

RECORDATION NO. 14480 / A  
Filed 1425

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New Member

INTERSTATE COMMERCE COMMISSION

Agatha L. Mergenovich  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

NOV 20 12 02 PM '84

14480

- A

NOV 20 1984 - 12 15 PM

NOV 20 1984 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

Dear Ms. Mergenovich:

Enclosed for recordation under the provisions of Section 11303 of Title 49 of the U.S. Code are the original and five counterparts of a Security Agreement dated as of November 15, 1984 and a Security Agreement Supplement No. 1 dated as of November 20, 1984. The Security Agreement is a primary document and the Security Agreement Supplement No. 1 is a secondary document.

A general description of the railroad rolling stock covered by the enclosed documents and intended for use related to interstate commerce is set forth in Schedule 1 attached to this letter and made a part hereof.

The names and addresses of the parties to the Security Agreement and the Security Agreement Supplement No. 1 are as follows:

Debtor: The Connecticut Bank and Trust Company, National Association, not individually but solely as Owner Trustee under Conrail Trust No. 84-1  
One Constitution Plaza  
Hartford, Connecticut 06115  
Attention: Corporate Trust Department

4-325A062

Secured Party: State of Wisconsin Investment Board  
201 East Washington Avenue  
P.O. Box 7842  
Madison, Wisconsin 53707  
Attention: Investment Director - Private Placements

The undersigned is the Debtor mentioned in the enclosed documents and has knowledge of the matters set forth therein.

Please return the original and any extra copies of the Security Agreement and the Security Agreement Supplement No. 1 not needed by the Commission for recordation to Elizabeth L. Majers, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$20.00 covering the required recording fee.

*Elizabeth L. Majers*

A short summary of the enclosed primary document to appear in the Index is as follows:

Security Agreement between The Connecticut Bank and Trust Company, National Association, not individually but solely as Owner Trustee under Conrail Trust No. 84-1, as Debtor, One Constitution Plaza, Hartford, Connecticut 06115, Attention: Corporate Trust Department and The State of Wisconsin Investment Board, as Secured Party, 201 East Washington Avenue, P.O. Box 7842, Madison, Wisconsin 53707, Attention: Investment Director - Private Placements covering railroad rolling stock.

A short summary of the enclosed secondary document to appear in the Index is as follows:

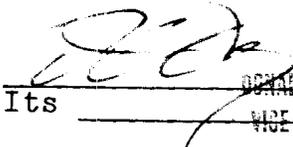
Security Agreement Supplement No. 1 between The Connecticut Bank and Trust Company, National Association, not individually but solely as Owner Trustee under Conrail Trust No. 84-1, as Debtor, One Constitution Plaza, Hartford, Connecticut 06115, Attention: Corporate Trust Department and The State of Wisconsin Investment Board, as Secured Party, 201 East Washington Avenue, P.O. Box 7842, Madison, Wisconsin 53707, Attention: Investment Director - Private Placements covering railroad rolling stock.

Very truly yours,

THE CONNECTICUT BANK AND TRUST  
COMPANY, National Association,  
not individually but solely as  
Owner Trustee under Conrail  
Trust No. 84-1

By

Its

  
DONALD E. SMITH

VICE PRESIDENT

Enclosures

Schedule 1

<u>Type</u>	<u>Builder</u>	<u>Builder's Specific-ations</u>	<u>Builders' Plant</u>	<u>Quantity</u>	<u>Road Numbers (Both Inclusive)</u>	<u>Estimated Unit Base Price</u>	<u>Estimated Total Base Price</u>	<u>Estimated Time and Place of Delivery</u>
Ballast cars with side dump 1750 cu.ft. 100-ton	Green-ville Steel Car Company	H-2095-A 6/26/84	Green-ville, Pennsylvania	200	CR 56549-56748	\$35,000	\$ 7,000,000	November-December, 1984, at Builder's Plant.
Gondola cars, 52 ft. 5 ft. sides 100-ton	Consolidated Rail Corporation		Holidays-berg, Pennsylvania	338	CR 582264-582601	\$39,850	13,469,300 \$20,469,300	November-December, 1984, at Builder's Plant.

RECORDATION NO. 14480 Filed 11/20/84

NOV 20 1984 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

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SECURITY AGREEMENT

Dated as of November 15, 1984

From

THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION,  
not individually but solely as Owner Trustee  
under Conrail Trust No. 84-1

DEBTOR

to

STATE OF WISCONSIN INVESTMENT BOARD

SECURED PARTY

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(Conrail Trust No. 84-1)

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Attachments to Security Agreement:

- Annex 1 - Amortization Schedule
- Exhibit A - Form of Secured Note
- Exhibit B - Form of Security Agreement Supplement

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of November 15, 1984 (the "Security Agreement") is from **THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, not in its individual capacity but solely as Trustee (the "Debtor") under the Trust Agreement dated as of November 15, 1984 (the "Trust Agreement") between the Debtor and **IBM CREDIT CORPORATION**, a Delaware corporation (the "Trustor"), with Debtor's post office address being One Constitution Plaza, Hartford, Connecticut 06115 Attention: Corporate Trust Department to **STATE OF WISCONSIN INVESTMENT BOARD** (the "Secured Party"), whose post office address is 201 East Washington Avenue, P.O. Box 7842, Madison, Wisconsin 53707, Attention: Investment Director - Private Placements.

### RECITALS:

A. The Debtor and the Secured Party have entered into a Participation Agreement dated as of November 15, 1984 (the "Participation Agreement") with the Trustor, providing for the commitment of the Secured Party to purchase the 14.00% Secured Notes (the "Notes") of the Debtor in an aggregate principal amount not exceeding \$12,180,000. The Notes shall be dated the date of issue, shall bear interest at the rate of 14.00% per annum prior to maturity, and shall be payable in one installment of interest only for the period from and including the date of the Notes to, but not including, January 2, 1985, payable on January 2, 1985, followed by thirty-three (33) consecutive semiannual installments, including both principal and interest, in accordance with the Amortization Schedule attached hereto as Annex 1, with the first such installment to be paid on January 2, 1985 and the balance of such installments to be payable on each July 2 and January 2 thereafter to and including January 2, 2001, and to be otherwise substantially in the form of the Notes set forth as Exhibit A hereto.

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

C. The term Security Agreement shall mean and include any of the Security Agreement Supplements, substantially in the form of Exhibit B hereto, from time to time entered into by the Debtor and the Secured Party.

D. All of the requirements of law relating to the transaction contemplated hereby have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

### SECTION 1. GRANT OF SECURITY.

The Debtor in consideration of the premises and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to

secure the payment of all other indebtedness hereby secured and the performance and observance of all of the Debtor's covenants and conditions in the Notes and in this Security Agreement and in the Participation Agreement contained, does hereby convey, warrant, mortgage, assign, pledge and grant to the Secured Party, its successors and assigns, a security interest in, all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1, 1.2 and 1.3 hereof, subject always to those limitations set forth in Section 1.4 hereof and to Excepted Rights in Collateral as defined in Section 1.6 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

**1.1. Equipment Collateral.** Collateral includes the items of equipment from time to time specifically described in a Security Agreement Supplement substantially in the form attached hereto as Exhibit B (individually, "Security Agreement Supplement" and collectively "Security Agreement Supplements") and made a part hereof (collectively the "Equipment" and individually "Item" or "Item of Equipment"), constituting the Equipment leased and delivered under the Lease of Railroad Equipment dated as of November 15, 1984 (together with all supplements and amendments thereto, the "Lease"), between the Debtor, as lessor, and Consolidated Rail Corporation, a Pennsylvania corporation (the "Lessee"), as lessee, together with all accessories, equipment, parts, instruments and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, except such thereof as remains the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, together with all the rents, issues, income, profits and avails therefrom and the proceeds thereof.

**1.2. Rental Collateral.** Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under the Lease, including, without limitation:

(a) the immediate and continuing right to receive and collect all interim rent, basic rent, casualty value payments, purchase option payments, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the Debtor, as lessor under the Lease pursuant thereto, except those sums reserved as Excepted Rights in Collateral under Section 1.6 hereof;

(b) the right to make all waivers and agreements and to enter into any amendments relating to the Lease or any provision thereof; and

(c) the right to take such action upon the occurrence of an Event of Default under the Lease, or an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease; or by law, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease;

it being the intent and purpose hereof that, subject always to Excepted Rights in Collateral, the assignment and transfer to the Secured Party of said rights, powers,

privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all rental, casualty value payments and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

**1.3. Contract Collateral.** Collateral also includes all right, title, interest, claims, and demands of the Debtor in, to and under the Purchase Agreement dated as of November 15, 1984 (the "Purchase Agreement") among the Debtor, the Lessee and Greenville Steel Car Company and any and all other contracts and agreements relating to the Equipment or any rights or interests therein (other than the Trust Agreement and the Participation Agreement) to which the Debtor is now or may hereafter be a party, together with all rights, powers, privileges, options and other benefits of the Debtor under the Purchase Agreement and each and every other such contract and agreement, it being the intent and purpose hereof that, subject always to Excepted Rights in Collateral, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect until the indebtedness hereby secured has been fully paid and discharged.

**1.4. Limitations to Security Interest.** The security interest granted by this Section 1 is subject to (a) the right, title and interest of the Lessee in and to the Equipment under the Lease so long as no Event of Default under the Lease shall have occurred and be continuing and (b) the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith (collectively "Permitted Encumbrances").

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

**1.6. Excepted Rights in Collateral.** There are expressly excepted and reserved from the security interest and operation of this Security Agreement the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "Excepted Rights in Collateral") and nothing herein or in any other Agreement contained shall constitute an assignment of said Excepted Rights in Collateral to the Secured Party:

(a) all payments of any indemnity under Sections 6 and 16 of the Lease and the third full paragraph of Section 9 of the Lease or repayments of interest thereon under Section 18 of the Lease which by the terms of any of such sections of the Lease are payable to or for the benefit of the Debtor or the Trustor for its own respective account;

(b) all rights of the Debtor and the Trustor under the Lease or in law or equity to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor or the Trustor on account of any such indemnities

or payments, provided that the rights excepted and reserved by this paragraph (b) shall not be deemed to include the exercise of any remedies provided for in Section 10 of the Lease except those contained in Section 10(a) thereof; and

(c) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 7 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to or for the benefit of the Debtor or the Trustor for its own respective account.

## **SECTION 2. COVENANTS AND WARRANTIES OF THE DEBTOR.**

The Debtor covenants, warrants and agrees as follows:

**2.1. Debtor's Duties.** The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Participation Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of its covenants and agreements were fully set out herein and as though any amendment or supplement to the Participation Agreement were fully set out in an amendment or supplement to this Security Agreement.

**2.2. Warranty of Title.** The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor, excepting only the lien of this Security Agreement and Permitted Encumbrances. The Debtor also agrees that it will, at its own cost and expense, without regard to the provisions of Section 6 hereof, promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral arising by, through or under the Debtor not related to or connected with the ownership of the Equipment or the transactions contemplated by the Participation Agreement and the other Operative Agreements (as defined in the Participation Agreement) referred to therein, other than any such lien or encumbrance which the Debtor is contesting in good faith by appropriate proceedings or for which the Debtor has obtained a surety bond, which in either such case, prevents interference with the due payment by the Lessee of any rent payable under the Lease and the due application by the Secured Party of any such rent pursuant to this Security Agreement and which does not otherwise materially and adversely affect the interest and rights of the Secured Party in the Collateral. Without limiting the foregoing, there is no financing statement or other filed or recorded instrument in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor now on file in any public office covering any of the Collateral.

**2.3. Further Assurances.** The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances requested by the Secured Party and necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will, pursuant to Section 12 of the Lease, notify the Lessee of the assignment hereunder and direct the

Lessee to make all payments of such rents and other sums due and to become due under the Lease (other than sums constituting Excepted Rights in Collateral) directly to the Secured Party or as the Secured Party may direct in writing.

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

**2.5. Recordation and Filing.** The Debtor will cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such place as may be requested in writing by the Secured Party in order to fully preserve and protect the rights of the Secured Party hereunder. Without limiting the foregoing, the Debtor shall take all such other actions required by law or reasonably requested by the Secured Party for the purpose of evidencing, perfecting or preserving the security interest of the Secured Party granted in the Equipment.

**2.6. Modifications of the Lease.** The Debtor will not:

(a) declare a default or exercise the remedies of the Lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof;

(b) except in respect of sums constituting Excepted Rights in Collateral, receive or collect any payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate or grant a security interest in (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment; provided that nothing contained in this Section 2.6(c) shall be deemed to modify, amend or otherwise limit the provisions of Article VII of the Trust Agreement or Section 4.1 of this Security Agreement.

**2.7. Power of Attorney in Respect of the Lease.** The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Sections 1.1, 1.2 and 1.3 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do.

and to endorse the name of the Debtor on all "instruments" (as such term is defined in the Uniform Commercial Code of Connecticut) given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

**2.8. Notice of Default.** The Debtor further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an Event of Default under the Lease if an officer in the corporate trust department of the Debtor has actual knowledge of such event or condition.

### **SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.**

**3.1. Possession of Collateral.** While the Debtor is not in default hereunder, it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided, always, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

**3.2. Release of Property.** So long as no Event of Default referred to in Section 10 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 7 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and the receipt from the Lessee of all sums payable for such Item of Equipment in compliance with Section 7 of the Lease.

**3.3. Protection of Purchaser.** No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

### **SECTION 4. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.**

**4.1. Application of Rents and Other Payments.** As more fully set forth in Section 1.2 hereof, the Debtor has hereby granted to the Secured Party a security interest in rents, issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment as security for the Notes. So long as no Event of Default as defined in Section 5 hereof has occurred and is continuing:

(a) the amounts received by the Secured Party which constitute payment of interim rent referred to in clause (i) of the first paragraph of

Section 3 of the Lease shall be applied to the payment of interest on the Notes which is due and payable on January 2, 1985, and then the balance, if any, of such amounts shall be paid to or upon the order of the Debtor not later than the first business day following the receipt thereof;

(b) The amounts from time to time received by the Secured Party which constitute payment by the Lessee under the Lease of the installments of basic rent described in clause (ii) of the first paragraph of Section 3 of the Lease shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the Notes which have matured or will mature on or before the due date of the installments of rental which are received by the Secured Party, and then the balance, if any, of such amounts shall be paid to or upon the order of the Debtor not later than the first business day following receipt thereof;

(c) The amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the "Casualty Value" for an Item of Equipment pursuant to Section 7 of the Lease shall be applied by the Secured Party as follows:

(i) First, to the payment of an amount equal to the accrued and unpaid interest on that portion of the Notes to be prepaid pursuant to the following subparagraph;

(ii) Second, an amount equal to the Loan Value of such Item of Equipment for which settlement is then being made shall be applied to the prepayment of the Notes so that each of the remaining installments of each Note shall be reduced in the proportion that the principal amount that the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment; and

(iii) Third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (i) and (ii) shall be released to or upon the order of the Debtor not later than the first business day following the receipt thereof.

For purposes of this Section 4.1(c), the "Loan Value" in respect of any Item of Equipment shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Purchase Price (as defined in the Participation Agreement) of such Item of Equipment for which settlement is then being made and the denominator of which is the aggregate Purchase Price of all Items of Equipment (including the Purchase Price of such Item of Equipment), times (B) the unpaid principal amount of the Notes immediately prior to the prepayment provided for in this Section 4.1(c) (after giving effect to all payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.1(c));

(d) The amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of the Equipment, shall be held by the Secured Party as a part of the

Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(i) So long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Item of Equipment is to be repaired, be released to the Lessee to reimburse the Lessee for expenditures made for such repair upon receipt by the Secured Party of proof satisfactory to the Secured Party that any damage to such Item in respect of which such proceeds were paid has been fully repaired; and

(ii) If the insurance proceeds shall not have been released to the Lessee pursuant to the preceding paragraph (i) within 360 days from the receipt thereof by the Secured Party, or if within such period the Lessee shall have notified the Secured Party in writing that the Lease is to be terminated in respect of such Item of Equipment in accordance with the provisions of Section 7 of the Lease, then so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:

(A) First, to the prepayment of the Notes, all in the manner and to the extent provided for by Section 4.1(c) hereof; and

(B) Second, the balance, if any, of such insurance proceeds held by the Secured Party after making the applications provided for by the preceding subparagraph (A) shall be released to or upon the order of the Debtor not later than the first business day following receipt thereof.

**4.2. Multiple Notes.** If more than one Note is outstanding at the time any such application is made, such application shall be made on all outstanding Notes ratably in accordance with the aggregate principal amount remaining unpaid thereon.

**4.3. Default.** If an Event of Default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

**4.4. Prepayments.** Except to the extent provided for in this Section 4 of this Security Agreement, the Notes shall not be subject to prepayment or redemption in whole or in part at the option of the Debtor prior to the expressed maturity dates thereof.

**4.5. Amortization Schedules.** On the date of any partial prepayment of any Note, the Debtor shall cause the Trustor to deliver to the Secured Party two copies of an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of such partial prepayment and the unpaid principal balance of such Note after each such installment payment.

## **SECTION 5. DEFAULTS AND OTHER PROVISIONS.**

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

(a) Default in payment of an installment of the principal of, or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for five business days;

(b) An Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease;

(c) Default on the part of the Trustor in the due observance or performance of Section 8 of the Participation Agreement and such default shall continue unremedied for five business days;

(d) Default on the part of the Debtor or the Trustor in the due observance or performance of any other covenant or agreement to be observed or performed by the Debtor or the Trustor under this Security Agreement or any other Operative Agreement, and such default shall continue unremedied for 30 days after written notice thereof from the Secured Party to the Debtor and the Trustor specifying the default and demanding the same to be remedied;

(e) Any representation or warranty on the part of the Debtor or the Trustor made herein or in any other Operative Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement or any such other Operative Agreement or the transactions contemplated herein or therein, shall prove to have been false or misleading in any material respect when made;

(f) The Debtor or the Trustor becomes insolvent or bankrupt, is generally not paying its debts as they become due or makes an assignment for the benefit of creditors, or the Debtor or the Trustor causes or suffers an order for relief to be entered with respect to it under applicable Federal bankruptcy law or applies for or consents to the appointment of a custodian, trustee or receiver for the Debtor or the Trustor or for the major part of the property of either such party;

(g) A custodian, trustee or receiver is appointed for the Debtor or the Trustor for the major part of the property of either such party and is not discharged within 30 days after such appointment; or

(h) Bankruptcy, reorganization, arrangement or insolvency proceedings, or other proceedings for relief under any bankruptcy or similar law or laws for the relief of debtors, are instituted by or against the Debtor or the Trustor and, if instituted against the Debtor or the Trustor are consented to or are not dismissed within 60 days after such institution.

**5.2. Secured Party's Rights.** The Debtor agrees that when any Event of Default as defined in Section 5.1 has occurred and is continuing, but subject always to Section 6 hereof, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Connecticut (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

(a) The Secured Party may, and upon the written request of the holders of not less than 51% in principal amount of the Notes shall, by notice in writing to the Debtor and the Trustor declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid principal balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given telephonic notice of such sale (promptly followed by notice of such sale by certified mail) to the Debtor and the Trustor and the Lessee once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder, who may be the Debtor, the Trustor or the Lessee, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of the Notes, or of any interest therein, may bid and become the purchaser at any such sale;

(d) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or Agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof or, subject to the provisions of Section 6 hereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Lease, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

**5.3. Certain Rights of the Debtor on the Occurrence of an Event of Default Under the Lease.** Except as hereinafter provided, if an Event of Default under the Lease of which the Secured Party has knowledge shall have occurred and be continuing, the Secured Party shall give the Debtor and the Trustor not less than 30 days' prior written notice of the date (the "Enforcement Date") on or after which the Secured Party will exercise any remedy or remedies pursuant to Section 5.2 hereof. If an Event of Default under the Lease shall have occurred and be continuing, the Debtor shall have the following rights hereunder.

(a) **Right to Cure.** In the event of the occurrence of an Event of Default in respect of the payment of interim rent or basic rent (as such terms are used in the Lease) under the Lease on the day it becomes due and payable (unless there shall have occurred and be continuing any other Event of Default under the Lease other than a failure to pay interim rent or basic rent), the Debtor may, prior to the Enforcement Date, pay to the Secured Party an amount equal to any principal and interest (including interest, if any, on overdue payments of principal and interest) then due and payable on the Notes, and so long as all such payments remain paid in full when due such payment by the Debtor shall be deemed to cure any Event of Default under the Lease which would otherwise have arisen on account of the non-payment by the Lessee of such installment of rent under the Lease; provided however, that the Debtor may not exercise such right in respect of more than two consecutive interim or basic rent payment defaults or in any event more than four times during the term of the Lease. Each payment made by the Debtor pursuant to this Section 5.3 shall be accompanied by a certificate of the Debtor setting forth the number of times it has exercised its rights under this Section 5.3.

Except as hereinafter in this Section 5.3(a) provided, the Debtor shall not, by exercising the right to cure any such Event of Default, obtain any lien, charge or encumbrance of any kind on any of the Collateral for or on account of costs or expenses incurred in connection with the exercise of such right nor shall any claims of the Debtor against the Lessee or any other party for the repayment of such costs or expenses impair the prior right and

security interest of the Secured Party in and to the Collateral. Upon such payment by the Debtor of the amount of principal and interest then due and payable on the Notes, the Debtor shall be subrogated to the rights of the Secured Party in respect of the interim rent or basic rent which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue, and thereafter, if no other Event of Default shall have occurred and be continuing and if all principal and interest payments due on the Notes have been paid at the time of receipt by the Secured Party of such interim rent or basic rent, the Debtor shall be entitled to receive such interim rent or basic rent and such interest upon receipt thereof by the Secured Party; provided that (i) in the event the principal and interest on the Notes shall have become due and payable pursuant to Section 5.2(a) hereof, such subrogation shall, until principal of and interest on all Notes shall have been paid in full, be subordinate to the rights of the Secured Party in respect of such payment of interim rent or basic rent and such interest on such overdue interim rent or basic rent prior to receipt by the Debtor of any amount pursuant to such subrogation, and (ii) the Debtor shall not be entitled to seek to recover any such payment (or any payment in lieu thereof) except pursuant to the foregoing right of subrogation.

(b) **Option to Prepay Notes.** If the Secured Party shall have given the Debtor and the Trustor notice of an Enforcement Date pursuant to this Section 5.3, whether or not the Debtor shall then have the right to cure an Event of Default under the Lease pursuant to Section 5.3(a) above, the Debtor at any time may at its option prepay the Notes, without premium or penalty, by payment of the entire unpaid principal amount thereof, together with accrued interest thereon to the date of prepayment. Upon any such prepayment and satisfaction in full of all other indebtedness hereby secured, the Secured Party shall promptly release and terminate this Security Agreement and the interest granted hereby.

Nothing contained in this Security Agreement, including, without limitation, the Trustor's optional right to cure certain Events of Default as contained in this Section 5.3, shall be deemed or construed to amend, waive or otherwise modify the rights and obligations of the Trustor, the Secured Party and any other from time to time holder of the Notes as set forth in Section 8 of the Participation Agreement, including, without limitation, the mandatory obligation of the Trustor to make payments of principal and interest on the Notes as set forth in said Section 8 upon the terms and conditions therein set forth.

**5.4. Acceleration Clause.** In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, any purchasers for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes (including claims for interest matured and unpaid thereon), equal to the pro rata portion of the net proceeds of such sale to which such purchaser is entitled on account of all Notes owned by such purchaser.

**5.5. Waiver by Debtor.** To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time

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

**5.6. Effect of Sale.** Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, whether at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

**5.7. Application of Sale Proceeds.** The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper fees, expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment of the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal, interest and premium, if any; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest and premium, if any, with application on each Note to be made, first, to the unpaid interest thereon, second, to unpaid premium, if any, thereon, and third, to unpaid principal thereof; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

**5.8. Discontinuance of Remedies.** In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry

or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Secured Party and the holder or holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

**5.9. Cumulative Remedies.** No delay or omission of the Secured Party or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranty.

## **SECTION 6. LIMITATIONS OF LIABILITY.**

Anything in this Security Agreement, the Participation Agreement, the Notes, the Lease, any certificate, opinion or document of any other from time to time any nature whatsoever to the contrary notwithstanding, neither the Secured Party nor any other from time to time holder of any Note nor their respective successors or assigns shall have any claim, remedy or right to proceed (at law or in equity) against the Debtor (except as expressly provided in Section 2.2 hereof and in Sections 3.1, 3.2(a) and 6 of the Participation Agreement) for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Notes, such indebtedness being nonrecourse to the Debtor, or for the payment of any liability resulting from the breach of any representation, agreement or warranty made hereunder of any nature whatsoever from any source other than the Collateral (including sums due and to become due under the Lease); and the Secured Party and any other from time to time holder of the Notes by acceptance thereof waives and releases any personal liability of the Debtor (except as expressly provided in Section 2.2 hereof and in Sections 3.1, 3.2(a) and 6 of the Participation Agreement) for and on account of such indebtedness or such liability, and the Secured Party and the holders of the Notes agree to look solely to the Collateral for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the Secured Party and the holders of the Notes to accelerate the maturity of the Notes upon a default thereunder, to bring suit and obtain a judgment against the Debtor on the Notes (provided that the Debtor shall not have any personal liability on any such judgment and the satisfaction thereof shall be limited to the Collateral, including any interest therein of the Debtor) or, subject to the terms and conditions of the Lease, to foreclose the lien of this Security Agreement or otherwise realize upon the Collateral, including the right to proceed against the Lessee under the Lease; and provided, further, that nothing herein contained shall limit the liability of the Debtor for its own gross negligence or willful misconduct.

Nothing contained in the Notes or this Security Agreement, including, without limitation, this Section 6, shall be deemed or construed to amend, waive or otherwise modify the rights and obligations of the Trustor, the Secured Party and any other from time to time holder of the Notes as set forth in Section 8 of the Participation Agreement.

## **SECTION 7. MISCELLANEOUS.**

**7.1. Registration and Execution.** The Notes shall be registered as to principal and interest and shall be signed on behalf of the Debtor by any officer of the Debtor who, at the date of the actual execution thereof, shall be a proper officer to execute the same.

**7.2. Payment of the Notes.** (a) The principal of, and premium, if any, and interest on the Notes shall be payable by wire transfer of immediately available funds, in the case of the original Secured Party, as provided in Schedule 2 to the Participation Agreement or as such Secured Party shall otherwise designate, and in the case of any other holder of the Notes, to such bank or trust company in the continental United States for the account of such holder as the holder shall designate to the Debtor and the Lessee from time to time in writing, and if no such designation is in effect, by check, duly mailed, by first class, postage prepaid, or delivered to such holder at its address appearing on the Register as defined in Section 7.3. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums so paid. Each holder (or the person for whom such holder is a nominee) by its acceptance of any Note agrees that, before selling, transferring or otherwise disposing of such Note, it will present such Note to the Debtor for transfer and notation as provided in Sections 7.4 and 7.5.

(b) All amounts constituting payment of the installments of rental under the Lease or Casualty Value received by the Secured Party and applied on the Notes pursuant to Section 4 hereof shall be valid and effectual to satisfy and discharge the liability upon such Notes to the extent of the amounts so received and applied.

**7.3. The Register.** The Debtor will keep at its principal corporate trust office a register for the registration and transfer of Notes (herein called the "Register"). The names and addresses of the holders of the Notes, the transfers of the Notes and the names and addresses of the transferees of all Notes shall be registered in the Register.

### **7.4. Transfers and Exchanges of Notes; Lost or Mutilated Notes.**

(a) The holder of any Note may transfer such Note upon the surrender thereof at the principal corporate office of the Debtor. Thereupon, the Debtor shall execute in the name of the transferee a new Note or Notes in denominations not less than \$100,000 in aggregate principal amount equal to the unpaid principal amount of the Note so surrendered and deliver such new Note or Notes to the Secured Party for delivery to such transferee.

(b) The holder of any Note or Notes may surrender such Note or Notes at the corporate trust office of the Debtor, accompanied by a written request for a new Note or Notes in the same aggregate principal amount as the then unpaid principal amount of the Note or Notes so surrendered and in denominations of \$100,000 or such amount in excess thereof as may be

specified in such request. Thereupon, the Debtor shall execute in the name of such holder a new Note or Notes in the denomination or denominations so requested and in the aggregate principal amount equal to the aggregate unpaid principal amount of the Note or Notes so surrendered and deliver such new Note or Notes to such holder, and shall advise the Secured Party thereof.

(c) All Notes presented or surrendered for exchange or transfer shall be accompanied (if so required by the Debtor) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Debtor, duly executed by the registered holder or by its attorney duly authorized in writing. The Debtor shall not be required to make a transfer or an exchange of any Note for a period of ten days preceding any installment payment date with respect thereto.

(d) No notarial act shall be necessary for the transfer or exchange of any Note pursuant to this Section 7.4, and the holder of any Note issued as provided in this Section 7.4 shall be entitled to any and all rights and privileges granted under this Security Agreement to a holder of a Note.

(e) In case any Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Note in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Debtor such security or indemnity as may be required by the Debtor to save it harmless from all risks, and the applicant shall also furnish to the Debtor evidence to its satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substituted Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note), if the applicant for such payment shall furnish to the Debtor such security or indemnity as the Debtor may require to save it harmless, and shall furnish evidence to the satisfaction of the Debtor of the mutilation, destruction, loss or theft of such Note and the ownership thereof. If the Secured Party, or its nominee, is the owner of any such lost, stolen or destroyed Note, then the affidavit of the president, vice president, treasurer or assistant treasurer of the Secured Party setting forth the fact of loss, theft or destruction and of its ownership of the Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no indemnity shall be required as a condition to execution and delivery of a new Note other than the written Agreement of the Secured Party to indemnify the Debtor for any claims or action against it (and for its attorney's fees in connection therewith) resulting from the issuance of such new Note or the reappearance of the old Note. The Debtor shall advise the Secured Party when any Note is issued pursuant to this Section 7.4(e) as to the details relating to such issuance.

#### **7.5. The New Notes.**

(a) Each new Note (herein, in this Section 7.5, called a "New Note") issued pursuant to Section 7.4(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Note (herein, in this Section 7.5, called an "Old Note") shall be dated the date of such Old Note. The Debtor shall mark on each New Note (i) the dates to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) the amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear the same proportion to the installment payment payable on such Old Note on such date as the original principal amount of such New Note bears to the original aggregate principal amount of such Old Note. Interest shall be deemed to have been paid on such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) Upon the issuance of a New Note pursuant to Section 7.4(a), (b) or (e), the Debtor may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge or any other charges and expenses connected therewith which are paid or payable by the Debtor.

(c) All New Notes issued pursuant to Section 7.4(a), (b) or (e) in exchange for or in substitution or in lieu of Old Notes shall be valid obligations of the Debtor evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as the Old Notes.

(d) Upon the issuance of any Note pursuant to this Security Agreement, the Debtor shall prepare and deliver to the Secured Party an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of issuance thereof and the unpaid principal balance of such Note after each such installment payment.

(e) Any holder of a New Note other than the Secured Party shall agree in writing to be bound by all of the terms of the Participation Agreement and this Security Agreement.

**7.6. Cancellation of Notes.** All Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Debtor for cancellation or, if surrendered to the Debtor, shall be cancelled by it, and no Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Security Agreement.

**7.7. Registered Owner.** The person in whose name any Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Security Agreement and the Debtor and the Secured Party shall not be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and

interest on such Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor may deem and treat the registered owner of any Note as the owner thereof without production of such Note.

**7.8. Successors and Assigns.** Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

**7.9. Partial Invalidity.** The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision herein contained unenforceable or invalid, provided that nothing contained in this Section 7.9 shall be construed to be in derogation of any rights or immunities of the Debtor in its individual capacity under Section 6 hereof, or to amend or modify any limitations or restrictions of the Secured Party or the holder of any Note or their respective successors or assigns under said Section 6.

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

If to the Debtor:

The Connecticut Bank and Trust Company,  
National Association,  
not individually but solely as Owner  
Trustee under Conrail Trust No. 84-1  
One Constitution Plaza  
Hartford, Connecticut 06115  
Attention: Corporate Trust Department

with a copy to:

IBM Credit Corporation  
1455 East Putnam Avenue  
Old Greenwich, Connecticut 06870  
Attention: Counsel

If to the Secured Party:

State of Wisconsin Investment Board  
201 East Washington Avenue  
P.O. Box 7842  
Madison, Wisconsin 53707  
Attention: Investment Director-Private  
Placements

If to another  
holder of Notes:

At its address for notices set  
forth in the Register

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

**7.11. Amendments.** This Security Agreement may, from time to time and at any time, be amended or supplemented by an instrument or instruments in writing executed by the parties hereto.

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

**7.13. Governing Law.** This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the State of Connecticut; provided, however, that the Secured Party shall be entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

**7.14. Counterparts.** This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

**7.15. Headings.** Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

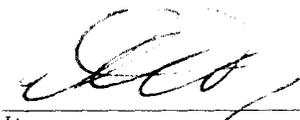
IN WITNESS WHEREOF, the Debtor and the Secured Party have caused this Security Agreement to be executed, as of the day and year first above written.

**THE CONNECTICUT BANK AND TRUST  
COMPANY, NATIONAL ASSOCIATION,**  
not individually but solely as Owner  
Trustee under Conrail Trust No. 84-1

[CORPORATE SEAL]

Attest:

  
Assistant Secretary

By   
Its VICE PRESIDENT

DEBTOR

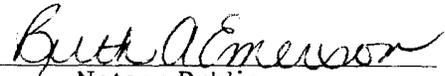
**STATE OF WISCONSIN INVESTMENT  
BOARD**

By \_\_\_\_\_  
Its \_\_\_\_\_

SECURED PARTY

STATE OF CONNECTICUT )  
 ) SS.:  
COUNTY OF HARTFORD )

On this 19th day of November, 1984, before me personally appeared DONALD E. SMITH, to me personally known, who, being by me duly sworn, says that he is a VICE PRESIDENT of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association 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 national association.



Notary Public  
RUTH A. EMERSON  
NOTARY PUBLIC

MY COMMISSION EXPIRES MARCH 31, 1989

(Notarial Seal)

My Commission expires

STATE OF WISCONSIN )  
 ) SS.:  
COUNTY OF DANE )

On this \_\_\_\_\_ day of November, 1984, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, says that he is \_\_\_\_\_ of STATE OF WISCONSIN INVESTMENT BOARD, that one of the seals affixed to the foregoing instrument is the seal of said corporation and 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.

\_\_\_\_\_  
Notary Public

(Notarial Seal)

My Commission expires

## AMORTIZATION SCHEDULE

(Payments Required for \$1,000,000 Principal Amount  
of 14.00% Secured Notes Issued by Debtor)

Number of Installment	Installment Payment Date	Principal Outstanding	Portion Allocated to Interest	Portion Allocated to Principal	Total Payment
	12/28/84	1,000,000.00			
1	1/02/85	925,168.60	*	74,831.40	74,831.40
2	7/02/85	915,099.00	64,761.80	10,069.60	74,831.40
3	1/02/86	904,324.53	64,056.93	10,774.47	74,831.40
4	7/02/86	892,795.85	63,302.72	11,528.68	74,831.40
5	1/02/87	880,460.16	62,495.71	12,335.69	74,831.40
6	7/02/87	867,260.97	61,632.21	13,199.19	74,831.40
7	1/02/88	853,137.84	60,708.27	14,123.13	74,831.40
8	7/02/88	838,026.09	59,719.65	15,111.75	74,831.40
9	1/02/89	821,856.52	58,661.83	16,169.57	74,831.40
10	7/02/89	804,555.08	57,529.96	17,301.44	74,831.40
11	1/02/90	786,042.53	56,318.85	18,512.55	74,831.40
12	7/02/90	766,234.11	55,022.98	19,808.42	74,831.40
13	1/02/91	745,039.10	53,636.39	21,195.01	74,831.40
14	7/02/91	736,096.85	52,152.74	8,942.25	61,094.99
15	1/02/92	719,363.28	51,526.78	16,733.57	68,260.35
16	7/02/92	709,769.75	50,355.43	9,593.53	59,948.96
17	1/02/93	691,741.50	49,683.88	18,028.25	67,712.13
18	7/02/93	681,446.61	48,421.90	10,294.89	58,716.79
19	1/02/94	645,397.44	47,701.26	36,049.17	83,750.43
20	7/02/94	627,893.75	45,177.82	17,503.69	62,681.51
21	1/02/95	594,153.46	43,952.56	33,740.29	77,692.85
22	7/02/95	575,349.17	41,590.74	18,804.29	60,395.03
23	1/02/96	539,024.53	40,274.44	36,324.64	76,599.08
24	7/02/96	518,820.43	37,731.71	20,204.10	57,935.81
25	1/02/97	479,715.19	36,317.43	39,105.24	75,422.67
26	7/02/97	458,005.13	33,580.06	21,710.06	55,290.12
27	1/02/98	415,908.44	32,060.36	42,096.69	74,157.05
28	7/02/98	375,000.53	29,113.59	40,907.91	70,021.50
29	1/02/99	309,791.43	26,250.03	65,209.10	91,459.13
30	7/02/99	240,017.70	21,685.40	69,773.73	91,459.13
31	1/02/00	165,359.81	16,801.24	74,657.89	91,459.13
32	7/02/00	85,475.86	11,575.18	79,883.95	91,459.13
33	1/02/01	.00	5,983.28	85,475.86	91,459.14
			1,439,783.13	1,000,000.00	2,439,783.13

\* Accrued interest will be paid on this date.

**THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION,**  
not individually but solely as Owner Trustee  
under Conrail Trust No. 84-1

**14.00% SECURED NOTE**

No.

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FOR VALUE RECEIVED, the undersigned, THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, not individually but solely as Owner Trustee (the "Debtor") under that certain Trust Agreement dated as of November 15, 1984, sometimes identified as Conrail Trust No. 84-1 (the "Trust Agreement") promises to pay to

or registered assigns, the principal sum of

DOLLARS (\$ )

together with interest from the date hereof until maturity at the rate of 14.00% per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months) on the unpaid principal hereof, in installments as follows:

(i) One installment of interest only for the period from and including the date of this Note to but not including January 2, 1985, payable on January 2, 1985; followed by

(ii) Thirty-two (32) equal semiannual installments of principal and interest each in the amount set forth in the amortization schedule attached hereto as Annex 1 and made a part hereof payable on January 2, 1985 and on each July 2 and January 2 thereafter to and including July 2, 2000; followed by

(iii) A final installment payable on January 2, 2001 in the amount equal to the entire principal and interest remaining unpaid hereunder as of said date;

and to pay interest on any overdue principal and (to the extent legally enforceable) on any overdue interest at the rate of 15.00% per annum after the same shall have become due, whether by acceleration or otherwise, until paid. Both the principal hereof and interest hereon are payable to the registered holder hereof in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts. If any of the payment dates in respect of this Note is not a business day, the payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" shall mean any day on which banks in the States of Connecticut and Pennsylvania are not authorized or required to close.

EXHIBIT A  
(to Security Agreement)

This Note is one of the 14.00% Secured Notes of the Debtor in an aggregate principal amount of \$12,180,000 (the "Notes") issued under and pursuant to the Participation Agreement dated as of November 15, 1984 (the "Participation Agreement"), among the Debtor, IBM Credit Corporation (the "Trustor") and State of Wisconsin Investment Board (the "Secured Party") and also issued under and equally and ratably with said other Notes secured by that certain Security Agreement dated as of November 15, 1984 (the "Security Agreement") from the Debtor to the Secured Party. Reference is made to the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Notes and of the Debtor in respect thereof.

Certain prepayments are required to be made on this Note and any other Notes outstanding under the Security Agreement. The Debtor agrees to make the required prepayments on the Notes in accordance with the provisions of the Security Agreement.

The terms and provisions of the Security Agreement and the rights and obligations of the Secured Party and the rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note is a registered Note and is transferable only by surrender thereof at the principal office of the Debtor, duly endorsed or accompanied by a written instrument of transfer, duly executed by the registered holder of this Note or his attorney duly authorized in writing.

This Note and the Security Agreement are governed by and construed in accordance with the laws of the State of Connecticut.

Anything in this Note, the Participation Agreement, the Security Agreement, the Lease Agreement dated as of November 15, 1984 (the "Lease") between the Debtor and Consolidated Rail Corporation, a Pennsylvania corporation, any certificate, opinion or document of any nature whatsoever to the contrary notwithstanding, neither the Secured Party nor any holder hereof nor their respective successors or assigns shall have any claim, remedy or right to proceed (at law or in equity) against the Debtor (except as expressly provided in Section 2.2 of the Security Agreement and in Sections 3.1, 3.2(a) and 6 of the Participation Agreement) for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by this Note, such indebtedness being nonrecourse to the Debtor, or for the payment of any liability resulting from the breach of any representation, agreement or warranty under the Security Agreement from any source other than the collateral described in the Security Agreement, including sums due and to become due under the Lease; and the Secured Party and the holder of this Note by its acceptance hereof waive and release any personal liability of the Debtor (except as expressly provided in Section 2.2 of the Security Agreement and in Sections 3.1, 3.2(a) and 6 of the Participation Agreement), and the Secured Party and the holder of this Note agree to look solely to the collateral described in the Security Agreement, including the sums due and to become due under the Lease, for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the Secured Party and the holder hereof to accelerate the maturity of the Notes upon a default under the Security Agreement; to bring suit and obtain a judgment against the Debtor on the Notes (provided that the Debtor shall not have any personal liability on any such judgment and the satisfaction thereof shall be limited to the collateral described in the Security Agreement,

and the sums due and to become due under the Lease, including any interest therein of the Debtor), or, subject to the terms and conditions of the Lease, to foreclose the lien of the Security Agreement or otherwise realize upon the collateral described in the Security Agreement including the right to proceed against the Lessee under the Lease; and provided, further, that nothing herein contained shall limit the liability of the Debtor for its own gross negligence and willful misconduct.

Nothing contained in this Note shall be deemed or construed to amend, waive or otherwise modify the rights and obligations of the Trustor, the Secured Party and any other from time to time holder of the Notes as set forth in Section 8 of the Participation Agreement.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

**THE CONNECTICUT BANK AND TRUST  
COMPANY, NATIONAL ASSOCIATION,**  
not individually but solely as Owner  
Trustee under Conrail Trust No. 84-1

By \_\_\_\_\_  
Its \_\_\_\_\_

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT  
TO THE SECURITIES ACT OF 1933, AS AMENDED, OR THE  
SECURITIES LAW OF ANY STATE, AND MAY BE OFFERED OR  
OR SOLD ONLY IF SO REGISTERED OR IF AN EXEMPTION  
FROM SUCH REGISTRATION IS AVAILABLE.

SECURITY AGREEMENT SUPPLEMENT NO. \_\_\_\_\_

SECURITY AGREEMENT SUPPLEMENT NO. \_\_\_\_\_ dated \_\_\_\_\_, 19\_\_ between THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity but solely as Owner Trustee (the "Debtor") under the Trust Agreement dated as of November 15, 1984 (the "Trust Agreement") between the Debtor and IBM CREDIT CORPORATION, a Delaware corporation (the "Trustor"), and STATE OF WISCONSIN INVESTMENT BOARD (the "Secured Party").

R E C I T A L S:

A. The Debtor and the Secured Party have heretofore executed and delivered a Security Agreement dated as of November 15, 1984 (the "Security Agreement") as security for the payment in full of all principal of, and interest on, the Notes of the Debtor not exceeding \$12,180,000 in aggregate principal amount.

B. The Security Agreement provides for the execution and delivery from time to time of Security Agreement Supplements substantially in the form hereof each of which shall particularly describe the Items of Equipment (such term and other defined terms in the Security Agreement being herein used with the same meaning) included in the Collateral and subject to the security interest of the Security Agreement.

C. The Debtor desires to reconvey and to confirm the security interest granted by the Security Agreement in respect of the properties therein described and to more particularly describe the Equipment referred to therein.

D. All requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement Supplement No. \_\_\_\_\_ a valid, binding and legal instrument according to its terms for the purposes herein expressed have been done and performed.

E. The terms which are capitalized herein shall have the same meanings as set forth in the Security Agreement unless otherwise defined herein or the context hereof shall otherwise require.

NOW, THEREFORE, the Debtor in consideration of the premises and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal and interest on all Notes according to their tenor and effect and to secure the payment of all other indebtedness secured by the Security Agreement as supplemented hereby and the performance and observance of all the covenants and conditions contained in the Notes, the Security Agreement as supplemented hereby and the Participation Agreement, does hereby grant and regrant a security interest in and does hereby assign to the Secured Party and its assigns the following described properties, rights, interests and privileges (hereinafter and in the Security Agreement collectively referred to as the "Collateral").

## DIVISION I

The Equipment described in Exhibit A attached hereto and made a part hereof, together with all accessories, equipment, parts, instruments and appurtenances appertaining to or attached to any of said Equipment, whether now owned or hereafter acquired, except such thereof as remains the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, together with all the rents, issues, income, profits and avails therefrom and the proceeds thereof.

## DIVISION II

All right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under the Lease, all as more fully set forth in the Security Agreement, but subject always to the exceptions, reservations and limitations set forth in Section 1.6 of the Security Agreement.

SUBJECT, HOWEVER, to Permitted Encumbrances referred to in Section 1.4 of the Security Agreement.

TO HAVE AND TO HOLD the Collateral unto the Secured Party, its successors and assigns forever, upon the terms herein set forth, for the equal and proportionate benefit, security and protection of all present and future holders of the Notes outstanding under the Security Agreement, without preference, priority or distinction of any Note over any other Note by reason of priority at the time of issue, sale, negotiation, date of maturity thereof or otherwise for any cause whatsoever, provided, always, however, that these presents are upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness secured by the Security Agreement as supplemented hereby and shall observe, keep and perform all the terms and conditions, covenants and agreements contained herein and in the Security Agreement and the Notes, then these presents and the estate hereby granted and conveyed shall cease and the Security Agreement as supplemented hereby shall become null and void; otherwise the Security Agreement as supplemented hereby shall remain in full force and effect.

This Security Agreement Supplement No. \_\_\_\_\_ shall be construed in connection with and as part of the Security Agreement and all terms, conditions and covenants contained in the Security Agreement except as herein modified shall be and remain in full force and effect.

This Security Agreement Supplement No. \_\_\_\_\_ may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original, but all together only one instrument.

IN WITNESS WHEREOF, the Debtor and the Secured Party have caused this Security Agreement Supplement to be executed, all as of the day and year first above written.

**THE CONNECTICUT BANK AND TRUST  
COMPANY, NATIONAL ASSOCIATION,**  
not individually but solely as Owner  
Trustee under Conrail Trust No. 84-1

[CORPORATE SEAL]

Attest:

\_\_\_\_\_  
Assistant Secretary

By \_\_\_\_\_  
Its \_\_\_\_\_

DEBTOR

**STATE OF WISCONSIN INVESTMENT  
BOARD**

By \_\_\_\_\_  
Its \_\_\_\_\_

SECURED PARTY

STATE OF CONNECTICUT            )  
  ) SS.:  
COUNTY OF HARTFORD            )

On this \_\_\_\_\_ day of \_\_\_\_\_ 1984, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, says that he is a \_\_\_\_\_ of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association 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 national association.

\_\_\_\_\_  
Notary Public

(Notarial Seal)

My Commission expires

STATE OF WISCONSIN            )  
  ) SS.:  
COUNTY OF DANE                )

On this \_\_\_\_\_ day of \_\_\_\_\_ 1984, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, says that he is \_\_\_\_\_ of STATE OF WISCONSIN INVESTMENT BOARD, that one of the seals affixed to the foregoing instrument is the seal of said corporation and 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.

\_\_\_\_\_  
Notary Public

(Notarial Seal)

My Commission expires

DESCRIPTION OF EQUIPMENT

EXHIBIT A  
(to Supplemental Security Agreement)