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RECORDATION NO. 20248 FILED 1425

August 29, 1996 **AUG 29 1996 4:29 PM**

INTERSTATE COMMERCE COMMISSION

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Room 2214  
12th & Constitution Avenue, N.W.  
Washington, D.C. 20423

Aug 29 4 29 PM '96

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Dear Mr. Williams:

Enclosed for filing and recordation pursuant to 49 U.S.C. § 11301(a) are one (1) original and two (2) certified true copies of the Security Agreement hereinafter described, a primary document as defined in the Board's Rules for the Recordation of Documents. It relates to railroad equipment identified below.

Security Agreement dated as of August 27, 1996 between (1) American Passenger Rail Car Company, L.L.C., as debtor and (2) Fidelity and Deposit Company of Maryland, as secured party.

The equipment subject to this document consists of any and all railroad cars and other rolling stock constituting Collateral (as defined in Exhibit A to the Security Agreement, and as more fully described in Attachment A hereto).

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

Debtor: American Passenger Rail Car Company,  
L.L.C.  
900 East 103rd Street  
Chicago, Illinois 60628

*Counter Part - Not a Party*

Hon. Vernon A. Williams  
August 29, 1996  
Page Two

Secured Party: Fidelity and Deposit Company of  
Maryland  
300 Saint Paul Place  
Baltimore, MD 21202

Please file and record the document with indexing  
under the foregoing names.

A fee of \$21.00 is enclosed for the recordation.  
Please return the original and any extra copies not needed by the  
Commission for recordation to the person presenting this letter.

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

Security Agreement dated as of August 27,  
1996 between (1) American Passenger Rail Car  
Company, L.L.C., as debtor and (2) Fidelity  
and Deposit Company of Maryland, as secured  
party, covering all of the Collateral.

Very truly yours,



Filiberto Agusti  
Attorney for Fidelity and  
Deposit Company of Maryland

Enclosures

**Attachment A**

"Collateral" shall mean all of the collateral listed or described in Exhibit A of the Security Agreement, including without limitation, the rights, title, and interest of the Debtor in and to all finished and unfinished railroad cars and/or other rolling stock described in Table A, below, constructed, under construction, or to be constructed under the contracts listed in Table A, below.

**TABLE A**

<b>CONTRACT</b>	<b>TYPE OF CAR</b>	<b>QUANTITY</b>	<b>NUMBERED</b>
Agreement dated as of March, 1992, between the Debtor (as assignee of Morrison Knudsen Corporation) and the State of California Department of Transportation, as amended	Food service cars	up to 140	8801 - 8814
	Intercity cab cars	up to 120	8301 - 8314
	Intercity trailer cars	up to 100	8001 - 8032
	Intercity baggage cars		8201 - 8206
Proposal/Contract (Rev 1/24/92) between the Debtor (as assignee of Morrison Knudsen Corporation) and the Commuter Rail Division of the Regional Transportation Authority, an Illinois corporation, as amended	Trailer cars, with fully accessible facilities	158	
	Electric Multiple-Unit Cars	20	
	Cab Cars	173	
	Highliner Commuter Cars	140	

SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423-0001

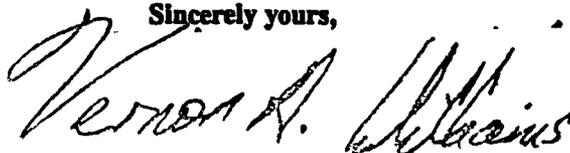
8/29/96

Filiberto Agusti  
Steptoe & Johnson  
1330 Connecticut Avenue, NW  
Washington, DC., 20036-1795

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 8/29/96 at 4:30PM, and assigned recordation number(s). 20248.

Sincerely yours,



Vernon A. Williams  
Secretary

Enclosure(s)

21.00

\$ \_\_\_\_\_ The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



[v7]

RECORDATION NO. 20248 FILED 1435

AUG 29 1996 4:39 PM

## SECURITY AGREEMENT

INTERSTATE MORTGAGE BANKING CORPORATION

THIS SECURITY AGREEMENT (the "Agreement"), is made as of August 27, 1996, by American Passenger Rail Car Company, L.L.C., a Delaware limited liability company (the "Borrower"), in favor of Fidelity and Deposit Company of Maryland, a corporation organized under the laws of the State of Maryland ("F&D") as agent (the "Agent"), on behalf of itself and the entities listed on Schedule III to the Revolving Credit Agreement (as hereinafter defined) (individually, a "Lender" and collectively, the "Lenders").

### RECITALS

A. The Borrower, the Agent, and the Lenders are concurrently entering into that certain Revolving Credit Agreement of even date herewith, as the same may be amended, modified, supplemented or restated from time to time (the "Revolving Credit Agreement") pursuant to which the Lenders have agreed, among other things, to provide the Borrower with a revolving credit facility in the maximum aggregate principal amount outstanding of \$45,000,000.00, secured by certain collateral, as more specifically described herein.

B. The Lenders are willing to provide the requested financial accommodations to the Borrower under the terms and conditions set forth in the Revolving Credit Agreement and to enter into the Revolving Credit Agreement, but only upon the condition, among others, that the Borrower shall have executed and delivered to the Agent this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

### AGREEMENT

1. Definitions. Unless otherwise defined in this Agreement, capitalized terms used herein shall have the meanings given to them in the Revolving Credit Agreement. As used in this

Agreement, the following terms shall have the meanings set forth below:

"Borrower" shall have the meaning set forth in the introductory paragraph hereof.

"Collateral" shall have the meaning set forth in Section 2 of this Agreement.

"License" means any Patent License, Trademark License or other license of rights or interests now held or hereafter acquired by the Borrower.

"Obligations" means (1) the Obligations as defined in the Revolving Credit Agreement, (2) all presently existing or hereafter arising indebtedness, claims, debts or liabilities to the Agent or any other surety, whether direct or indirect, contingent or of any other nature, character or description arising under or in connection with any of (x) the Proposal/Contract (Rev. 1/24/92), between the Commuter Rail Division of the Regional Transportation Authority and Morrison Knudsen Corporation, awarded March 9, 1992, and all exhibits, schedules, amendments and supplements thereto, as assigned to and assumed by the Company as of October 10, 1995, (y) the Performance Bond No. 6207851 and the Labor and Material Payment Bond No. 6207851, dated June 19, 1992, together with all riders, amendments and supplements thereto and (z) the Agreement of Indemnity dated October 10, 1995 between the Company and F&D and (3) the obligations of the Company hereunder.

"Patent License" means rights under any written agreement now owned or hereafter acquired by the Borrower granting any right with respect to any invention on which a Patent is in existence.

"Patents" means all of the following in which the Borrower now holds or hereafter acquires any interest: (i) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters of patent of the United States or any other country, including registrations, recordings and applications in the United States Patent and Trademark office or in any similar office or agency of the United States, any States or Territory thereof, or any other country, and (ii) all reissues, continuations, continuations-in-part or extensions thereof. "Receivable" has the meaning given in Section 12 hereof.

"Revolving Credit Agreement" shall have the meaning set forth in Recital A.

"Trademark License" means rights under any written agreement now owned or hereafter acquired by the Borrower granting any right to use any Trademark or Trademark registration.

"Trademarks" means all of the following now owned or hereafter acquired by Borrower: (i) all trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all goodwill associated therewith, all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark office or in any similar office or agency of the United States, any State or Territory thereof, or any other country or any political subdivision thereof, and (ii) all reissues, extensions or renewals thereof.

"Uniform Commercial Code" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of New York; provided, that in the event that, by reason of mandatory provision of law, any or all of the attachment, perfection or priority of, or remedies with respect to the Lenders' security interest in the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions of this Agreement relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

2. Security Interest. To secure the prompt payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Borrower's Obligations, and to induce the Lenders to enter into the Revolving Credit Agreement and to extend credit to the Borrower in accordance with the terms thereof, the Borrower hereby grants, assigns and pledges to the Agent, for its benefit and the benefit of the Lenders, as secured parties, to secure the Obligations, a Lien on and security interest in all of the property described on Exhibit A hereto, whether now existing or hereafter created or acquired, and

wherever located, together with any and all replacements, renewals, or accessions thereto and all proceeds and products thereof (collectively, the "Collateral"); provided, however, that notwithstanding any provision to the contrary contained in this Agreement, the Company does not grant, and Agent for its benefit and the benefit of the Lenders has not taken, a Lien against or security interest in any Hazardous Materials in which the Company may now or hereafter acquire any interest or possess, manage or control.

In addition, the Borrower hereby grants to the Agent as secured party, for its benefit and the benefit of the Lenders, as secured parties, to secure the Obligations, a security interest in all property of the Borrower constituting collateral held by or on behalf of the Agent, including all property constituting Collateral of every description now or hereafter in the possession or custody of, or in transit to the Agent, for any purpose, including safekeeping, collection or pledge, for the account of the Borrower, or as to which the Borrower may have any right or power.

The Borrower hereby absolutely and unconditionally assigns to the Agent, as further security for the Obligations, and as part of the Collateral, all of its now existing or hereafter created or arising rights under and interest in and to the Contract. The Borrower shall promptly execute and deliver to the Agent (i) such assignments, notices or other documents or instruments as the Agent may from time to time reasonably require with respect to the Contract, and (ii) obtain and deliver to the Agent such receipts, confirmations or consents from such persons as the Agent reasonably deems necessary or advisable in connection with the Borrower's assignment of the Contract, all in form and substance satisfactory to the Agent.

3. Representations and Warranties. The Borrower hereby represents and warrants to the Agent that:

(a) Authority; Execution. The Borrower has the right and power and is duly authorized and empowered to enter into, execute, deliver and perform this Agreement, and any other agreements, documents or instruments executed in connection herewith or therewith. The Borrower's execution and performance of this Agreement will not constitute, cause or result in any breach or violation of any provision of the certificate of formation, the limited liability company agreement or other organizational documents of the Borrower, any Requirement of Law or any Contractual Obligation of the Borrower and do not conflict

with, constitute a default or require any consent under or result in the creation of any Lien that would not be a Permitted Lien upon any property or assets of the Borrower pursuant to any Contractual Obligation of the Borrower. Upon execution, this Agreement will constitute a valid, binding obligation of the Borrower to the Agent and the Lenders that is enforceable according to its terms, except as the enforceability of this Agreement may be subject to or limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors and except as the availability of equitable remedies are subject to the application or equitable principles. No further consent, ratification or approval is required for this Agreement to be effective.

(b) No Further Approvals Required. No consent, approval, authorization or other order of any person or entity and no consent, authorization, approval, or other action by, and no notice to or filing with, any Governmental Authority or regulatory body is required to be made or obtained by the Borrower for the execution, delivery, or performance of this Agreement by the Borrower.

(c) Locations of Offices and Collateral; Federal Taxpayer Identification. The Borrower's chief executive office, principal place of business, corporate offices, all warehouses and the locations of all of its records concerning the Collateral are set forth fully on the attached Schedule 1. The Federal taxpayer identification number for the Borrower is 36-4043006.

(d) Title to Collateral. The Borrower is the sole owner of each item of the Collateral and has title to the Collateral free and clear of any and all claims, assessments, encumbrances, Liens, and security interests of any kind or nature, except for the Liens and security interests of the Agent and the other Permitted Liens.

(e) No Other Liens. No security agreement, chattel mortgage, other security or lien instrument, financing statement or continuation statement covering all or any part of the Collateral is on file or of record in any public office, except such as may have been filed by the Borrower in favor of the Agent pursuant to the Related Documents, this Agreement or any other agreement between the Borrower and the Agent, or such as relate to other Permitted Liens.

(f) Perfection and Priority of Security Interest in the Collateral. The security interest granted to the Agent in the Collateral under this Agreement is a duly perfected security interest in favor of the Agent, for its benefit and the benefit of the Lenders to secure the Obligations and is senior in priority to all other Liens against and security interests in all or any part of the Collateral.

(g) Transfer of Collateral. Except in the Ordinary Course of Business, none of the Collateral was brought into the state where it is currently located within four months of the date of this Agreement nor has any of the Collateral been subject to a bill of lading or other document of title within the thirty (30) day period prior to the date of this Agreement.

(h) Accounts. Subject to reasonable reserves therefor on the books of the Borrower, each account of the Borrower is, or when it comes into existence will be, a statement of an indebtedness incurred by the obligor thereunder to the Borrower in the amount shown thereon and no defenses, counterclaims or setoffs have been asserted against such accounts except for discounts and allowances granted by the Borrower in the Ordinary Course of Business. All accounts are, or will be when they come into existence, bona fide transactions completed in accordance with the terms and provisions contained in any documents related thereto.

(i) Change of Name. The Borrower did not and has not done within the last five years business under any trade name or style other than its name as stated herein.

4. Covenants. The Borrower covenants and agrees that from and after the date of this Agreement and until the Obligations are fully satisfied:

4.1 Maintenance of Records. The Borrower shall keep and maintain, at its own cost and expense, satisfactory and complete records of the Collateral, including a record of any and all payments received and any and all credits granted with respect to the Collateral, and all other dealings with the Collateral. The Borrower shall mark its books and records with respect to the Collateral, to evidence this Agreement and the security interests hereunder. All chattel paper constituting Collateral shall be marked with the following legend: "THIS WRITING AND THE OBLIGATIONS EVIDENCED OR SECURED HEREBY ARE SUBJECT TO THE SECURITY INTEREST OF FIDELITY AND DEPOSIT COMPANY OF MARYLAND, AS THE AGENT FOR CERTAIN LENDERS." As further

security, the Borrower agrees that the Agent, for its benefit and the benefit of the Lenders, shall have a security interest in all of the Borrower's books and records pertaining to the Collateral and, upon the occurrence and during the continuation of any Event of Default, the Borrower shall deliver and turn over any such books and records to the Agent or to its representatives at any time on demand of the Agent.

4.2 Disposition of Collateral. The Borrower shall not sell, transfer, exchange, assign, or otherwise dispose of any of the Collateral, or any rights related thereto other than in the Ordinary Course of Business. In the event that the Borrower receives any amounts or other property in respect of any such sale, transfer, exchange, assignment or other disposition of Collateral, the Borrower shall (i) receive all such amounts or other property in trust for the benefit of the Agent to secure the Obligations and (ii) segregate any such amounts and pay over any such amounts or other property to the Agent in the same form as so received to be applied as provided in Section 15 hereof.

4.3 Collection of Accounts. The Borrower shall instruct all obligors of accounts to make payments in respect of such accounts directly to the Agent. If requested by the Agent, the Borrower shall continue to collect, at its own expense, all amounts due or to become due to the Borrower under its accounts. In connection with such collections, the Borrower may take (and, at the Agent's direction, shall take) such action as the Borrower or the Agent, in its reasonable judgment, may deem necessary or advisable to enforce collection of the Borrower's accounts; provided, however, without limiting the foregoing, the Agent shall have the right at any time to notify the account debtors or obligors under any of the Borrower's accounts of the assignment of such accounts to the Agent for the ratable benefit of itself and the Lenders to secure the Obligations and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Borrower thereunder directly to the Agent and, upon such notification and at the expense of the Borrower, to enforce collection of any such accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Borrower might have done. Notwithstanding the foregoing, in the event that the Borrower receives any payments in respect of or proceeds of any accounts, (i) all amounts and proceeds (including instruments) received by the Borrower in respect of such accounts shall be received in trust for the benefit of the Agent to secure the Obligations, shall be segregated from other funds of the Borrower and shall forthwith be paid over to the Agent in the same form as so

received (with any necessary endorsement) to be applied as provided by Section 15 hereof, and (ii) the Borrower shall not adjust, settle or compromise the amount or payment of any of its accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

#### 4.4 Further Assurances with Respect to the Collateral.

The Borrower will, at the Borrower's expense, promptly execute, acknowledge, and deliver all such instruments and take all such action as the Agent from time to time may reasonably request in order to ensure to the Agent for itself and the Lenders the benefits, priorities and due perfection of the Liens and security interests in and to the Collateral intended to be created by this Agreement, including without limitation (i) using its best efforts to secure all consents and approvals necessary or appropriate for the assignment to the Agent of any License by the Borrower, (ii) filing any financing or continuation statements under the UCC with respect to the Liens and security interests granted hereunder, (iii) placing the interest of the Agent as lienholder on the certificate of title of any vehicle owned by the Borrower which constitutes a part of the Collateral, and (iv) obtaining landlord agreements in respect of any leasehold interest where any Collateral is located reasonably acceptable to the Agent and the Lenders in form and substance. The Borrower also hereby authorizes the Agent to file any such financing or continuation statement without the signature of the Borrower to the extent permitted by applicable law and to the extent that such financing or continuation statements relate to the Obligations.

#### 4.5 Delivery of Notes, Documents and Chattel Paper.

To the extent any such items constitute Collateral, the Borrower shall deliver to the Agent or its designee all now existing or hereafter created or arising (i) promissory notes payable to the Borrower, assigned to the Borrower, pledged to the Borrower or otherwise held by the Borrower, together with all corresponding documents including deeds of trust, security agreements and title insurance policies, with such endorsements thereto as the Agent may reasonably require, (ii) instruments (except for checks which are deposited in the ordinary course of the Borrower's business), (iii) documents, and (iv) chattel paper, in each case, promptly upon the execution of this Agreement or the Borrower's receipt of any such item, as the case may be.

4.6 Insurance. The Borrower shall maintain insurance policies, with financially sound and reputable companies, insuring (i) the Borrower's inventory, fixtures, equipment and

other tangible properties constituting Collateral against loss by fire, explosion, theft and such other casualties as are usually insured against by companies engaged in a similar business, and (ii) the Borrower against liability for personal injury and property damage relating to such inventory, fixtures, and equipment. Such policies are to be in such amounts and against at least such risks as are usually insured against in the same general area by companies engaged in a similar business, and in any event in an amount sufficient to preclude the Borrower from being deemed a co-insurer, and the Borrower shall obtain, at its expense, a lender's loss payable endorsement (form BFU-438 or equivalent) for the benefit of the Agent and the Lenders and shall name "Fidelity and Deposit Company of Maryland as the Agent for certain Lenders" as an additional insured on each such policy. All such policies of insurance and endorsements shall be satisfactory to the Agent as to form, amount and insurer. The Borrower hereby assigns to the Agent all of its right, title and interest in and to any insurance policies insuring the Collateral, including all rights to receive the proceeds of insurance, (provided, that prior to the occurrence of an Event of Default, the Borrower may use such proceeds to procure equivalent replacement Collateral) and directs all insurers to pay all such proceeds directly to the Agent and authorizes the Agent to endorse the Borrower's name on any instrument for such payment.

4.7 Damage or Destruction. The Borrower will notify the Agent of any destruction of or any substantial damage to any of the Collateral in excess of \$250,000 within five (5) Business Days after the occurrence thereof.

4.8 Change in Address and Location of Collateral. The Borrower shall notify the Agent of any change in either the Borrower's trade name, identity, Federal taxpayer identification number, chief place of business, chief executive office, location where Collateral is located or stored, location of the records regarding the Collateral or any additional mailing addresses, places of business, trade names or styles of the Borrower within thirty (30) days of such change or addition.

4.9 Indemnification. In any suit, proceeding or action brought by the Agent relating to any of the Borrower's accounts, chattel papers, material contracts, general intangibles, instruments or documents constituting Collateral for any sum owing thereunder, or to enforce any provision of any such account, chattel paper, material contracts, general intangible, instrument or document, the Borrower shall save, indemnify and keep the Agent and the Lenders harmless from and against all

expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the obligor thereunder or arising out of a breach by the Borrower of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to, or in favor of, such obligor or its successors from the Borrower, and all such obligations of the Borrower shall be and remain enforceable against, and only against, the Borrower and shall not be enforceable against the Agent or the Lenders.

4.10 Notices. The Borrower shall advise the Agent promptly, and in reasonable detail, of (i) any Lien, other than a Permitted Lien, attaching to or asserted against any of the Collateral, (ii) any material change in the composition of the Collateral and (iii) the occurrence of any other event which would have a material adverse effect upon the Collateral and/or the Agent's Lien hereunder.

4.11 Trademark Collateral.

(a) The Borrower shall notify the Agent immediately if it knows or has reason to know that any application or registration relating to any Trademark that is material to the conduct of the Borrower's business may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court) regarding the Borrower's ownership of any Trademark that is material to the conduct of the Borrower's business, its right to register the same, or to keep and maintain the same;

(b) in no event shall the Borrower, either itself or through any agent, employee, licensee or designee, file an application for the registration of any Trademark with the United States Patent and Trademark office or any similar office or agency in any other country or any political subdivision thereof without giving the Agent prior written notice thereof, and, upon request of the Agent, the Borrower shall execute and deliver any and all agreements, instruments, documents, and papers as the Agent may request to evidence the Agent's security interest in such Trademark and the general intangibles, including the goodwill of the Borrower, relating thereto or represented thereby;

(c) The Borrower shall take all reasonable and necessary action to maintain and pursue each application, to

obtain the relevant registration, and to maintain the registration of each of the Trademarks which is material to the conduct of the Borrower's business, including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings; and

(d) in the event that any of the Trademarks is infringed upon, or misappropriated or diluted by a third party, the Borrower shall notify the Agent promptly after the Borrower learns thereof and shall, unless the Borrower shall reasonably determine that such Trademarks is not material to the conduct of the Borrower's business and only if the Borrower shall reasonably determine that a lawsuit for infringement, misappropriation or dilution has a reasonable likelihood of success on the merits, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as the Borrower shall reasonably deem appropriate under the circumstances to protect such Trademarks.

4.12 Use and Standards of Use and Repair. Prior to the sale and delivery of railroad cars to Metra under the Contract, the Company will repair, keep in repair and cause the finished or unfinished railroad cars and all component parts thereof which are Collateral hereunder ("Car Collateral"), to be used in a careful and proper manner consistent with the design and intended use thereof, subject, however, to the reasonable requirements of the Company's business, and will comply with and conform to and with all current and future Federal, state, municipal, police and other laws, ordinances and regulations relating to the possession, use or maintenance of the Car Collateral. The Company will comply with all rules, interpretations, codes and orders governing use, hire, condition, repair and all other matters interpreted as being applicable to the Car Collateral during the effectiveness hereof by and of the American Association of Railroads ("AAR") and any other organization, association, agency or governmental authority, including the Department of Transportation, which may during the effectiveness hereof be responsible for or have authority to promulgate such rules, interpretations, codes and orders. The Company agrees to indemnify and hold Agent safe and harmless from and against any and all claims, costs, expenses (including without limitation attorney's fees), damages and liabilities claimed, arising from or pertaining to such laws, ordinances, regulations, rules, interpretations, codes and orders. The Company will not remove

or permit the removal of any Car Collateral from the United States of America without the prior written consent of Agent.

5. Agent Appointed Attorney-in-Fact. The Borrower hereby irrevocably appoints the Agent and any officer or agent thereof, with full power of substitution, as the Borrower's true and lawful attorney-in-fact, with full irrevocable power and authority in the place and stead of the Borrower and in the name of the Borrower, the Agent or otherwise, from time to time after an Event of Default, for the purpose of carrying out the terms of this Agreement, to take any action and to execute any instrument which the Agent may deem necessary or advisable to accomplish the purpose of this Agreement with respect to the Obligations, including, without limitation:

(a) to take possession of, endorse and receive payment of any checks, drafts, notes, acceptances, or other instruments for the payment of monies due under any Collateral;

(b) to continue or obtain or adjust any insurance required pursuant to the terms of this Agreement, and pay all or any part of the premiums therefor and the costs thereof;

(c) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for monies due and to become due under or in respect of any of the Collateral;

(d) to receive payment of any and all monies, claims, and other amounts due or to become due at any time under or in respect of any of the Collateral;

(e) to file any claims or take any action or institute any proceedings which the Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Lenders and the Agent with respect to any of the Collateral or otherwise with respect to any of the Obligations;

(f) to direct any party liable for any payment under or in respect of any of the Collateral to make payment of any and all monies due or to become due thereunder, directly to the Agent or as the Agent may direct;

(g) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, and notices

in connection with accounts that constitute Collateral and other documents constituting or relating to the Collateral;

(h) to settle, compromise or adjust any claim, suit, action, or proceeding, as deemed appropriate by the Agent for the purpose of collecting any and all monies due under any Collateral, including, without limitation, any such claims or actions relating to any policy of insurance, and in connection therewith, give such discharges or releases as the Agent may deem appropriate;

(i) in its own name or in the name of the Borrower to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral;

(j) to defend any suit, action or proceeding brought against the Borrower with respect to any Collateral if the Borrower does not defend such suit, action or proceeding or if the Agent believes that the Borrower is not pursuing such defense in a manner that will maximize the recovery with respect to such Collateral;

(k) to the extent that any such items constitute Collateral, to license (or, to the extent permitted by an applicable license, sublicense), whether general, specific or otherwise, and whether on an exclusive or non-exclusive basis, any Patent, Trademark or copyright throughout the world for such term or terms, on such conditions and in such manner as the Agent may, in its sole discretion, determine;

(l) to sell, transfer, pledge, repair, make any agreement with respect to, or otherwise deal with any of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do, at the Agent's option and the Borrower's expense, at any time, or from time to time, all acts and things which the Agent reasonably deems necessary or advisable to perfect, preserve, or realize upon the Collateral and the Agent's security interest therein in order to effect the intent of this Agreement, all as fully and effectively as the Borrower might do.

The Borrower hereby ratifies all actions that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the life of this Agreement.

6. Agent May Perform. If the Borrower fails to perform any agreement contained herein, the Agent may itself perform, or cause performance of, such agreement, and the reasonable expenses of the Agent and the Lenders incurred in connection therewith shall be payable by the Borrower under Section 19.13 hereof. The Agent shall inform the Borrower of any such performance by the Agent.

7. Agent's Duties. The powers conferred on the Agent hereunder are solely to protect its interest and the Lenders' interest in the Collateral and shall not impose any duty upon the Agent to exercise any such powers. The Agent and the Lenders shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral except for the safe custody of any Collateral in its possession and the accounting for monies actually received by it hereunder.

8. Verification of Collateral. The Agent shall have the right to make physical verifications and appraisals of the Collateral in any manner that it considers advisable. The Borrower agrees to execute and deliver any instruments or other documents, take all such action and furnish all such assistance and information as the Agent may require in order to effectuate, the purposes of this Section 8.

9. Events of Default. The Borrower's breach of any promise, covenant, representation, warranty, agreement or undertaking under this Agreement and the occurrence of any Event of Default under the Revolving Credit Agreement, shall constitute an Event of Default under this Agreement.

10. Rights and Remedies Upon Default. If an Event of Default shall have occurred and be continuing and any applicable notice or cure periods shall have expired:

(a) The Agent, on behalf of itself as Agent and the Lenders, may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it under the Revolving Credit Agreement, all the rights and remedies of a secured party on default under the Uniform Commercial Code ("UCC") (whether or not the UCC applies to the affected Collateral), and also may (i) require the Borrower to, and the Borrower hereby agrees that it will at its own expense and upon the request of the Agent forthwith, assemble all or part of the Collateral as directed by the Agent and make it available to the Agent at a place to be designated by the

Agent, which is reasonably convenient to both parties, and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Agent may deem commercially reasonable. The Agent agrees that it shall give the Borrower at least ten (10) days' notice, or such longer period as shall be required by applicable law, of the time and place of any public sale or the time after which any private sale is to be made. The Borrower agrees that such notice shall constitute reasonable notification. The Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Agent may reject any and all bids at any public sale which, in the Agent's sole discretion, it shall deem inadequate. The Agent may purchase all or any part of the Collateral at public sale or, if permitted by law, private sale and, in lieu of actual payment of such purchase price, may set off the amount of such price against the Obligations. The Agent may proceed in any sequence in enforcing its rights and remedies against some or all of the collateral pursuant to this Agreement.

(b) The Borrower hereby waives any law or principal of equity that requires or would permit the Borrower, any Affiliate, or any creditor or representative thereof to demand marshaling or sale or disposal of the Collateral in multiple actions, en masse, or in any particular order.

(c) Subject to the terms and conditions of the Revolving Credit Agreement, all cash proceeds received by the Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Agent, be held by the Agent as Collateral for, and/or then or at any time thereafter applied in accordance with the terms and provisions of the Revolving Credit Agreement.

(d) Until the Agent is able to effect a sale, lease, or other disposition of Collateral, the Agent shall have the right to use or operate Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by the Agent. The Agent shall have no obligation to the Borrower to maintain or preserve the rights of the Borrower

as against third parties with respect to Collateral while Collateral is in the possession of the Agent. The Agent may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of the Agent's or any of the Lenders' remedies with respect to such appointment without prior notice or hearing. The Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, as provided in Section 14 hereof. To the maximum extent permitted by applicable law, the Borrower waives all claims, damages, and demands against the Agent arising out of the repossession, retention or sale of the Collateral.

(e) The Borrower agrees that it shall not interfere with or hinder in any way the Agent's right and ability under the terms of this Agreement and any applicable law to perfect its Liens and security interests in any part of the Collateral, and to realize upon the Collateral. The Borrower hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Agreement or any Collateral.

11. Special Remedies with Respect to Receivables.

(a) Without limiting the generality of any of the Agent's other rights and remedies hereunder, with respect to any of its notes receivable, or any other instrument, account or general intangible pledged to the Agent hereunder as Collateral (individually, a "Receivable" and collectively the "Receivables"), upon the occurrence of an Event of Default and during the continuation thereof, the Agent shall have the right: (i) to sell any or all of the Receivables, in bulk or in one or more lots, in one or more public or private sales, pursuant to section 9504 of the UCC, (ii) to collect any such Receivable directly pursuant to section 9502 of the UCC, without first enforcing the Agent's security interest in such Receivable pursuant to section 9504 of the UCC, (iii) to settle, compromise or discount any such Receivable, on such terms as the Agent may deem advisable, in its sole discretion, including granting discounts for prompt payment of such Receivable, (iv) to initiate a legal action, case, suit or other proceeding to collect any such Receivable, in the Agent's name, in the name of the Lenders, or in the Borrower's name, and to prosecute such action to final judgment, and to collect and enforce any such judgment, all without first enforcing the Agent's security interest in such Receivable pursuant to section 9504 of the UCC, and (v) to record a notice of default, publish a notice of sale, execute and record

a substitution of trustee or take other action to foreclose (judicially or nonjudicially) upon or otherwise enforce any deed of trust, mortgage, or other lien or security interest securing such Receivable, sell or otherwise realize upon any and all property securing such Receivable, and collect and retain the proceeds thereof, all without first enforcing the Agent's security interest in such Receivable pursuant to section 9504 of the UCC.

(b) The Borrower acknowledges and agrees that any sale, collection or other action taken by the Agent pursuant to Section 11(a), above, shall be deemed to constitute a commercially reasonable method of disposition of such Collateral.

12. Special Remedies With Respect to Contracts.

(a) Without limiting the generality of any of the Agent's other rights and remedies hereunder, with respect to all contracts or other agreements constituting Collateral, upon the occurrence of an Event of Default and during the continuation thereof, the Agent shall have the right: (i) to contact and communicate with all parties to any such contract or agreement, in the Agent's name, in the name of the Lenders or in the Borrower's name, (ii) to ratify, continue in effect, and receive any and all benefits owing to the Borrower under any such contract or agreement, all without first enforcing the Agent's security interest in such contract or agreement pursuant to section 9504 of the UCC, (iii) to terminate, abandon, modify, amend or renegotiate the terms of any such contract or agreement, all without first enforcing the Agent's security interest in such contract or agreement pursuant to section 9504 of the UCC.

(b) The Borrower acknowledges and agrees that any action taken by the Agent pursuant to Section 12(a) above, shall be deemed to constitute a commercially reasonable method of disposition of such Collateral.

(c) The Borrower acknowledges and agrees that any action taken by the Agent pursuant to Section 12(a) above does not constitute, and shall not be deemed or construed as, an unlawful interference with any right of contract of the Borrower, an unlawful interference with any prospective economic advantage of the Borrower, or any other tortious act on the part of the Agent or the Lenders.

13. Indemnity and Expenses.

(a) The Borrower agrees to indemnify the Agent and each Lender from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from such indemnified party's gross negligence or willful misconduct.

(b) The Borrower will upon demand pay to the Agent the amount of any and all reasonable expenses, including the reasonable fees and disbursements of counsel and of any experts and agents, which the Agent may incur in connection with (i) the administration of this Agreement (other than in the ordinary course), (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Agent hereunder, or (iv) the failure by the Borrower to perform or observe any of the provisions hereof.

(c) The Borrower's obligations under this Section 13 shall constitute Obligations.

14. Proceeds from Disposition of Collateral. The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be applied by the Agent first, to the Agent in respect of the Borrower's indemnification liabilities pursuant to Section 13; second, to the unreimbursed expenses and fees of the Agent; third, to then due interest on the Loans accrued and unpaid prior to the date such payment is received by the Lenders; fourth, to reduce the principal balance of the Loans; fifth, to an account that the Agent may establish in its name and under its control, to be held as Cash Collateral until all of the Obligations have been paid and satisfied in full; and sixth, any excess after the Obligations have been paid in full and satisfied, and all of the Commitments have been terminated, to the parties legally entitled thereto or to the Borrower. The Borrower shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay the Obligations. The Borrower shall be liable for any reasonable attorneys' fees or other professional fees and expenses incurred by the Agent to collect such deficiency.

15. Grant of License to Use Patent and Trademark Collateral. For the purpose of enabling the Agent to exercise its rights and remedies under this Agreement, the Borrower hereby

grants to the Agent, for its benefit and the benefit of the Lenders to secure the Obligations, an irrevocable, non-exclusive license (exercisable upon the occurrence and during the continuation of an Event of Default, and without payment of royalty or other compensation to the Borrower) to use, license or sublicense any Patent, Trademark, trade secret, or copyright now owned or hereafter acquired by the Borrower, wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored, and to all computer and automatic machinery software and programs used for the compilation or printout thereof. Without limiting the generality of the foregoing, the Borrower hereby agrees that the Agent shall have the right to use all computer software, data, information, compilations, and other intellectual property or proprietary information of any kind or nature in any way related to the business or financial affairs of the Borrower (including the Borrower's interest in Affiliates) and to use the names, logos, and other means of identification of the Borrower in respect of the Collateral, all without charge, royalty or other obligation to the Borrower.

16. Communication with Obligors. The Borrower hereby authorizes the Agent and its representatives, for its benefit and the benefit of the Lenders, upon the occurrence and during the continuation of any Event of Default, to (i) communicate in its own name with any party to any contract or other agreement with regard to the assignment of the right, title and interest of the Borrower in and under such agreements which constitute Collateral and other matters relating thereto and (ii) execute, in connection with the sale provided for under this Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

17. Termination; Release of Liens. When all of the Obligations shall have been paid and satisfied in full, and the Commitments of the Lenders under the Revolving Credit Agreement shall have been terminated (the "Termination Date"), this Agreement and the Liens created hereby shall terminate and the Agent shall release the Liens notwithstanding Sections 13 and 18 herein or any other recapture provision or indemnification provision in any of the Related Documents, provided, however, that should the Borrower incur, after the Termination Date, obligations under Sections 13 and 18 herein or any other recapture provision or indemnification provision in any of the Related Documents, the Borrower shall grant to the Agent, for its benefit and the benefit of the Lenders, a Lien on the Collateral to secure such obligations.

18. Revival of Obligations. If the Agent and/or the Lenders receive any payment of the Obligations, in whole or in part, from any source, and if any portion of any such payment or any portion of the Agent's or the Lenders' interest in any Collateral is declared invalid, set aside, disgorged, returned, refunded, or avoided, or is subject to any setoff, recoupment, or counterclaim, due to any cause of action asserted by the Borrower or the Borrower's creditors or trustee in bankruptcy, including but not limited to any setoff, recoupment, or counterclaim for preference, fraudulent conveyance, breach of contract, tort, or otherwise, then to the extent of that portion of any such payment or the Agent's or the Lenders' interest in the Collateral, the Obligations shall be revived and continued in effect without reduction or discharge for that portion of any such payment or portion of the Collateral. The entry of any final judgment or order by a court of competent jurisdiction against the Agent or the Lenders, or the Lenders' good-faith settlement with any party (including a determination to comply with a demand made by any party) which has the effect of invalidating or setting aside any interest in the Collateral, or requiring the Agent or the Lenders to refund, disgorge, restore or return any such payment or any of the Collateral shall be binding on the Borrower.

19. General Provisions.

19.1 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including Lender wire, telex, facsimile transmission or similar writing) and shall be given to such party at its address, facsimile number or telex number set forth on Schedule II attached hereto or such other address, facsimile number or telex number as such party may hereafter specify for the purpose by notice to the Agent, each Lender, and the Borrower. Each such notice, request or other communication shall be effective (i) if given by telex, when such telex is transmitted to the telex number specified in this Section and the appropriate answer back is received, (ii) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (iii) if given by mail, seventy-two (72) hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iv) if given by any other means, when delivered at the address specified in this Section.

19.2 Successors and Assigns. This Agreement shall be binding on the Borrower, the Borrower's successors and assigns, and inure to the benefit of the Agent and the Lenders' successors

and assigns. The Borrower shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Agents.

19.3 Entire Agreement. The execution of this Agreement supersedes all the negotiations or stipulations concerning the subject matter hereof which preceded or accompanied the execution and delivery of this Agreement. This Agreement is intended by the parties hereto to be a complete and exclusive statement of the terms and conditions hereof.

19.4 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO THE CONFLICTS OR CHOICE OF LAW PRINCIPLES THEREOF.

19.5 CONSENT TO JURISDICTION. THE BORROWER HEREBY IRREVOCABLY CONSENTS TO THE PERSONAL JURISDICTION OF THE COURTS LOCATED IN THE DISTRICT OF COLUMBIA AND THE FEDERAL COURTS LOCATED THEREIN AND THE FEDERAL COURTS LOCATED IN THE STATE OF NEW YORK IN ANY ACTION, CLAIM OR OTHER PROCEEDING ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER, OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS. THE BORROWER HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF A SUMMONS AND COMPLAINT AND OTHER PROCESS IN ANY ACTION, CLAIM OR PROCEEDING BROUGHT BY THE AGENT OR ANY LENDER IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER, OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS, ON BEHALF OF THEMSELVES AND THEIR PROPERTY, IN THE MANNER SPECIFIED IN SECTION 19.1 (PROVIDED, TELECOPY NOTICES MAY NOT BE USED FOR THIS PURPOSE). NOTHING IN THIS SECTION 19.5 SHALL AFFECT THE RIGHT OF THE AGENT OR ANY LENDER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF THE AGENT OR ANY LENDER TO BRING ANY ACTION OR PROCEEDING AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY OTHER JURISDICTIONS.

19.6 WAIVER OF JURY TRIAL. THE AGENT, EACH LENDER AND THE BORROWER EACH HEREBY IRREVOCABLY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION, CLAIM OR OTHER PROCEEDING ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER, OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS.

19.7 Cumulative Remedies. All rights and remedies provided in and contemplated by this Agreement are cumulative and not exclusive of any right or remedy otherwise provided herein, therein, at law or in equity.

19.8 Severability. If for any reason any provision or provisions hereof are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

19.9 Section Titles. The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

19.10 Counterparts. This Agreement may be executed in any number of identical counterparts, each of which shall be an original, but all of which shall constitute one and the same agreement.

19.11 Further Assurances. The Borrower agrees, upon the written request of the Agent, to execute and deliver to the Agent, from time to time, any additional instruments or documents reasonably considered necessary by the Agent to cause this Agreement and the Obligations to be, become, or remain valid and effective, or to cause the Agent's security interest in the Collateral to be, become, or remain duly perfected.

19.12 Waivers. The Agent shall not by any act, delay, omission or otherwise be deemed to have waived any of its respective rights or remedies hereunder, and no waiver by the Agent shall be valid unless in writing, signed by the Agent, and then only to the extent therein set forth. A waiver by the Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Agent would otherwise have had on any future occasion.

19.13 Agent's Professional Fees and Expenses. If at any time or times whether prior or subsequent to the commencement of a bankruptcy case and whether or not an Event of Default or other breach or default exists or has occurred under this Agreement, the Agent employs legal counsel or other professionals (including, but not limited to, attorneys, accountants, consultants, inspectors, engineers, environmental experts, title insurers, appraisers, brokers or auctioneers) for advice or other representation or incurs other costs and expenses in connection with and of (i) the negotiation or preparation of this Agreement or any amendments, modifications, extensions, or renewals thereto or thereof; (ii) any litigation, contest, dispute, suit, case, proceeding or action (whether instituted by the Agent, the Lenders, the Borrower or any other Person), in any way relating

to this Agreement, the Collateral or the affairs of the Borrower; (iii) any litigation, contested matter, adversary proceeding, dispute, suit, case, proceeding or action and any appeal or review thereof in connection with a case commenced by or against the Borrower, under the Federal bankruptcy or reorganization laws or any other applicable Federal or state bankruptcy, insolvency, debtor relief, reorganization or similar law; (iv) the monitoring, appraisal, inspection, verification, protection, notification, collection, sale, liquidation or other disposition of the Collateral, and (v) taking any action establishing, preserving, or enforcing any right or remedy permitted hereunder, then in any such event, the Borrower shall pay to and reimburse the Agent for the reasonable professional fees, including reasonable attorneys' fees, arising from such advice or other representation and all expenses, costs, charges and other fees incurred by or on behalf of the Agent in connection therewith, and the same shall constitute Obligations of the Borrower to the Agent secured by the Collateral.

IN WITNESS WHEREOF, this Agreement is executed effective as of the day and year first above written.

AMERICAN PASSENGER RAIL CAR COMPANY,  
L.L.C., a Delaware limited liability  
company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIDELITY AND DEPOSIT COMPANY OF  
MARYLAND, as Agent

By:  \_\_\_\_\_  
Name: Robert L. Lawrence  
Title: Senior Vice President

IN WITNESS WHEREOF, this Agreement is executed effective as of the day and year first above written.

**AMERICAN PASSENGER RAIL CAR COMPANY,  
L.L.C., a Delaware limited liability  
company**

By: James C. Gerber  
Name: James C. Gerber  
Title: Chief Financial Officer

**FIDELITY AND DEPOSIT COMPANY OF  
MARYLAND, as Agent**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

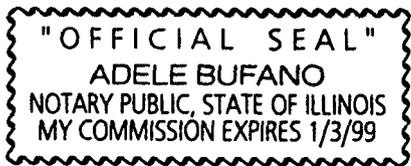
State of Illinois

County of Cook \_\_\_\_\_;

On this 28th day of August, 1996 before me personally appeared James C. Gerber, to me personally known, who being by me duly sworn, says that he is the Vice President/Finance and Administration of AMERICAN PASSENGER RAIL CAR COMPANY L.L.C., that the seal 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.

Adele Bufano  
Signature of Notary Public

My commission expires 1-3-99.



State of Maryland

County of Baltimore ;

On this 28th day of August, 1996 before me personally appeared Robert L. Lawrence, to me personally known, who being by me duly sworn, says that he is the Senior Vice President of Fidelity and Deposit Company of Maryland, that the seal 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.



*[Handwritten Signature]*

Signature of Notary Public



My commission expires 2-1-97

From

Melissa M. Weiss

*for Keith Decker  
to get to the  
STB*

*# 20248*

DESCRIPTION OF THE COLLATERAL

All of the Company's assets and property of every type and nature whatsoever, whether now existing or hereafter created or acquired, including, without limitation:

A. All accounts as such term is defined in the Uniform Commercial Code including, without limitation, accounts receivable, other receivables, book debts and other forms of obligations (other than forms of obligations evidenced by chattel paper, documents or instruments, but only to the extent that such chattel paper, documents or instruments are not proceeds of accounts) now owned or hereafter received or acquired by or belonging to owing to the Company, whether arising out of goods sold or services rendered by the Company or from any other transaction, including, without limitation,

(1) All accounts arising in connection with any and all of the Contracts (as hereinafter defined);

(2) All rights in, to and under all purchase orders or receipts now owned or hereafter acquired by the Company for goods or services;

(3) All rights to any goods represented by any of the foregoing (including without limitation, an unpaid seller's rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods);

(4) All monies due or to become due under all purchase orders and contracts for the sale of goods or the performance of services or both by the Company or in connection with any other transaction (whether or not yet earned by performance on the part of the Company) now or hereafter in existence, including, without limitation, the right to receive the proceeds of said purchase orders and contracts; and

(5) All collateral, security and guaranties of any kind, now or hereafter in existence, given by any person or entity with respect to any of the foregoing;

B. All chattel paper as defined in the Uniform Commercial Code;

C. All contracts, undertakings, or agreements (other than rights evidenced by chattel paper, documents or instruments) in or under which the Company may now or hereafter have any right, title or interest, including, without limitation, (i) any agreement relating to the terms of payment or the terms of performance of any account of the Company, (ii) the Agreement dated as of March, 1992, between the Company (as assignee of Morrison Knudsen Corporation) and the State of California Department of Transportation, as amended (the "Caltrans Contract"), (iii) the Agreement dated as of February, 1993, between the Company (as assignee of Morrison Knudsen Corporation) and the National Railroad Passenger Corporation, as amended (the "Amtrak Contract"), (iv) the Agreement dated as of April, 1992, between the Company (as assignee of Morrison Knudsen Corporation) and the Bay Area Rapid Transit District, as amended (the "BART Contract"), and (v) the Proposal/Contract (Rev. 1/24/92) between the Company (as assignee of Morrison Knudsen Corporation) and the Commuter Rail Division of the Regional Transportation Authority, an Illinois corporation, as amended, (the "Metra Contract") (the Caltrans Contract, the Amtrak Contract, the BART Contract, and the Metra Contract, collectively, together with all other contracts with customers of the Company constitute the "Contracts").

D. All documents as defined in the Uniform Commercial Code, including, without limitation, all bills of lading, dock warrants, dock receipts, warehouse receipts, or other documents of title;

E. All equipment as defined in the Uniform Commercial Code, including, without limitation, all machinery, equipment, furnishings, vehicles and computers and other electronic data-processing and other office equipment, and any and all additions, substitutions and replacements of any of the foregoing, together with all attachments, components, parts, equipment, and accessories installed on or affixed to any of the foregoing;

F. All fixtures as defined in the Uniform Commercial code, including, without limitation, all of the fixtures, systems, machinery, apparatus, equipment and fittings of every kind and nature whatsoever and all appurtenances and additions therefor or replacements thereof, new or hereafter attached or affixed to or constituting a part of, or located in or upon, real property

wherever located (including, without limitation, all heating, electrical, mechanical, lighting, lifting, plumbing, ventilating, air-conditioning and air cooling, refrigerating, incinerating and power, loading and unloading, signs, escalators, elevators, boilers, communication, switchboards, sprinkler and other fire prevention and extinguishing fixtures, systems, machinery, apparatus and equipment, and all engines, motors, dynamos, machinery, pipes, pumps, tanks, conduits and ducts constituting a part of any of the foregoing, together with all extensions, improvements, betterments, renewals, substitutes, and replacements of, and all additions and appurtenances to any of the foregoing property);

G. All general intangibles as defined in the Uniform Commercial Code, including, without limitation, all right, title and interest which the Company may now or hereafter have in or under any contracts, customer lists, trademarks, patents, service marks, trade names, business names, corporate names, trade styles, logos and other source or business identifiers, and all applications therefor and reissues, extensions or renewals thereof, rights in intellectual property, interests in and rights to distributions from partnerships, joint ventures and other business associations, licenses, permits, copyrights, trade secrets, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, data, skill, expertise, experience, processes, models, drawings, materials and records, goodwill (including, without limitation, the goodwill associated with any trademark, trademark registration or trademark licenses under any trademark license), all rights and claims in or under insurance policies (including, without limitation, insurance for fire, damage, loss, and casualty, whether covering personal property, real property, tangible rights or intangible rights, all liability, life, key person, and business interruption insurance, and all unearned premiums), uncertificated securities, choses in action, deposit accounts and other bank accounts, rights to receive tax refunds, and other payments and rights of indemnification;

H. All instruments as defined in the Uniform Commercial Code, including, without limitation, all certificated and uncertificated securities, all certificates of deposit, and all notes and other evidences of indebtedness, other than instruments that constitute, or are a part of a group or writings that constitute, chattel paper;

I. All inventory as defined in the Uniform Commercial Code, including, without limitation, all which are held by or on behalf of the Company for s inventory, merchandise, goods and other personal propertyale or lease or are furnished or are to be furnished under a contract of service or which constitute raw materials, work in process or materials used or consumed or to be used or consumed in the Company's business or in the processing, production, packaging, promotion, delivery or shipping of the same, including, without limitation, other supplies, and all finished goods, and goods held by the Company on a consignment basis;

J. All leasehold interests or other interests in real property now owned or hereafter acquired by the Company as lessees or sublessors;

K. All money, cash or cash equivalents of the Company;

L. All books and records (including, without limitation, customer lists, credit files, computer programs, printouts, and other computer materials and records) of the Company pertaining to any of the foregoing;

M. All other goods and personal property of the Company, whether tangible or intangible and whether now or hereafter owned or existing, leased, consigned by or to, or acquired by the Company, and wherever located; and

N. To the extent not otherwise included, all proceeds of the foregoing, in any form (including, without limitation, any insurance proceeds, and all claims by the Company against third parties for loss or damage to, or destruction of, or otherwise relating to any or all of the foregoing) and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing.

## Schedule I

### Locations of Offices and Collateral

Chicago Locations: American Passenger Rail Car Company, L.L.C.  
("Amerail")  
900 East 103 Street  
Chicago, IL 60628

COPCO Steel (Sub-Lease)  
750 East 110th Street  
Chicago, IL

Capital Engineering  
5837 South Ashland Avenue  
Chicago, IL 60636

Centerpoint Properties  
900 East 103rd Street  
Chicago, IL 60628

Thermo King  
2940 Gunter Park Drive  
Montgomery, AL 36109

Bay 4 (Located at East Chicago  
Indust Ctr)  
425 West 151 Street  
East Chicago, IL

Thermo King (Main Plant)  
314 West 90th Street  
Minneapolis, MN 55420

InterConex, Inc.  
375 Village Drive  
Carol Stream, IL

Clements National  
6650 South Narragansett  
Chicago, IL 60638

Coach & Car  
1951 Arthur Avenue  
Elk Grove, IL 60007

Priority Manufacturing  
730 North Edgewood  
Wood Dale, IL 60191

Norfolk Southern  
97th Street  
Chicago, IL 60628

Architectural Specialty  
Bedford Park Facility  
6312 West 74th Street  
Chicago, IL 60638

Advanced Transit Services  
48 Pearce Street  
Philadelphia, PA 19124

Sumitomo  
Toyokawa, Japan  
Osaka, Japan

Viking Engineering  
8947 South State Street  
Chicago, IL 60619

Connecticut:

Amerail  
50 Union Ave.  
New Haven, CT 06519

Hornell Locations:

Amerail  
Horton Street  
Hornell, NY 14843

Amerail  
Shawmut Park  
Hornell, NY 14843

Amerail  
MK Drive  
Hornell, NY 14843

Amerail  
Southyard Storage Bldg.  
Ice House Road  
Hornell, NY 14843

Todco Building  
7167 Rte. 353  
Cattaraugus, NY 14719

WABCO Shipping Dept.  
Location 200 - 400  
Spartanburg, SC

SCHEDULE II

ADDRESSES FOR NOTICES

BORROWER

American Passenger Rail Car Company L.L.C.  
900 East 103rd Street  
Chicago, IL 60628  
Attn: Mr. James C. Gerber, Vice President  
Finance and Administration  
Phone: (312)264-9730  
Fax: (312) 264-5218

AGENT

Fidelity and Deposit Company of Maryland  
Claims Division  
300 St. Paul Place, 17th Floor  
Baltimore, Maryland 21202

Post Office Box 17171  
Baltimore Maryland, 21203

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Phone: (410) 528-4659  
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