available to it hereunder, including, without limitation, the taking of possession of all or any part of the Collateral as provided herein, and whether or not the Administrative Agent shall have possession of the Collateral, the Administrative Agent may sell, assign, transfer and deliver the whole, or from time to time to the extent permitted by law, any part of the Collateral or any interest therein, at any private sale or public auction with or without demand, advertisement or notice (except as herein required or as may be required by law) of the date, time and place of sale and for such price or prices and on such terms as the Administrative Agent, as directed by the Lenders, may determine, or as may be required by law. It is agreed that (thirty) 30 days' notice to the Borrower of the date, time and place (and terms, in the case of a private sale) of any proposed public sale, or the time after which there may be any private sale, by the Administrative Agent of the Collateral or any part thereof or interest therein is reasonable. To the extent permitted by applicable law, the Administrative Agent may be a purchaser of the Collateral or any part thereof or any interest therein at any such sale thereof, whether pursuant to foreclosure or power of sale or otherwise. The Administrative Agent may apply against the purchase price therefor the amount then due to it and the Lenders and secured hereby, and the Borrower shall be liable for any deficiency remaining after such application. The Administrative Agent, upon any such purchase, shall acquire (on behalf of the Lenders) good title to the property so purchased, to the extent permitted by applicable law, free of the Borrower's rights of redemption. Any sale, assignment, transfer or delivery of the Collateral hereunder shall be conducted in accordance with the applicable provisions of the Uniform Commercial Code of the State of New York.

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(iii) Upon any sale of the Collateral or any part thereof or interest therein pursuant hereto, whether pursuant to foreclosure or power of sale or otherwise, the receipt of the official making the sale by judicial proceeding or of the Administrative Agent shall be sufficient discharge to the purchaser for the purchase money and neither such official nor such purchaser shall be obligated to see to the application thereof.

(iv) If an Event of Default shall have occurred and be continuing and the Administrative Agent or the Lenders shall have accelerated the Credit Agreement pursuant to Section 11.03(b) thereof, the Administrative Agent shall have the right to appoint a remarketing agent (which may be the Administrative Agent or any Person selected by the Administrative Agent, (the "Remarketing Agent")) for the purposes of selling any or all of the Collateral on behalf of the Administrative Agent, and the Borrower consents to the appointment of any such Remarketing Agent. Upon any sale of any of the Collateral, the Remarketing Agent shall be entitled to receive a reasonable remarketing fee (a "Remarketing Fee") from the proceeds of such sale taking into account custom, local market conditions, and other relevant factors.

(v) If an Event of Default shall have occurred and be continuing and the Administrative Agent or the Lenders shall have accelerated the Credit Agreement pursuant to Section 11.03(b) thereof, the Administrative Agent shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Administrative Agent or any designee thereof) for all or any part of the Collateral whether such receivership be incidental to a proposed sale of the Collateral or the taking of possession thereof or otherwise (and whether or not a Remarketing Agent shall have been appointed in accordance with clause (iv) above), and the Borrower hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Collateral shall be entitled to exercise all the rights and powers and pursue all the remedies hereunder with respect to the Collateral.

(vi) Any sale of the Collateral or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, shall forever be a perpetual bar against the Borrower, after the expiration of the period, if any, during which the Borrower shall have the benefit of redemption laws which may not be waived as provided above.

(vii) If an Event of Default shall have occurred and be continuing and the Administrative Agent or the Lenders shall have accelerated the Credit Agreement pursuant to Section 11.03(b) thereof, and the Credit shall have been declared an Event of Default, at the request of the Administrative Agent, the Borrower shall promptly execute and deliver to the Administrative Agent such instruments of title and other documents as the Administrative Agent reasonably may deem necessary or advisable to enable the Administrative Agent or an agent or representative designated by the Administrative Agent, at such time or times and place or places as the Administrative Agent may specify, to obtain possession of all or any part of the Collateral to which the Administrative Agent shall at the time be entitled hereunder. If the Borrower shall for any reason fail to execute and deliver such instruments and documents after such request by the Administrative Agent, the Lenders may (x) obtain a judgment conferring on the

Administrative Agent the right to immediate possession and collection and requiring the Borrower to deliver such instruments of title and other documents to the Administrative Agent, to the entry of which judgment the Borrower hereby specifically consents, and (y) pursue all or any part of the Collateral wherever it may be found and may enter any of the premises of the Borrower wherever the Collateral may be and search for the Collateral and take possession of and remove the Collateral. Nothing contained in this Section 6.1(vii) shall limit any right of the Administrative Agent under this Agreement or applicable law (including the Uniform Commercial Code as in effect in any applicable jurisdiction) to take possession of any item of Collateral and sell or otherwise dispose of any item of Collateral or the Borrower's right, title or interest therein.

(viii) Upon every such taking of possession as described in (vii) above, the Administrative Agent may, from time to time, at the expense of the Collateral, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Collateral, as it reasonably may deem proper. In each such case, the Administrative Agent shall have the right to maintain, use, operate, store, lease, control or manage the Collateral, and to exercise all rights and powers of the Borrower relating to the Collateral, as the Administrative Agent shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, operation, leasing or storage of the Collateral or any part thereof as the Administrative Agent reasonably may determine; and the Administrative Agent shall be entitled to collect and receive all tolls, rents, revenues, issues, income, products and profits of the Collateral and every part thereof, without prejudice, however, to the right of the Administrative Agent under any provision of this Security Agreement to collect and receive all cash held by, or required to be deposited with, the Administrative Agent hereunder. Any such disposition by the Administrative Agent of the Collateral shall be effected in a commercially reasonable manner. Such tolls, rents, revenues, issues, income, products and profits shall be applied to pay the expenses of holding and operating the Collateral and of conducting the business thereof, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Administrative Agent may be required or may elect to make as aforesaid, if any, for taxes, assessments, insurance or other proper charges upon the Collateral or any part thereof, and all other payments which the Administrative Agent may be required or authorized to make under any provision of this Security Agreement, as well as just and reasonable compensation for the services of the Administrative Agent, and of all Persons properly engaged and employed by the Administrative Agent, and including the reasonable expenses of the Administrative Agent.

Section 6.2 Sale of Collateral by Administrative Agent Is Binding. Any sale or other disposition of the Collateral or any interest therein by the Administrative Agent made pursuant to the terms of this Security Agreement shall bind the Borrower and shall be effective to transfer or convey all right, title and interest of the Administrative Agent and the Borrower in and to the Collateral. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Administrative Agent.

Section 6.3 Remedies Cumulative. Each and every right, power and remedy hereby specifically given to the Administrative Agent shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given under this Security Agreement or the Credit Agreement or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Administrative Agent, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the time or thereafter any other right, power or remedy. No delay or omission by the Administrative Agent in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Borrower or to be an acquiescence therein.

Section 6.4 Discontinuance of Proceedings. In case the Administrative Agent shall have proceeded to enforce any right, power or remedy under this Security Agreement by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Administrative Agent, then and in every such case the Borrower and the Administrative Agent shall, subject to any determination in any such proceeding, be restored to their former positions and rights hereunder with respect to the Collateral and all rights, remedies and powers of the Administrative Agent shall continue as if no such proceedings had been undertaken (but otherwise without prejudice).

ARTICLE VII

Supplements and Amendments to This Security Agreement

Section 7.1 Amendments and Supplements. At any time and from time to time, the Borrower and the Administrative Agent (at the written request of the Required Lenders) may (i) execute a supplement hereto for the purpose of adding provisions to, or changing or eliminating provisions of, this Security Agreement. Notwithstanding anything contained herein to the contrary, the Borrower and the Administrative Agent may, with the express written consent of EDC, amend this Security Agreement or provide for the waiver of any provisions hereof, for the purpose of effecting any release of, or termination of any Lien on, all or any part of the Collateral.

Section 7.2 Parties Protected. If, in the reasonable judgment of the Administrative Agent, any document required to be executed pursuant to the terms of Section 7.1 hereof adversely affects any right, duty, immunity or indemnity available to the Administrative Agent under this Security Agreement, the Administrative Agent may in its discretion decline to execute such document.

Section 7.3 Documents Delivered to Administrative Agent. Promptly after the execution by the Borrower or the Administrative Agent of any document entered into pursuant to Section 7.1 hereof, the Borrower shall (if the Administrative Agent is not party thereto) deliver by courier a conformed copy thereof to the Administrative Agent and thereafter the Administrative Agent shall deliver by courier a conformed copy thereof to each Lender at its

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address last known to the Administrative Agent, but the failure of the Borrower to deliver such conformed copy, or the failure of the Administrative Agent to deliver such conformed copies, shall not impair or affect the validity of such document.

ARTICLE VIII

Miscellaneous

Section 8.1 Termination of Security Agreement. Upon (or at any time after) payment in full of the principal, interest and all other amounts due under the Credit Agreement, and provided that there shall then be no other amounts due to the Administrative Agent or the Lenders hereunder or otherwise secured hereby, the lien of this Security Agreement shall automatically terminate and the Borrower shall direct the Administrative Agent to execute and deliver to or as directed in writing by the Borrower an appropriate instrument releasing the Collateral from the lien of this Security Agreement and releasing the Borrower Documents from the assignment and pledge thereof hereunder, and the Administrative Agent shall execute and deliver such instrument as aforesaid and, at the Borrower's expense, will execute and deliver such other instruments or documents as reasonably may be requested by the Borrower to give effect to such release; provided, however, that this Security Agreement shall earlier terminate and this Security Agreement shall be of no further force or effect upon any sale or other final disposition by the Administrative Agent of all property constituting part of the Collateral and the final distribution by the Administrative Agent of all moneys or other property or proceeds constituting part of the Collateral in accordance with the terms hereof. Further, upon the prepayment in full of the Credit pursuant to Section 6.04 of the Credit Agreement, unless otherwise agreed by the Administrative Agent and the Borrower, and payment of all other sums payable thereunder in connection therewith, the Borrower shall direct the Administrative Agent to execute and deliver to or as directed in writing by the Borrower an appropriate instrument releasing the Goods from the lien of this Security Agreement and releasing the Borrower Documents from the assignment and pledge hereunder, and the Administrative Agent shall execute and deliver such instrument as aforesaid. Except as aforesaid otherwise provided, this Security Agreement shall continue in full force and effect in accordance with the terms hereof.

Section 8.2 Security Agreement for Benefit of Administrative Agent and Borrower. Nothing in this Security Agreement, whether express or implied, shall be construed to give to any Person other than the Borrower and the Administrative Agent any legal or equitable right, remedy or claim under or in respect of this Security Agreement.

Section 8.3 Notices. Unless otherwise expressly specified or permitted by the terms hereof; all notices, requests, demands, authorizations, directions, consents, waivers or documents provided or permitted by this Security Agreement to be made, given, furnished or filed, as the case may be, by any party shall be in a writing, mailed by international courier service, or by telecopy, addressed to such party as such party shall have furnished by notice to the Administrative Agent and the Borrower, or, until an address is so furnished, addressed to the address of such party (if any) set forth in the Credit Agreement. Whenever any notice in writing is required to be given by the Borrower or any Administrative Agent, such notice shall be deemed and such requirement satisfied when such notice is received. Any party hereto may

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change the address to which notices to such party will be sent by giving notice of such change to the other parties to this Security Agreement.

Section 8.4 GOVERNING LAW; WAIVER OF RIGHT TO JURY TRIAL. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, U.S.A. (EXCLUDING ANY CONFLICT-OF-LAW RULES WHICH MIGHT LEAD TO THE APPLICATION OF THE INTERNAL LAWS OF ANY OTHER JURISDICTION).

Section 8.5 Action by the Administrative Agent. The Administrative Agent will hold in accordance with this Security Agreement all items of the Collateral at any time received under this Security Agreement. It is expressly understood and agreed that the obligations of the Administrative Agent as holder of the Collateral and interests therein and with respect to the disposition thereof, and otherwise under this Security Agreement, are only those expressly set forth in this Security Agreement.

Section 8.6 Severability. The invalidity of any one or more of the provisions of this Security Agreement shall not affect the remaining provisions of this Security Agreement. In the event that one or more of the provisions of this Security Agreement should be held by any court of law to be invalid in any jurisdiction, or should operate to render this Security Agreement invalid or to impair the lien of this Security Agreement on all or the major portion of the property intended to be mortgaged hereunder in any jurisdiction, this Security Agreement shall be construed as if such provisions had not been contained therein in such jurisdiction, and such provision and such lien shall remain valid and enforceable in all other jurisdictions.

Section 8.7 Counterparts. This Security Agreement may be signed in separate counterparts, each of which shall be deemed to be an original, and all such counterparts shall together constitute one and the same Security Agreement.

Section 8.8 Power of Attorney. Effective immediately upon the occurrence of an Event of Default under the Credit Agreement and until such time as such Event of Default has been remedied, the Borrower hereby irrevocably constitutes and appoints the Administrative Agent its true and lawful attorney, with full power in the name of the Borrower or otherwise, to act, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due or to become due to the Borrower under or arising out of the Collateral, to endorse any checks or other instruments or orders in connection therewith, to execute and file any other documents, instruments or orders necessary to give effect to the Security Agreement and to file any claims or take any action or institute any proceedings which the Administrative Agent may deem to be necessary or advisable in the premises, which appointment as attorney is coupled with an interest. If deemed necessary by the Administrative Agent, the Borrower shall grant the appropriate powers of attorney to such agent or an agent for service of process, including CT Corporation System, formalized before a Mexican notary public.

Section 8.9 Rights of EDC. Upon payment by EDC of all amounts owing to the Administrative Agent and the Lenders under the EDC Guarantee, EDC shall have the right to exercise all rights and remedies of the Administrative Agent hereunder.

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[signature page follows]



IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as a deed, as of the day and year first above written.

Executed as a deed and delivered by
GRUPO FERROVIARIO MEXICANO, S.A.
DE C.V.

By: _____ (w)
(Signature)

Name: Alfredo Casar Pérez
Title: General Director/Attorney-in-Fact

By: _____ (w)
(Signature)

Name: Enrique A. Nava Escobedo
Title: Attorney-in-Fact



IN WITNESS WHEREOF, the undersigned, has caused this Security Agreement to be executed by duly authorized officers of Grupo Ferroviario Mexicano, S.A. de C.V. (the "Borrower") as of the date and year first above written.

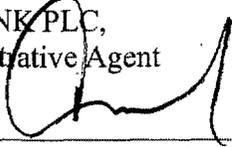
I certify that I hold the title set forth below, that this instrument was signed on behalf of the Borrower by authority of its Shareholders and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the Borrower. I further declare under penalty of perjury that the foregoing is true and correct.

By:



Mr. Alberto de la Parra Zavala
Secretary of the Board of Directors of
Grupo Ferroviario Mexicano, S.A. de C.V.

HSBC BANK PLC,
as Administrative Agent

By: 

(Signature)
Name: ROBERT IAN HOSSAK

(Print)
Title: MANAGER, PROJECT AND EX-BUS FINANCE
AND AS ATTORNEY IN FACT

KINGDOM OF ENGLAND
CITY OF LONDON

On this 15th day of SEPTEMBER, 2006, before me, a Notary Public in and for the said City and Kingdom, appeared ROBERT IAN HOSSACK, to me personally known, who being duly sworn, stated that he/~~she~~ is the ATTORNEY-IN-FACT ~~[insert title]~~ of HSBC BANK PLC, that the instrument set forth above was signed by him/~~her~~ on behalf of said corporation on such day by authority of its Board of Directors, and he/~~she~~ acknowledged that the execution of the foregoing instrument was the full act and deed of said corporation.

[NOTARY SEAL]

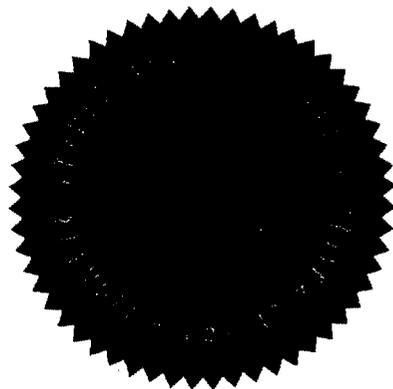
Notary Public:



RICHARD GRAHAM ROSSER
NOTARY PUBLIC, LONDON

My commission expires: _____

My commission expires with life



HSBC BANK PLC,
as Administrative Agent

By: _____
(Signature)

Name: _____
(Print)

Title: _____
Print



EXHIBIT A

List of Goods

IDENTIFICATION NUMBER	REPORTING MARK	LOC. NUMBER	MODEL	Classification AAR	H.P.
1	FXE	4000	SD-70ACe	C - C	4300
2	FXE	4001	SD-70ACe	C - C	4300
3	FXE	4002	SD-70ACe	C - C	4300
4	FXE	4003	SD-70ACe	C - C	4300
5	FXE	4004	SD-70ACe	C - C	4300
6	FXE	4005	SD-70ACe	C - C	4300
7	FXE	4006	SD-70ACe	C - C	4300
8	FXE	4007	SD-70ACe	C - C	4300
9	FXE	4008	SD-70ACe	C - C	4300
10	FXE	4009	SD-70ACe	C - C	4300
11	FXE	4010	SD-70ACe	C - C	4300
12	FXE	4011	SD-70ACe	C - C	4300
13	FXE	4012	SD-70ACe	C - C	4300
14	FXE	4013	SD-70ACe	C - C	4300
15	FXE	4014	SD-70ACe	C - C	4300

(Handwritten marks: a circle and a signature)

(Handwritten mark)

SCHEDULE I

Borrower's Corporate and Fiscal Domicile:

Grupo Ferroviano Mexicano, S.A. de C.V.
Bosque de Ciruelos No. 99
Col. Bosques de las Lomas
11700, México, D.F.

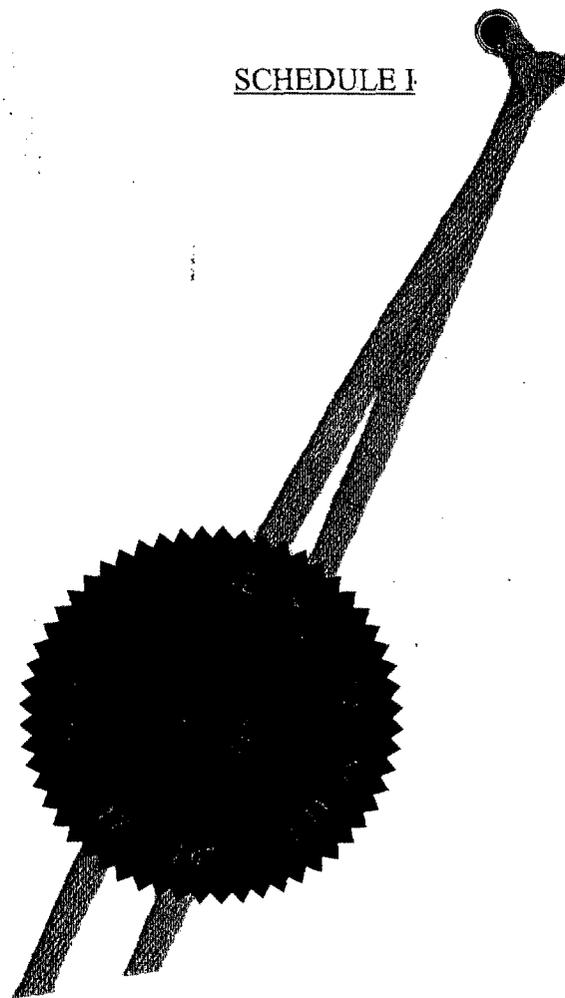
①
A

20

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Bosque de Ciruelos No. 99
Col. Bosques de las Lomas
11700, México, D.F.



CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated:

10/10/06



Robert W. Alvord