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INTERSTATE COMMERCE COMMISSION

PARTICIPATION AGREEMENT

Dated as of September 28, 1985

Among

WHITEWOOD CREDIT CORPORATION

Lessor,

IRVING TRUST COMPANY

Lender,

and

THE DOW CHEMICAL COMPANY

Lessee

Railcars

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SCHEDULE I

EXHIBIT A - DEFINITIONS

EXHIBIT B - OPINIONS

(1) - Counsel for Lessor

(2) - Counsel for Lessee

(3) - Counsel for Guarantor

EXHIBIT C - LOAN AND SECURITY AGREEMENT

EXHIBIT D - GUARANTEE AGREEMENT

PARTICIPATION AGREEMENT

This PARTICIPATION AGREEMENT dated as of September 28, 1985, by and among WHITEWOOD CREDIT CORPORATION, a Colorado corporation ("Lessor"), IRVING TRUST COMPANY ("Lender"), and THE DOW CHEMICAL COMPANY, a Delaware corporation ("Lessee");

W I T N E S S E T H:

WHEREAS, the defined terms in Exhibit A annexed hereto are hereby incorporated herein;

WHEREAS, Lessor has entered into the Lease with Lessee; and

WHEREAS, Lessor proposes to acquire the Equipment from Seller; to lease the Equipment to Lessee under the Lease simultaneously with its acquisition of the Equipment; to finance a portion of the purchase price of the Equipment by issuing and selling its nonrecourse Note to Lender under and pursuant to the Security Agreement; and to secure its obligations under the Note by a grant to Lender under the Security Agreement of a purchase money security interest in the Equipment and the Lease; and

WHEREAS, Lender will receive a guarantee from Guarantor under the Guarantee Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

Section 1. Loans. (a) Subject to fulfillment of the conditions specified in Section 3 hereof, on the Closing Date Lessor hereby agrees to pay Seller the Lessor's Cost of the Equipment.

(b) Subject to fulfillment of the conditions specified in Section 3 hereof, Lender hereby agrees to lend to the Lessor on the Closing Date an amount equal to the original principal amount of the Note (the "Purchase Commitment"), such Note being payable to the order of the Lender (or to the order of such nominee of Lender as Lender may specify by written notice delivered to Lessor not less than one (1) Business Day prior to the Closing Date). The Note shall be issued under, and substantially in the form set forth in, Exhibit A to the Security Agreement.

Section 2. Closing. On the Closing Date, Lessor agrees, subject to the terms and conditions of this Agreement, to make an amount equal to Lessor's Cost of the Equipment less the Purchase Commitment available for release to Lender in immediately available funds and in the manner specified in Schedule I annexed hereto. Lender agrees, subject to the terms and conditions of this Agreement, to make its Purchase Commitment available in immediately available funds and to pay to Seller the Lessor's Cost of the Equipment. Lessor agrees to deliver its Note to Lender in the aggregate principal amount of the Purchase Commitment made available as provided in Section 1 hereof.

Section 3. Conditions Precedent to Closing. The obligation of Lender to make the Loan in exchange for Lessor's issuance of the Note hereunder on the Closing Date shall be subject to fulfillment of the following conditions on or prior to the Closing Date to the satisfaction of Lender and its counsel:

(a) Fully executed originals of the following documents shall have been delivered to Lender:

- (i) the Security Agreement;
- (ii) an original of the Master Lease Agreement;
and
- (iii) the sole original of the Note; and
- (iv) the Guarantee Agreement.

(b) The Lender shall have received the following:

- (i) a duplicate copy of the invoice for the Equipment of Manufacturer;
- (ii) the Lessor's original of Equipment Schedule No. 1;
- (iii) executed originals of the Certificates of Acceptance;
- (iv) executed originals of the Purchase Agreement;
- (v) executed originals of the Bills of Sale from the Seller;

(vi) executed originals of the Notices of Assignment; and

(vii) executed originals of the Acknowledgments of Assignment.

(c) Filings shall have been executed and filed in all places, including the Interstate Commerce Commission office, which are, in the opinion of Lender and its counsel, necessary or appropriate to perfect the security interest of Lender in the Equipment and in the Lease and the proceeds thereof and to protect the interests of Lessor in the Equipment and Lease against creditors of the Lessee.

(d) Lender shall have received certified copies of the appropriate proceedings of the respective boards of directors or executive committees and of relevant authorization policies and delegations of authority, as the case may be, of Guarantor with respect to the Guarantee Agreement, of Lessor and Lessee with respect to the due authorization of this Agreement, the Note, the Lease, the Security Agreement and the other instruments contemplated herein and therein and to the due execution, delivery and performance thereof by the respective party, each such certificate to be dated the Closing Date.

(e) Lender shall have received certified copies of the certificate or articles of incorporation and by-laws of Lessor, Lessee, and Guarantor each such certificate to be dated the Closing Date.

(f) The representations and warranties of Lessor contained herein, in the Security Agreement, and in the Lease and of Lessee contained herein and in the Lease, of Guarantor contained in the Guarantee Agreement, and of each such party in any certificate or agreement delivered pursuant thereto and hereto shall be true and correct on and as of the Closing Date with the same effect as though made on and as of the Closing Date; on the Closing Date there shall be no default hereunder, under the Security Agreement, or the Lease or occurrence of any event which, but for the lapse of time or the giving of notice or both, would be such a default; and Lender shall have received from each of Lessor and Lessee a certificate to such effect respecting the representations, warranties and nondefault, dated the Closing Date and signed by a duly authorized representative of Lessor and Lessee, as the case may be.

(g) Lender shall have received a signed opinion, dated the Closing Date and addressed to Lender, of (i) such legal counsel for Lessor as is acceptable to Lender in the form provided in Exhibit B(1) annexed hereto, (ii) such legal counsel for Lessee as is acceptable to Lender in the form provided in Exhibit B(2) annexed hereto and (iii) such legal counsel for Guarantor as is acceptable to Lender in the form provided in Exhibit B(3) annexed hereto.

(h) Lender shall have received a certificate, dated the Closing Date, of Lessor and Lessee showing the incumbency and the specimen signatures of the officers or authorized representatives of Lessor, Lessee, and Guarantor who will execute or have executed this Agreement, the Security Agreement, the Note, the Lease, the Guarantee Agreement and the other instruments, certificates and agreements contemplated herein and therein.

(i) Lender shall have received such evidence of fulfillment of the foregoing conditions of this Section 3 including certificates of officers of Lessee, Lessor, Guarantor, public officials and others, as Lender or its counsel may reasonably require to establish to their satisfaction the fulfillment of such conditions.

(j) Lessor shall have made available to Lender on the Closing Date, in accordance with Section 2 hereof, an amount equal to Lessor's Cost of the Equipment less the Purchase Commitment.

Section 4. Representations and Warranties.

(a) Lender represents and warrants that:

(i) Lender is acquiring the Note for its own account for investment and not with a view to the distribution or resale thereof, subject to any requirement of law and Lender's policy that the disposition of the Note or participation therein be at all times within Lender's control;

(ii) Lender understands that the Note has not been registered under the Securities Act of 1933, as amended, and that the Note may not be sold or transferred in a public offering unless (i) subsequently registered under said Act, or (ii) in a transaction which is exempt from registration; and

(iii) Lender is acquiring the Note with its general assets, and no funds used to acquire the Note will be furnished out of any separate account composed of the assets of any employee benefit plan (or its related trust), all as defined in Section 3 of ERISA.

(b) Lessee represents and warrants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has the corporate power and authority to own or lease its properties and to carry on its business as now conducted and as contemplated under the Lease and is qualified to do business and is in good standing in each jurisdiction where the Equipment is to be located, where Lessee's ownership or lease of property requires such qualification;

(ii) Lessee has full corporate power and authority to execute, deliver and perform the Participation Agreement, the Lease, the Purchase Agreement, the Certificates of Acceptance, the Acknowledgments of Assignment, and the agreements or instruments executed and delivered in connection therewith;

(iii) The Participation Agreement, the Lease, the Purchase Agreement, the Certificates of Acceptance, the Acknowledgment of Assignment, and the agreements or instruments executed and delivered in connection therewith have each been duly authorized, executed and delivered by Lessee and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding obligations of the Lessee enforceable against it in accordance with the terms thereof, subject, as to enforceability of remedies, to limitations imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity;

(iv) No consent, approval, or authorization of any governmental authority, including the Securities and Exchange Commission or the Interstate Commerce Commission, is or was required to be given Lessee in connection with the execution, delivery or performance by Lessee of the Participation Agreement, the Lease, the Purchase Agreement, the Certificate of Acceptance, the

Acknowledgment of Assignment, or the agreements or instruments executed and delivered by Lessee in connection therewith;

(v) Neither the execution, delivery or performance by Lessee of the Participation Agreement, the Lease, the Purchase Agreement, the Certificate of Acceptance, the Acknowledgment of Assignment, and the agreements or instruments executed and delivered by Lessee in connection therewith, or compliance with the terms and provisions thereunder, conflicts with, will conflict with, or will result in a breach or violation of any of the terms, conditions or provisions of any law, governmental rule or regulation or the charter documents, as amended, or by-laws, as amended, of Lessee or any order, writ, injunction or decree of any court or governmental authority against Lessee or by which it or any of its properties is bound, or of any indenture, mortgage or contract or other agreement or instrument to which Lessee is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or will result in the imposition of any lien not permitted by the Lease upon any of its properties;

(vi) No mortgage, deed of trust, charter, lease, security interest or other lien, charge or encumbrance of any nature whatsoever which now covers or affects any property or interest therein of the Lessee now attaches or hereafter will attach to the Equipment or in any manner affects or will affect adversely the Lessor's right, title and interest therein;

(vii) Except as set forth in Lessee's Annual Report on Form 10-K for the year ended December 31, 1984 or in Lessee's Quarterly Report on Form 10-Q for the quarter ended June 31, 1985, there is no action or proceeding pending or threatened against the Lessee before any court or administrative agency or other governmental body which would result in any material adverse effect on the ability of the Lessee to fulfill its obligations under this Agreement and the Lease.

(viii) Upon delivery and acceptance thereof, title to the Equipment will be vested in Lessor free and clear of all rights of Lessee and all liens, charges and encumbrances, except for the rights of Lessee under the Lease, Permitted Lessor Liens and liens, charges and

encumbrances which Lessee is obligated to discharge; and the Lease will, upon the execution and delivery of the related Certificate of Acceptance, create a valid leasehold interest in the Equipment under the Lease in accordance with the terms thereof, assuming its due authorization, execution and delivery by Lessor.

(ix) Lessee has furnished to Lender copies of Lessee's latest available annual report on Form 10-K filed under the Securities Exchange Act of 1934 and copies of all its subsequently filed reports on Form 10-Q and 8-K. Such reports do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and Lessee's audited consolidated financial statements as of the end of its most recent fiscal year for which such statements are available and for the periods then ended as set forth therein, and all subsequently prepared publicly available interim unaudited financial statements, copies of which have been included in such reports, present fairly the consolidated financial position of Lessee as of the dates thereof and the result of operations and changes in financial position of Lessee for the periods covered thereby, all in conformity with generally accepted accounting principles consistently applied; and since June 31, 1985, nothing has occurred which would materially and adversely affect the ability of Lessee to perform its obligations hereunder and under the Lease;

(x) With respect to any of the following, and to the extent such could affect the interests of Lessor or Lender under this Agreement, the Lease and the Security Agreement, all tax returns and reports of Lessee, if any, required by Law to be filed have been duly filed, and all taxes, assessments, fees and other governmental charges upon Lessee or any of its properties, assets, income or franchises which are due and payable have been paid, other than such taxes, assessments, fees and charges which are presently payable without penalty and are being contested by appropriate proceedings diligently conducted provided such proceedings shall not result in the imposition of any lien or encumbrance on the Equipment or substitute Equipment or subject the Equipment to forfeiture or sale;

(xi) Lessee's place of business and chief executive office (as such term is used in Section 9-401

of the Michigan Uniform Commercial Code; M.C.L.A. § 440.9401) is at Midland, Michigan; and

(xii) Neither the execution and delivery of this Agreement nor the offer, issue or sale of the Note will involve any prohibited transaction within the meaning of ERISA or Section 4975 of the Internal Revenue Code (the representation by the Lessee in this sentence being made in reliance upon and subject to the accuracy of the representation made by Lessor in Section C.14 of the Security Agreement.

Section 5. Covenants of Lessee. Lessee covenants and agrees as follows:

(a) to deliver or cause to be delivered to Lender copies of all notices, offers and other instruments whatsoever which Lessee delivers to Lessor under the Lease;

(b) to waive as against Lender, its successors and assigns, all claims now or hereafter existing against Lessor under the Lease;

(c) that it shall not, without the prior written consent of Lender, which consent shall not be unreasonably withheld, enter into any agreement amending, modifying in any material respect, or terminating (except as provided therein) any Lease and that any such attempted amendment, modification or termination without such consent shall be void upon written notice to Lessor or Lessee; provided, however, that consent by Lender to any one amendment, modification or termination shall not be deemed to be consent to any other amendment, modification or termination;

(d) that it shall remain obligated under the Lease in accordance with the terms thereof and that it shall not take any action to terminate (except as provided therein), rescind or void the Lease, notwithstanding any default by Lessor, the existence of any defense, setoff, counterclaim or right of abatement, reduction or recoupment as between Lessor and Lessee or as between Lessee and Lender or as between Lessor and Lender, the existence of any other liability or obligation of any kind or character on the part of Lessor to Lessor or to any third person or governmental authority, or any bankruptcy or other proceedings affecting Lessor or any assignee thereof or any action taken by any trustee, custodian or receiver of Lessor or of any such assignee or by any court in any such proceeding;

(e) Upon request of and with the reasonable cooperation of the Lessor or the Lender or both, that Lessee shall take or cause to be taken all steps which are necessary to continue the perfection of the security interest of Lender or the interests of Lessor in the Lease and the Equipment and the proceeds thereof.

Section 6. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Lessor, Lender and Lessee and their respective successors and assigns.

Section 7. Governing Law and Counterparts. The terms of this Agreement and all rights and obligations of the parties hereto shall be governed by the laws of New York.

Such terms, rights and obligations may not be changed orally, but may be changed only by an agreement in writing signed by the party against whom enforcement of such change is sought.

This Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, but all of such counterparts shall together constitute a single instrument.

Section 8. Fees and Expenses. (a) Lender or any holder of the Note shall not be responsible for the fees or disbursements of Lessor or Lessee or their counsel or of any broker.

(b) Lessor shall pay, or reimburse Lender or any holder of the Note for, all of the Lender's reasonable costs and expenses, including reasonable fees and disbursements of the Lender's legal counsel and appraisal and accounting fees, and reasonable fees of other experts, incurred, and indemnify and hold the Lender harmless from and against all losses suffered by the Lender in connection with, (i) the negotiation, preparation, execution and delivery of any or all of this Agreement, the Security Agreement, the Lease, the Note, the Guarantee Agreement, and other agreements or instruments executed in connection therewith (the "Operative Documents"), (ii) the preparation, execution and delivery of any waiver, amendment or consent under any of the Operative Documents (whether or not executed) and (iii) any claim (whether asserted by the Lender, Lessor or any other person), and the prosecution or defense thereof, arising out of or connected with any of the Operative Documents, or any communication with or dealing with Lender or Lessor (other than those arising from the gross negligence of the Lender).

Section 9. Taxes. (a) Lessee agrees to pay and discharge, and to indemnify and hold Lender harmless from and against any and all license and registration fees, assessments, taxes and governmental charges, including, charges for governmental services, safety programs or insurance and all sales, use, rental and property taxes or similar charges, (together with any penalties, fines or interest thereon) and any and all reasonable attorneys' fees and disbursements incurred by Lender in connection therewith (all such fees, assessments, taxes, charges, penalties, fines, interest and expenses being hereinafter referred to as "Impositions"), arising out of the transactions contemplated by the Security Agreement and the Lease and imposed against Lessor, Lessee, Lender or the Equipment by any federal, state, county, municipal, local or foreign government or taxing authority upon or with respect to, the Equipment or upon any possession, use of or transaction with respect to the Equipment or the Lease and on the receipt of payments under the Lease. The amount to be paid shall be an amount which shall equal the amount of the fee, tax, levy, impost, duty, assessment, charge, withholding, penalty or fine in respect of which such indemnity shall be paid. All amounts payable by Lessee under this Section shall be payable, to the extent not theretofore paid, on written demand of Lender. If any reports or returns are required by Lender or Lessee with respect to any Impositions under or with respect to this Section, Lessee will either make such report or return in such manner as to show the interest of Lender in the Equipment if such is necessary or appropriate, or will notify Lender of such requirement and will make such reports in such manner as shall be satisfactory to Lender. All copies of any such reports shall be sent to Lender.

(b) The indemnity provided under Section 9(a) hereof shall not apply to (i) Impositions which are based upon or measured by Lender's net income or which are in substitution for, or relieve Lender from, any Imposition based upon or measured by Lender's net income; (ii) business and occupation taxes, franchise taxes and taxes on doing business; and (iii) Impositions which are imposed as a result of Lender's gross negligence or willful misconduct or omission.

(c) If a claim is made against Lender for any Imposition with respect to which Lessee is liable for a payment of indemnity under this Section 9, Lender shall, within ten (10) Business Days after receipt of notice thereof, give Lessee notice in writing of such claim,

provided that failure to give such notice within such time shall not affect Lender's rights to indemnity under this Section 9, except to the extent that Lessee demonstrates that it would not have incurred the obligation to make a payment of indemnity under this Section 9 but for the failure of Lender to timely notify Lessee of such claim. If reasonably requested by the Lessee in writing and upon consent of Lessor, which shall not be unreasonably withheld, Lender, at Lessee's expense, shall in good faith contest, in the name of Lender or Lessor, the validity, applicability or amount of such Imposition by using reasonable efforts by appropriate administrative or judicial proceedings diligently conducted; provided, however, that Lender shall not be required to take any action pursuant to this Section 9 unless and until (x) Lender shall have received from Lessee an indemnity for all liabilities and expenses with respect to such action and, at Lender's request, an opinion of tax counsel selected by Lessee and reasonably satisfactory to Lender that reasonable grounds exist for such contest; and (y) Lessor shall have determined (which determination shall be conclusive) that the action to be taken will not result in the sale, forfeiture or loss of the Equipment or otherwise adversely effect the title of Lessor to any item of the Equipment, or any interest therein or create any danger of Lender or Lessor incurring criminal liability or other liability for which indemnification satisfactory to Lender or Lessor, as the case may be, is not provided. If Lender shall obtain a refund of any Imposition fairly attributable to any amount paid by Lessee pursuant to this Section, Lender shall pay to Lessee an amount which shall equal the amount of such refund. The indemnities contained in this Section shall survive the expiration or termination of this Participation Agreement or the Lease. Lessee agrees to pay any expenses of Lessor (including reasonable attorneys fees) incurred by Lessor in connection with contesting any tax hereunder in the event joinder of Lessor in any contest hereunder is deemed essential by Lessor or is required for the prosecution of any such contest. Lender hereby warrants for the benefit of Lessor to take any necessary steps to protect and safeguard Lessor's title to the Equipment in connection with any contest herewith.

Section 10. Indemnification. The Lessee agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless Lender from and against, any and all liabilities, losses, damages, injuries, penalties, claims, demands (including claims or demands involving strict or absolute liability), actions, suits, costs, expenses and

disbursements (including reasonable legal fees and expenses, penalties and interest) of any kind and nature whatsoever (including any increase to Lender in federal, state or local income taxes as a result of the inclusion in Lender's income of any amounts required to be paid by Lessee under this Section 10 except as otherwise provided in Section 9(b) of this Participation Agreement (hereinafter called a "Claim" or "Claims") which may be imposed on, incurred or asserted against Lender (i) relating to or arising out of the Lease or agreement or instrument in connection therewith, or the performance or enforcement of any of the terms thereof, including the obligations of the Lessor under the Security Agreement (other than Lessor's obligations specified in Sections C.2(a), C.3, C.7, C.8(c), C.10, C.11, C.14 and E.1(b)(v) of the Security Agreement) to pay to Lender amounts which are not included in the calculation of Interim Rent, Basic Rent or Additional Rent as those terms are used in the Lease, or (ii) in any way relating to or arising from or incident to the manufacture, ordering, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, maintenance, condition, registration, sale, return, storage or disposition (hereinafter called the "Use") of the Equipment or any injuries or deaths of persons or damage to property howsoever arising from or incident to such Use or in connection therewith (including latent and other defects, whether or not discoverable and any Claim for patent, trademark or copyright infringement); provided, however, that the Lessee shall not be required to indemnify Lender for any Claim resulting from acts or omissions which would constitute the willful misconduct or gross negligence of Lender. Lessee assumes all risks of loss, theft, or destruction of, and damage to, the Equipment, and shall defend and hold Lender and the Equipment harmless from any risk from the Use referred to in this Section 11. If Lender or Lessee has knowledge of any Claim hereby indemnified against, it shall give prompt written notice thereof to the other, with copies to Lessor. To the extent that Lessee has made an indemnity payment to Lender under this Section 10, Lessee shall subject to any rights of Lessor under each Lease have the right to control any litigation related to the Claim and to determine the settlement thereof subject to any rights of Lessor under each Lease. The indemnities contained in this Section 10 shall survive the expiration or termination of this Agreement or the Lease.

Section 11. Inspection. Subject to Lessee's normal security, safety and confidentiality regulations and upon three days' prior written notice to Lessee, Lender, its agents and employees shall have the right, but not the duty,

to inspect the Equipment and Lessee's records pertaining to the Equipment at reasonable times and without interruption of Lessee's business and operations. Lessee represents and warrants that such normal security, safety and confidentiality regulations would not, apart from delays of reasonable duration, prevent any such inspection.

Section 12. Termination of Lease. The parties hereto acknowledge that it is their intention that upon the occurrence of an Event of Default under the Lease, Lender so long as it is assignee of Lessor's rights thereunder and Lessor if Lender is no longer such assignee shall have the right to terminate such Lease in the manner provided therein in addition to all the other rights and remedies provided under such Lease.

Section 13. Notices. All communication and notices provided for herein shall except as otherwise provided be in writing and shall become effective upon the earlier of receipt or three days after being mailed, by United States registered mail, postage prepaid, addressed to the address indicated on Schedule I for such party or to such other address as such party may designate in writing pursuant hereto.

Section 14. Quiet Enjoyment. Lender covenants for the benefit of Lessee and its permitted successors and assigns that so long as no Event of Default has occurred and is continuing under the Lease, Lessee shall peaceably and quietly have, hold, possess, use and enjoy the Equipment as provided in such Lease without molestation or interruption by Lender.

Section 15. Payment of Rent to Lender. Lessee acknowledges that all of Lessor's right, title and interest in the Lease have been assigned as collateral to Lender pursuant to the Security Agreement. All payments of Rent and all other sums due to Lessor from Lessee under the Lease with respect to the Equipment shall be made by Lessee directly to Lender for application by Lender in accordance with Section B.8 of the Security Agreement.

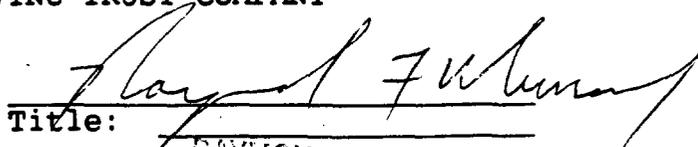
IN WITNESS WHEREOF, the parties hereto have executed this Participation Agreement as of the date first above written.

LENDER:

IRVING TRUST COMPANY

By

Title:


RAYMOND F. MURRAY
Vice President

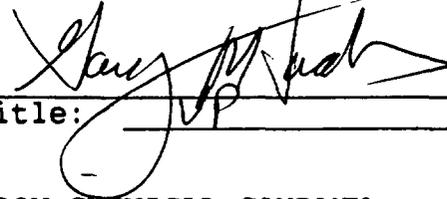
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LESSOR:

WHITEWOOD CREDIT CORPORATION

By

Title:



LESSEE:

THE DOW CHEMICAL COMPANY

By

Title:

LESSOR:

WHITEWOOD CREDIT CORPORATION

By _____
Title: _____

LESSEE:

THE DOW CHEMICAL COMPANY

By *Lorna J. Hanna*
Title: *Dist. Rep.*

SCHEDULE I

Information for Notices
and Payments

LENDER For Notices: Irving Trust Company
One Wall Street
New York, New York 10015
Attention: Raymond Murray
Reference: Dow Chemical
Telex: 228224 or 226693

For Payments: wire transfer of immediately
available funds to:

LESSOR For Notices: Whitewood Credit Corporation
2995 Baseline Road
Boulder, Colorado 80302
Attention: President
Telex: _____

For Payments: wire transfer of immediately
available funds to:

Account No. _____;
Attn: _____

LESSEE For Notices: Dow Chemical U.S.A.
2020 Willard H. Dow Center
Midland, Michigan 48674
Attention: Treasurer
Telex: _____

EXHIBIT A TO PARTICIPATION AGREEMENT

DEFINITIONS

The terms defined in the Lease and the Security Agreement when used herein shall have the same meanings as therein defined unless otherwise defined herein or the context otherwise requires.

"Acknowledgment of Assignment" shall mean an Acknowledgment of Assignment with respect to the Equipment under the Lease in substantially the form of Exhibit F to such Lease.

"Bills of Sale" shall mean warranty bills of sale for the Equipment from Seller acceptable in form to Lessor and Lender.

"Business Day" shall have the meaning given such term in the Security Agreement.

"Certificate of Acceptance" in respect of the Lease shall mean the Certificate of Acceptance with respect to the Equipment subject to such Lease.

"Claim" and "Claims" shall have the meanings assigned to those terms in Section 10 of this Participation Agreement.

"Closing" shall mean the Closing hereunder to be held on the Closing Date.

"Closing Date" shall mean September 30, 1985.

"Equipment" shall mean railcars as described in Equipment Schedule No. 1.

"Equipment Schedule No. 1" shall mean Equipment Schedule No. 1, dated as of September 20, 1985, between Lessor and Lessee, which constitutes the Lease and incorporates the terms of the Master Lease Agreement.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and regulations thereunder.

"Guarantee Agreement" shall mean the agreement dated the date hereof between Lender and Guarantor substantially in the form of Exhibit D attached hereto.

"Guarantor" shall mean Capital Associates International, Inc., a Colorado corporation and the sole shareholder of Lessor.

"Impositions" shall have the meaning assigned to that term in Section 9 of this Participation Agreement.

"Law" shall have the meaning given such term in the Security Agreement.

"Lease" shall mean Equipment Schedule No. 1.

"Lessor's Cost of the Equipment" shall mean \$574,581.

"Manufacturer" shall mean the Union Tank Car Company.

"Master Lease Agreement" shall have the meaning given such term in the Security Agreement.

"Note" and "Notes" shall have the meanings given such terms in the Security Agreement.

"Notice of Assignment" shall mean a Notice of Assignment with respect to the Equipment in substantially the form of Exhibit E to the Lease.

"Participants" shall mean the Lessor, Lessee and the Lender.

"Permitted Lessor Liens" shall mean (i) the security interest created by the Security Agreement; (ii) liens for taxes either not yet due or being contested in good faith and by appropriate proceedings diligently conducted so long as such proceedings shall stay the enforcement thereof and the sale or forfeiture of the Equipment or any part thereof or interest therein and provided that Lessee is obligated to discharge such lien when it becomes due or determined to exist; (iii) undetermined or inchoate materialmen's mechanics, workmen's, repairmen's or employees' liens or other like liens arising in the ordinary course of business and securing obligations which are not delinquent or which shall have been bonded or the enforcement of which shall have been suspended (but only for the duration of such suspension), provided Lessee is obligated to discharge such lien when it becomes

determined or choate; and (iv) the rights of Lessee and any permitted sublessee or assignee under the Lease.

"Purchase Agreement" shall mean a Purchase Agreement between Lessee and Lessor with respect to the Equipment in substantially the form of Exhibit H to the Lease.

"Purchase Commitment" shall mean \$430,935.

"Security Agreement" shall mean the Loan and Security Agreement, dated as of the date hereof, between Lender and Lessor, substantially in the form of Exhibit C annexed hereto.

"Seller" shall mean The Dow Chemical Company, the supplier of the Equipment.

"Use" shall have the meaning assigned to that term in Section 10 of this Participation Agreement.

Annex I
to
Exhibit A to
Participation
Agreement

Acknowledgment of Lessor, Lessee,
and Lender

Sandra K. Garber
Signature of notary public

My commission expires 7/29/87

Corporate Form of Acknowledgment

State of Colorado

County of Souder ss:

On this 26th day of September, 1985
before me personally appeared, Gary M. Jacobs, to me
personally known, who being by me duly sworn, says that (s)he
is the Vice President of Whitewood Credit
Corporation, 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 (s)he acknowledged
that the execution of the foregoing instrument was the free act
and deed of said corporation.

[Seal]

Rita A. Bastos
Signature of notary public

My commission expires Feb. 15, 1987

Corporate Form of Acknowledgment

State of Michigan

County of Midland ss:

On this 26th day of Sept., 1985
before me personally appeared, Thomas J. Brennan, to me
personally known, who being by me duly sworn, says that (s)he
is the authorized rep. of The Dow Chemical Company,
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 (s)he acknowledged that the
execution of the foregoing instrument was the free act and deed
of said corporation.

[Seal]

Sylvia Cohen
Signature of notary public

SYLVIA COHEN
Notary Public, State of New York
No. 31-5747930
Qualified in New York County
Commission Expires March 30, 1986

My commission expires 3/30/86

Corporate Form of Acknowledgment

State of New York
County of New York ss:

On this 30th day of September, 1985
before me personally appeared, Raymond A. Murray, to me
personally known, who being by me duly sworn, says that (s)he
is the Vice President of Irving Trust Company, 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 (s)he acknowledged that the execution of the
foregoing instrument was the free act and deed of said
corporation.

[Seal]

EXHIBIT B(1) TO PARTICIPATION AGREEMENT
[FORM OF OPINION OF COUNSEL FOR THE LESSOR]

[Closing Date]

Irving Trust Company
One Wall Street
New York, New York 10015

Gentlemen:

I am General Counsel for Whitewood Credit Corporation, a Colorado corporation, and have acted as its counsel in connection with the preparation, execution, delivery and closing of:

(i) the Master Lease Agreement dated as of September 20, 1985 between Capital Associates International, Inc. (the "Lessor") and Dow Chemical Company (the "Lessee"), and Equipment Schedule No. 1 dated as of September 20, 1985 between Lessor and Lessee, such Equipment Schedule No. 1 incorporating the terms of the Master Lease Agreement and both such documents together comprising the lease with respect to certain railcars more particularly described in such Equipment Schedule No. 1 (the "Lease");

(ii) the Loan and Security Agreement dated as of September 28, 1985 between Lessor and Irving Trust Company as lender thereunder ("Lender") attached as Exhibit C to the Participation Agreement defined below (the "Loan and Security Agreement");

(iii) the Participation Agreement dated as of September 28, 1985 between Lessor, Lessee, and Irving Trust Company (the "Lender") (the "Participation Agreement").

In connection with the opinions expressed below, I have examined or have arranged for the examination of:

(a) executed copies of the Lease, the Participation Agreement, the Loan and Security Agreement and Note,

(b) other documents furnished by the Lessor pursuant to Section 3 and Section 4 of the Participation Agreement,

(c) the articles of incorporation of the Lessor, and all amendments thereto,

(d) the by-laws of the Guarantor,

(e) certificates of the Secretary of State of the State of Colorado, dated _____, 1985 and _____, 1985, attesting to the continued corporate existence and good standing of the Lessor in that State,

In addition, I have examined and relied upon the originals, or copies certified to my satisfaction, of such other corporate records of the Lessor, certificates of public officials and of officers of the Lessor, and agreements, instruments and documents of the Lessor as I have deemed necessary as a basis for the opinions hereinafter expressed. As to questions of fact material to such opinions, I have, when relevant facts were not independently established by me, relied upon certificates of the Lessor (or its respective officers or representatives) or public officials. I have assumed the due execution and delivery, pursuant to due authorization of the Lease by the Lessee, and of the Participation Agreement by the Lender and the Lessee, and of the Loan and Security Agreement by the Lender.

This opinion is furnished to you pursuant to Section 3 of the Participation Agreement. Capitalized terms in this opinion are used as defined in the Participation Agreement, unless otherwise defined herein.

I have received search reports with respect to lien filings against Lessor in the applicable filing offices under the Uniform Commercial Code and the Interstate Commerce Act which show no filings prior to those of Lender and I assume and have no knowledge that such reports are not genuine or accurate.

Based upon and subject to the foregoing and the further qualifications set forth below, I am of the opinion that:

(a) The Lessor is duly organized, validly existing and in good standing under the laws of the State of Colorado.

(b) The Lessor has the corporate power and authority to enter into and perform the Lease, the Participation Agreement, the Loan and Security Agreement, the Note, and all other documents delivered in connection therewith, and to own or lease its properties and to carry on its businesses as now conducted and as contemplated under the Lease, the Participation Agreement, the Note, and all other documents delivered in connection therewith.

(c) The Lease, the Participation Agreement, the Loan and Security Agreement, the Note, and all other documents delivered in connection therewith have been duly authorized by all necessary action on the part of the Lessor, have been duly executed and delivered by the Lessor and constitute the legal, valid and binding obligations, contracts and agreements of the Lessor enforceable in accordance with their respective terms, subject to the following comments and qualifications:

(1) As to the application of the law of the State of New York with respect to the Participation Agreement, the Loan and Security Agreement and the Note, we have assumed that the laws of the State of New York are the same as the laws of the State of Colorado.

(2) With respect to the remedies that are granted to the Lender such remedies are subject to (i) the Federal Bankruptcy Code, (ii) any applicable insolvency or other similar laws of the State of Illinois, the State of Michigan, or of other States where the collateral may be located which affect the enforcement of creditors' rights generally, and (iii) general equity principles limiting the availability of the remedy of specific enforcement and affecting the enforcement of creditors' rights generally, but the laws and general equity principles referred to in clauses (i), (ii), and (iii) do not, in our opinion, result in the remedies remaining available to the Lender being inadequate for the Lender to realize on the Collateral.

(d) No consent, approval or authorization of any governmental authority is required on the part of the Lessor in connection with the execution, delivery, and performance of the Lease, the Participation Agreement, the Loan and Security Agreement, the Note, and all other

documents delivered in connection therewith or the offer, issue, sale or delivery of the Note, and the Lessor has complied with any applicable provisions of law requiring any designation, declaration, filing, registration and/or qualification with any governmental authority in connection with the execution and delivery of said instruments.

(e) The execution, delivery and performance by the Lessor of the Lease, the Participation Agreement, the Loan and Security Agreement, the Note, and all other documents delivered in connection therewith and the offering, issuance and sale of the Note and compliance by the Lessor with all of the provisions of such instruments will not conflict with, or result in a breach or violation of any law, governmental rule or regulation, nor conflict with or result in any breach of any of the provisions of, or constitute a default under, or result in or require the creation of any lien upon any property of, the Lessor or any subsidiary of the Lessor under the provisions of, the certificate of incorporation or by-laws of the Lessor or of any indenture, mortgage, conditional sale, loan or credit agreement or other instrument to which the Lessor is a party or by which it may be bound.

(f) There are no suits or proceedings pending or threatened in any court or before any regulatory commission, agency, board or other administrative governmental agency against the Lessor or with respect to its assets which will have a materially adverse effect on Lessor or its ability to fulfill its obligations under the Lease, the Participation Agreement, the Loan and Security Agreement, the Note and all other documents delivered in connection therewith.

(g) Lessor has title to the Equipment pursuant to the Bills of Sale dated _____, 1985 from The Dow Chemical Company ("Dow") to Lessor and Lessor's title as therein granted is free and clear of liens affecting Lessor's property (including the Equipment) or encumbrances except (i) Permitted Lessor Liens, (ii) a security interest in favor of the Lender securing payment by Lessor of the loan from Lender under the Security Agreement utilized by Lessor to pay for such Equipment.

(h) Under the Loan and Security Agreement, Lessor has granted a valid security interest to Lender in all of the Equipment, such security interest securing full payment, observance and performance of all of Lessor's obligations under the Loan and Security Agreement and the Note. Such security interest, when a copy of the Lease, the Participation Agreement, the Loan and Security Agreement, a copy of the Note, and all other documents delivered in connection therewith have been filed with the ICC, and assuming that (i) Lessor has received rights in the Equipment and (ii) the Loan and Security Agreement has been duly executed by all parties thereto, shall constitute a perfected security interest with a first and prior lien on the Equipment, subject only to the rights of a holder of the Lease as chattel paper.

(i) Under Colorado Uniform Commercial Code ("Colorado UCC") Section 9-105, the Lessor's sole executed copy of the Lease and the Note constitute chattel paper and the Lender by taking possession of Lessor's Copy of the Lease and the Note, and so long as Lender maintains such possession, shall have a perfected security interest in such chattel paper and shall be entitled to priority under the provisions of 9-308 of the Colorado UCC over any other party claiming a security interest in such Lease.

(j) The description of the Collateral contained in the Loan and Security Agreement is adequate (insofar as such description is an element of creating a security interest in the Collateral) to create the security interest that the Security Agreement purports to create. The appropriate offices for the making of filings covering the Collateral are specified on Annex A hereto. I have reviewed the statements to be filed in such offices. Such filings are in the form required by law, and the description of the Collateral set forth therein is adequate for the purpose of perfecting and maintaining the perfected status of the security interest in the Collateral granted to the Lender under the Loan and Security Agreement, except that in the case of the Lease and the Note the Lender must take possession of such Lease and Note. The security interest granted to the Lender under the Loan and Security Agreement (a) is a valid security interest (as defined in Article 9 of the Uniform Commercial Code) in the Collateral and upon the completion of the filings referred to above in the locations specified in Annex A hereto and the Lender's

taking possession of Lessor's Copy of the Lease and the Note such security interest will be (i) a perfected security interest in the Collateral, and (ii) enforceable, as to such Collateral, against the Lessor and all other persons as security for the Indebtedness, whether now outstanding or hereafter incurred, except that the security interest will be subject to certain statutory liens in favor of persons with actual possession of portions of the Collateral (such as mechanics' liens).

(k) Lessor's place of business (as such term is used in Section 9-103(3)(d)) and its chief executive office (as such term is used in Section 9-103(3)(c) of the Colorado Uniform Commercial Code) is one and the same office and is located in Boulder, Colorado.

I am qualified to practice law in the State of Colorado and do not, except as necessary to state the opinions contained in paragraphs (d), (e), (f), (g), (h), and (j) herein, purport to express any opinion concerning the application of the law of any jurisdiction other than the State of Colorado or the federal law of the United States of America.

Very truly yours,

Annex A to
Opinion of Counsel
for the Lessor

1. Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Exhibit B(2) to Participation Agreement
(omitted intentionally)

COPY

EXHIBIT B(8) TO PARTICIPATION AGREEMENT
[FORM OF OPINION OF COUNSEL FOR THE GUARANTOR]

[Closing Date]

Irving Trust Company
One Wall Street
New York, New York 10005

Gentlemen:

I am General Counsel for Capital Associates International, Inc., a Colorado corporation, and have acted as its counsel in connection with the preparation, execution, delivery and closing of the:

(i) the Guarantee Agreement dated as of September 28, 1985 between Capital Associates International, Inc. (the "Guarantor") and Irving Trust Company (the "Lender").

In connection with the opinions expressed below, I have examined or have arranged for the examination of:

(a) executed copies of the Lease, the Participation Agreement, dated as of September 28, 1985 among Dow Chemical Company, Irving Trust Company, and Whitewood Credit Corporation (the "Participation Agreement"), the Loan and Security Agreement and Note,

(b) other documents furnished by the Guarantor pursuant to Section 3 and Section 4 of the Participation Agreement,

(c) the articles of incorporation of the Guarantor, and all amendments thereto,

(d) the by-laws of the Guarantor,

(e) certificates of the Secretary of State of the State of Colorado, dated _____, 1985 and _____, 1985, attesting to the continued corporate existence and good standing of the Guarantor in that State.

In addition, I have examined and relied upon the originals, or copies certified to my satisfaction, of such other corporate records of the Guarantor, certificates of public officials and of officers of the Guarantor, and agreements, instruments and documents of the Guarantor as I have deemed necessary as a basis for the opinions hereinafter expressed. As to questions of fact material to such opinions, I have, when relevant facts were not independently established by me, relied upon certificates of the Guarantor (or its respective officers or representatives) or public officials. I have assumed the due execution and delivery, pursuant to due authorization of the Lease by the Lessee, and of the Participation Agreement by the Lender and the Lessee, and of the Loan and Security Agreement by the Lender.

This opinion is furnished to you pursuant to Section 3 of the Participation Agreement. Capitalized terms in this opinion are used as defined in the Participation Agreement, unless otherwise defined herein.

Based upon and subject to the foregoing and the further qualifications set forth below, I am of the opinion that:

(a) The Guarantor is duly organized, validly existing and in good standing under the laws of the State of Colorado.

(b) The Guarantor has the corporate power and authority to enter into and perform the Guarantee Agreement.

(c) The Guarantee Agreement has been duly authorized by all necessary action on the part of the Guarantor, has been duly executed and delivered by the Guarantor and constitutes the legal, valid and binding obligation, contract and agreement of the Guarantor enforceable in accordance with its respective terms, subject to the following comments and qualifications:

(1) As to the application of the law of the State of New York with respect to the Guarantee Agreement, the Loan and Security Agreement and the Note, we have assumed that the laws of the State of New York are the same as the laws of the State of Colorado.

(2) With respect to the remedies that are granted to the Lender such remedies are subject to (i) the Federal Bankruptcy Code, (ii) any applicable insolvency or other similar laws of the State of Illinois, the State of Michigan, or of other States where the collateral may be located which affect the enforcement of creditors' rights generally, and (iii) general equity principles limiting the availability of the remedy of specific enforcement and affecting the enforcement of creditors' rights generally, but the laws and general equity principles referred to in clauses (i), (ii), and (iii) do not, in our opinion, result in the remedies remaining available to the Lender being inadequate for the Lender to realize the benefits of the Guarantee Agreement.

(d) No consent, approval or authorization of any governmental authority is required on the part of the Guarantor in connection with the execution, delivery, and performance of the Guarantee Agreement.

(e) The execution, delivery and performance by the Guarantor of the Guarantee Agreement and compliance by the Guarantor with such Agreement will not conflict with, or result in a breach or violation of any law, governmental rule or regulation, nor conflict with or result in any breach of any of the provisions of, or constitute a default under, or result in or require the creation of any lien upon any property of, the Guarantor or any subsidiary of the Guarantor under the provisions of, the certificate of incorporation or by-laws of the Guarantor or of any indenture, mortgage, conditional sale, loan or credit agreement or other instrument to which the Guarantor is a party or by which it may be bound.

(f) There are no suits or proceedings pending or threatened in any court or before any regulatory commission, agency, board or other administrative governmental agency against the Guarantor or with respect to its assets which will have a materially adverse effect on Guarantor or its ability to fulfill its obligations under the Guarantee Agreement.

I am qualified to practice law in the State of Colorado and do not, except as necessary to state the opinions contained in paragraphs (c), (d), (e) and (f) herein, purport to express any opinion concerning the application of the law of any jurisdiction other than the State of Colorado or the federal law of the United States of America.

Very truly yours,

COPY

LOAN AND SECURITY AGREEMENT

Dated as of September 28, 1985

Between

WHITEWOOD CREDIT CORPORATION

Lessor,

and

IRVING TRUST COMPANY

Lender

THE DOW CHEMICAL COMPANY

Lessee

Railcars

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LOAN AND SECURITY AGREEMENT

This ~~LOAN AND SECURITY AGREEMENT~~ (the "Security Agreement") dated as of the 28th day of September, 1985, by and between WHITEWOOD CREDIT CORPORATION, a Colorado corporation with its chief executive office and place of business at 2995 Baseline Road, Boulder, Colorado 80302 ("Lessor"), and IRVING TRUST COMPANY ("Lender"),

W I T N E S S E T H:

WHEREAS, Lessor has entered into the Lease, as hereinafter defined, dated as of September 20, 1985 with The Dow Chemical Company, a Delaware corporation ("Lessee"), providing for the leasing to Lessee of the Equipment; and

WHEREAS, in accordance with the terms and conditions of the Participation Agreement dated as of the date hereof ("Participation Agreement") among Lessor, Lender and Lessee, Lessor proposes to finance a portion of the purchase price of the Equipment subject to the Lease by issuing and selling its nonrecourse Note to Lender and to secure its obligations under the Note by a grant hereunder to Lender of a purchase money security interest in the collateral constituted of or related to such Lease; and

WHEREAS, Lender will receive from Capital Associates International, Inc. a guarantee under the Guarantee Agreement (as defined in the Participation Agreement) and in reliance upon such guarantee Lender is willing to purchase the nonrecourse Note of Lessor;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

A. DEFINITIONS

A.1. Definitions.

"Acknowledgment of Assignment" shall mean an Acknowledgment of Assignment with respect to the Equipment under the Lease in substantially the form of Exhibit F to the Lease.

"Additional Loans" shall mean any loans made pursuant to Section B.4(b) of this Security Agreement.

"As-Offered Rate" and "As-Offered Rate Option" shall have the meanings assigned to those terms in Section B.2(a)(iv) of this Security Agreement.

"As-Offered Rate Funding Period" shall have the meaning assigned to that term in Section B.2(b) of this Security Agreement.

"Assessment Rate" shall have the meaning assigned to that term in Section B.2(a)(ii) of this Security Agreement.

"Bills of Sale" in respect of the Lease shall mean the bills of sale evidencing sale to the Lessor of the Equipment subject to the Lease.

"Business Day" shall mean (i) with respect to selection of, conversion to or renewal of the Euro-Rate Option or determining the first or last day of any Euro-Rate Funding Period, a day for dealings in deposits in Dollars by and among banks in the London interbank market and on which commercial banks are open for domestic and foreign exchange business in New York City and London and (ii) with respect to selection of, conversion to or renewal of any other interest rate Option, determining the first or last day of any other Funding Period and in every other context, any day other than a Saturday, Sunday, public holiday under the laws of the State of New York or other day on which banking institutions are authorized or obligated to close in New York City.

"CD Rate", "CD Rate Option" and "CD Rate Reserve Percentage" shall have the meanings assigned to those terms in Section B.2(a)(ii) of this Security Agreement.

"CD Rate Funding Period" shall have the meaning assigned to that term in Section B.2(b) of this Security Agreement.

"Certificate of Acceptance" in respect of the Lease shall mean the Certificate of Acceptance with respect to the Equipment subject to the Lease.

"Closing" shall mean the Closing hereunder to be held on the Closing Date.

"Closing Date" shall mean September 30, 1985.

"Collateral" shall have the meaning as defined in Section C.1 of this Security Agreement.

"Commencement Date" shall have the meaning specified in the Lease.

"Corresponding Source of Funds" shall mean:

- (i) during any CD Rate Funding Period, the proceeds of hypothetical issuances by the Lender of one or more certificates of deposit of the Lender at the beginning of such CD Rate Funding Period, having maturities approximately equal to such CD Rate Funding Period and in an aggregate amount approximately equal to the then outstanding principal amount of the Loan; and
- (ii) during any Euro-Rate Funding Period, the proceeds of hypothetical receipts by a Notional Euro-Rate Funding Office or by the Lender through a Notional Euro-Rate Funding Office of one or more dollar deposits in the interbank eurodollar market at the beginning of such Euro-Rate Funding Period, having maturities approximately equal to such Euro-Rate Funding Period and in an aggregate amount approximately equal to the then outstanding principal amount of the Loan.

"Default" shall mean any event which with lapse of time or notice, or both, would become an Event of Default.

"Dollars" shall mean lawful money of the United States of America.

"Equipment" shall mean the railcars described in Equipment Schedule No. 1.

"Equipment Schedule No. 1" shall mean Equipment Schedule No. 1, dated as of September 20, 1985, between Lessor and Lessee, which constitutes a Lease and incorporates the terms of the Master Lease Agreement.

"Euro-Rate", "Euro-Rate Option" and "Euro-Rate Reserve Percentage" shall have the meanings assigned to those terms in Section B.2(a)(iii) of this Security Agreement.

"Euro-Rate Funding Period" shall have the meaning assigned to that term in Section B.2(b) of this Security Agreement.

"Event of Default" shall mean any event listed in Section D.1(a)-(d) of this Security Agreement.

"Event of Loss" shall mean damage to the Equipment with respect to which Lessee has made the election described in the Lease.

"Funding Period" shall have the meaning assigned to that term in Section B.2(b) of this Security Agreement.

"Indebtedness" shall have the meaning as defined in Section C.1 of this Security Agreement.

"Initial Funding Period" shall have the meaning assigned to that term in Section B.2(c) of this Security Agreement.

"Law" shall mean any law (including common law), constitution, statute, treaty, regulation, rule, ordinance order, injunction, writ, decree, award or guideline or interpretation or administration thereof by any Official Body charged with the interpretation or administration thereof or with any request or directive of any such Official Body (whether or not having the force of law).

"Lease" shall mean a single agreement comprised of Equipment Schedule No. 1, and the Master Lease which is incorporated into such Equipment Schedule No. 1.

"Lender" shall mean the banking corporation identified as such in the preamble hereof.

"Lessor" shall mean the corporation identified as such in the preamble hereof, except that, notwithstanding such preamble, for purposes of Sections B.1 through B.6 only, such term shall include Lessor's designee or agent.

"Loan" shall mean the unpaid principal amount evidenced by the Note, including the aggregate principal amounts of any Additional Loans.

"Loss Payment Date" shall mean the April 1 or October 1, next following the occurrence of an Event of Loss.

"Master Lease Agreement" shall mean the Master Lease Agreement dated as of September 20, 1985, executed for purposes of identification of certain terms between Lessor and Lessee, and incorporated in full into the Lease.

"Note" shall mean the nonrecourse promissory note issued by Lessor to Lender pursuant to this Security Agreement in the original principal amount of \$430,935.00 evidencing the Loan, such Note maturing on October 1, 1995, and substantially in the form set forth in Exhibit A hereto "Note" shall also mean any successor or substitute note issued in lieu of such Note.

"Notional Euro-Rate Funding Office" shall have the meaning assigned to that term in Section B.6(a) of this Security Agreement.

"Official Body" shall mean any government or political subdivision or any agency, authority, bureau, central bank, commission, department or instrumentality of either, or any court, tribunal, grand jury or arbitrator, in each case whether foreign or domestic.

"Option" and "Options" shall mean the Prime Rate Option, the CD Rate Option, the Euro-Rate Option and/or the As-Offered Rate Option, as the case may be.

"Permitted Lessor Liens" shall mean (i) the security interest created by the Security Agreement; (ii) liens for taxes either not yet due or being contested in good faith by appropriate proceedings diligently conducted so long as such proceedings shall stay the enforcement thereof and the sale or forfeiture of the Equipment or any part thereof or interest therein and provided that Lessee is obligated to discharge such lien when it becomes due or determined to exist; (iii) undetermined or inchoate materialmen's mechanics', workmen's, repairmen's or employees' liens or other like liens arising in the ordinary course of business and securing obligations which are not delinquent or which shall have been bonded or the enforcement of which shall have been suspended (but only for the duration of such suspension), provided Lessee is obligated to discharge such lien when it becomes determined or choate; and (iv) the rights of Lessee and any permitted sublessee or assignee under the Leases.

"Prime Rate" and "Prime Rate Option" shall have the meanings assigned to those terms in Section B.2(a)(i) of the Security Agreement.

"Rent" shall mean all amounts payable by Lessee (including any and all rights to payment of money or consideration of any kind by the Lessor) under the Lease.

"Security Equipment" shall have the meaning assigned to that term in Section C.1(a) of the Security Agreement.

"Standard Notice" shall mean an irrevocable notice provided to the Lender as set forth in Section B.3 and in accordance with Section E.5 of the Security Agreement.

A.2. Interpretation. All accounting terms used herein in an accounting context and not otherwise defined in Exhibit A shall have their meanings determined by reference to generally accepted accounting principles, as they exist in the United States as of the date hereof. The term "including" or any of its variants shall mean "including" or such variant "without limiting the generality of the foregoing."

B. THE NOTES

B.1. The Notes. The Loan by Lender shall be evidenced by the Note payable to the order of Lender. The unpaid principal amounts of the Note, the unpaid interest accrued thereon, the interest rate or rates applicable to such unpaid principal amounts and the duration of such applicability shall at all times be ascertained from the records of Lender, which shall be conclusive absent manifest error.

B.2. Interest Rates. (a) Optional Basis of Borrowing. The unpaid principal amount of the Loan shall bear interest for each day until due on one of the bases selected by Lessor in accordance with Section B.3(a) hereof from among the interest rate Options set forth below, it being understood that, except as provided in Section B.2(c) hereof, Lessor may select only one such Option to apply to the entire Loan at any one time:

(i) Prime Rate Option: A rate per annum (computed on the basis of a year of 360 days), for each day equal to the Prime Rate for such day, such interest rate to change automatically from time to time effective

as of the effective date of each change in the Prime Rate. "Prime Rate", as used herein, shall mean the interest rate per annum publicly announced from time to time by Lender in New York City as its prime rate.

(ii) CD Rate Option: A rate per annum (based on a year of 360 days and actual days elapsed) for each day equal to the CD Rate for such day plus 3/8 of 1% provided, that, after October 1, 1990 such rate shall be equal to the CD Rate for such day plus 1/2 of 1%. "CD Rate" for any day, as used herein, shall mean with respect to any proposed or existing CD Rate Funding Period the rate per annum determined by Lender by adding

(A) the rate per annum obtained by dividing (the resulting quotient to be rounded upward to the nearest 1/100 of 1%) (1) the rate of interest (which shall be the same for each day in such CD Rate Funding Period) determined in good faith by Lender in accordance with its usual procedures (which determination shall be conclusive) to be the average of the secondary market bid rates at or about 11:00 o'clock a.m., New York City time, on the first day of such CD Rate Funding Period by dealers of recognized standing in negotiable certificates of deposit for the purchase at face value of negotiable certificates of deposit of major money center banks for delivery on such day in amounts comparable to the then outstanding principal balance of the Loan (or part thereof not bearing interest at the Prime Rate under Section B.2(d) hereof) having maturities comparable to such CD Rate Funding Period by (2) a number equal to 1.00 minus the CD Rate Reserve Percentage and

(B) the Assessment Rate.

The "CD Rate" described in this Section B.2(a)(ii) may also be expressed by the following formula:

$$R = \frac{M}{(1-P)} + A$$

where: R = CD Rate
M = Average of the secondary market bid rates estimated by Lender per subsection (ii)(A)(1) of this Section B.2(a)
P = CD Rate Reserve Percentage
A = Assessment Rate

The "CD Rate Reserve Percentage" for any day is the maximum effective percentage (expressed as a decimal fraction, rounded upward to the nearest 1/100 of 1%), as determined in good faith by Lender (which determination shall be conclusive), which is in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including supplemental, marginal and emergency reserve requirements) for a member bank of such System in respect of non-personal time deposits in Dollars in the United States. The CD Rate shall be adjusted automatically during any CD Rate Funding Period on the effective date of any change in the CD Rate Reserve Percentage, as of such effective date.

The "Assessment Rate" for any day is the rate per annum (rounded upward to the nearest 1/100 of 1%) determined in good faith by Lender in accordance with its usual procedures (which determination shall be conclusive) to be the maximum effective assessment rate per annum payable by a bank insured by the Federal Deposit Insurance Corporation (or any successor) for such day for insurance on Dollar time deposits, exclusive of any credit allowed against such annual assessment on account of assessment payments made or to be made by such bank. The CD Rate shall be adjusted automatically during any CD Rate Funding Period on the effective date of each change in the Assessment Rate, as of such effective date.

Lender shall give prompt notice to Lessor of the CD Rate so determined or adjusted, which determination or adjustment shall be conclusive if made in good faith.

(iii) Euro-Rate Option: A rate per annum (based on a year of 360 days and actual days elapsed) for each day equal to the Euro-Rate for such day plus 3/8 of 1% provided, that, after October 1, 1990 such rate shall be equal to the Euro-Rate for such day plus 1/2 of 1 %. "Euro-Rate" for any day, as used herein, shall mean with respect to any proposed or existing Euro-Rate Funding Period the rate per annum determined by Lender by dividing (the resulting quotient to be rounded upward to the nearest 1/100 of 1%) (A) the rate of interest (which shall be the same for each day in such Euro-Rate Funding Period) determined in good faith by Lender in accordance with its usual procedures (which determination shall be conclusive) to be the average of the rates per annum for deposits in Dollars offered to leading banks in the

London interbank market at approximately 11:00 o'clock a.m., London time, on the day two Business Days prior to the first day of such Euro-Rate Funding Period for delivery on the first day of such Euro-Rate Funding Period in amounts comparable to the then outstanding principal balance of the Loan (or part, thereof not bearing interest at the Prime Rate under Section B.2(d) hereof) and having maturities comparable to such Euro-Rate Funding Period by (B) a number equal to 1.00 minus the Euro-Rate Reserve Percentage.

The "Euro-Rate" described in this Section B.2(a)(iii) may also be expressed by the following formula:

$$E = \frac{M}{1-P}$$

where E = Euro-Rate
M = average of the rates offered to leading banks in the London interbank market estimated by Lender per subsection (iii)(A) of this Section B.2(a)
P = Euro-Rate Reserve Percentage

The "Euro-Rate Reserve Percentage" for any day is the maximum effective percentage (expressed as a decimal fraction, rounded upward to the nearest 1/100 of 1%), as determined in good faith by Lender (which determination shall be conclusive), which is in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency Liabilities") of a member bank in such System. The Euro-Rate shall be adjusted automatically during any Euro-Rate Funding Period on the effective date of any change in the Euro-Rate Reserve Percentage, as of such effective date.

Lender shall give prompt notice to Lessor of the Euro-Rate so determined or adjusted, which determination or adjustment shall be conclusive if made in good faith.

(iv) As-Offered Rate Option: A rate per annum (the "As-Offered Rate") offered at Lessor's request by

Lender in Lender's sole discretion to Lessor on the day which is the Second Business Day prior to the end of a current Funding Period with respect to any As-Offered Rate Funding Period commencing next after such current Funding Period that Lender shall determine in its sole discretion, which rate shall remain fixed for the duration of such As-Offered Rate Funding Period.

(b) Funding Periods. At any time when Lessor shall select, convert to or renew the CD Rate Option, the Euro-Rate Option or the As-Offered Rate Option to apply to the Loan, Lessor (or in the case of the As-Offered Rate Option, Lender) shall select one of the periods during which such Option shall apply, all applicable periods (any one such applicable period being referred to as the "Funding Period") being set forth in the chart below:

<u>Interest Rate Option</u>	<u>Available Funding Periods</u>
CD Rate Option	30, 60, 90, 120, 180 or 360 days (any one such period being referred to as the "CD Rate Funding Period");
Euro-Rate Option	30, 60, 90, 120, 180 or 360 days (any one such period being referred to as the "Euro-Rate Funding Period");
As-Offered Rate Option	Such period as Lender shall offer in its sole discretion ("As-Offered Rate Funding Period");

provided, that, any Euro-Rate Funding Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Euro-Rate Funding Period shall end on the next preceding Business Day, and any CD Rate Funding Period or As-Offered Rate Funding Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day.

(c) Special Funding Periods. Whenever Lessor selects a CD Rate Funding Period or a Euro-Rate Funding Period or selects the As-Offered Rate Option with an As-Offered Rate Funding Period, which in each case would

extend beyond one or more of the scheduled maturities of installments of principal on the Loan (an "Initial Funding Period"), (i) Lessor may with consent of Lender, or shall if requested by Lender, also select the Prime Rate Option, the CD Rate Option, the Euro-Rate Option and/or the As-Offered Rate Option to apply to the unpaid installments of principal of the Loan scheduled to mature before the last day of such Initial Funding Period and, if the CD Rate Option, the Euro-Rate Option or the As-Offered Rate Option is so selected, Lessor shall select the corresponding CD Rate Funding Period(s) or Euro-Rate Funding Period(s) or consent to the As-Offered Rate Funding Period(s) set by Lender, and (ii) the remaining installments of principal of the Loan shall, during such Initial Funding Period, bear interest under the CD Rate Option, the Euro-Rate Option or the As-Offered Rate Option, as the case may be, as originally selected.

(d) Interest After Maturity. After the principal amount of any part of the Loan bearing interest at any interest rate Option shall have become due (at maturity, by acceleration or otherwise), such part of the Loan shall bear interest for each day until paid (before and after judgment) at a rate per annum which shall be equal to 1% above the then current Prime Rate, such interest rate to change automatically from time to time effective as of the effective date of each change in the Prime Rate. After maturity of any part of the Loan (by maturity, acceleration or otherwise), interest on such part of the Loan shall be due and payable on demand.

(e) CD Rate or Euro-Rate Unascertainable; Impracticability. If

(i) on any date on which a CD Rate or a Euro-Rate would otherwise be set Lender shall have in good faith determined (which determination shall be conclusive) that:

(A) adequate and reasonable means do not exist for ascertaining such CD Rate or Euro-Rate, or

(B) the effective cost to Lender of funding the Loan under the CD Rate Option or Euro-Rate Option from a Corresponding Source of Funds shall exceed the CD Rate or Euro-Rate, as the case may be, applicable to the Loan, or

(ii) at any time Lender shall have determined in good faith (which determination shall be conclusive) that the making, maintenance or funding of the Loan under the CD Rate Option or the Euro-Rate Option has been made impracticable or unlawful by (A) the occurrence of a contingency which materially and adversely affects the secondary market for negotiable certificates of deposit maintained by dealers of recognized standing or the interbank eurodollar market, as the case may be, or (B) compliance by Lender or a Notional Euro-Rate Funding Office in good faith with any Law;

then, and in any such event, Lender may notify Lessor of such determination. Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given) the obligation of Lender to allow Lessor to select, convert to or renew the CD Rate Option or Euro-Rate Option, as the case may be, shall be suspended until Lender shall have later notified Lessor of Lender's determination in good faith (which determination shall be conclusive) that the circumstances giving rise to such previous determination no longer exist.

If Lender notifies Lessor of a determination under subsection (ii) of this Section B.2(e), Lessor shall on the date specified in such notice convert the Loan to another interest rate Option in accordance with Section B.3 hereof. Absent due notice from Lessor of such conversion, the Loan automatically shall be converted to the Prime Rate Option upon such specified date.

If at the time Lender makes a determination under subsection (i) or (ii) of this Section B.2(e) Lessor has previously notified Lender that it wishes to select, convert to or renew the CD Rate Option or Euro-Rate Option, as the case may be, but such Option has not yet gone into effect, such notification shall be deemed to provide for selection of, conversion to or renewal of the Prime Rate Option instead of the CD Rate Option or Euro-Rate Option, as the case may be.

B.3. Selection, Conversion or Renewal of Interest Rate Options.

(a) Selection, Conversion or Renewal. The Lessor may select any interest rate Option to apply to the Loan on the Closing Date. Thereafter, subject to the provisions of Section B.5(b) hereof, Lessor may convert the Loan from any interest rate Option to another interest rate Option and may

renew the CD Rate Option, the Euro-Rate Option or the As-Offered Rate Option:

(i) at any time with respect to conversion from the Prime Rate Option,

(ii) at the expiration of any Funding Period with respect to conversions from or renewals of the CD Rate Option, the Euro-Rate Option or the As-Offered Rate Option, as the case may be, or

(iii) on the date specified in a notice by the Lender pursuant to Section B.2(e) hereof with respect to conversions from the CD Rate Option or the Euro-Rate Option, as the case may be.

Whenever the Lessor desires to select, convert or renew any interest rate Option the Lessor shall provide to the Lender Standard Notice setting forth the following information:

(A) the interest rate Option selected, converted to or renewed, in each case selected in accordance with Section B.2(b) hereof,

(B) if the CD Rate Option or Euro-Rate Option is selected, converted to or renewed, the Funding Period selected in accordance with Section B.2(b) hereof, or if the As-Offered Rate Option is selected, converted to or renewed, the consent to the As-Offered Rate Funding Period selected by Lender, and

(C) the date, which shall be a Business Day and a day permitted by the provisions of subsections (a)(i)-(iii) of this Section B.3, on which any proposed conversion or renewal is to be made.

Standard Notice must be provided no later than 10:00 o'clock a.m., New York City time, on the last day permitted for such notice, as follows:

- (i) at least two Business Days in advance in the case of selection of, conversion to or renewal of the Prime Rate Option or the As-Offered Rate Option;
- (ii) at least two Business Days in advance in the case of selection of, conversion to or renewal of the CD Rate Option; and

- (iii) at least two Business Days in advance for selection of, conversion to or renewal of the Euro-Rate Option.

Standard Notice having been so provided, after the date specified in such Standard Notice interest shall be calculated upon the principal amount of the Loan as so selected, converted or renewed.

(b) Failure to Convert or Renew. Absent due notice from Lessor of conversion or renewal in the circumstances described in Section B.3(a) hereof, the Loan automatically shall be converted to the Prime Rate Option on the last day of the expiring Funding Period.

B.4. Interest and Principal Payment Dates. (a) Interest Payment Dates. Interest on the Loan while the Prime Rate Option is in effect shall be due and payable on the first day of each October and April after the date hereof. Interest on the Loan while the CD Rate Option, the Euro-Rate Option or the As-Offered Rate Option is in effect shall be due and payable on the last day of the applicable CD Rate Funding Period, Euro-Rate Funding Period or As-Offered Rate Funding Period, as the case may be, and on each October 1 and April 1 during such CD Rate Funding Period, Euro-Rate Funding Period or As-Offered Rate Funding Period.

(b) Option to Pay Interest and Certain Other Amounts by Increasing Principal. If the CD Rate Option, the Euro-Rate Option or the As-Offered Rate Option is in effect, and the applicable Funding Period does not terminate on any October 1 or April 1 or, if an amount is due and payable under Section B.5 on a date other than any October 1 or April 1 (the "Section B.5 Amounts"), Lessor may elect to pay such interest or the Section B.5 Amounts when first due and payable or may elect to borrow as additional loans (the "Additional Loans") from the holder of the Notes (i) amounts equal to the amounts of interest due and payable on the Notes on the last day of the applicable Funding Period or (ii) amounts equal to the Section B.5 Amounts (that is, the amount of interest or Section B.5 Amounts due and payable after any October 1 or April 1 and prior to the next succeeding April 1 or October 1, as the case may be, pursuant to the provisions of the second sentence of Section B.4(a) hereof or pursuant to Section B.5 hereof, as the case may be). Such election shall be made upon notice to Lender at least three Business Days prior to the last day of the applicable Funding Period or the day the Section B.5 Amounts are due and payable, as

the case may be, and the Additional Loans shall be deemed to be made as of the last day of such Funding Period or the day the Section B.5 Amounts are due and payable, as the case may be. The proceeds of Additional Loans shall be applied on the day Additional Loans are made to the payment of the amount of such interest or Section B.5 Amounts then due and payable. The amount of each Additional Loan shall be added to the principal amount of its respective Note, shall be part of the Loan, shall bear interest at the same rate as the Loan and shall mature on the next succeeding October 1 or April 1, and shall be entitled to all of the benefits of and security provided by this Security Agreement. Such borrowing by Lessor and the application of the proceeds thereof shall be made by Lender by book entries reflecting, as of the last day of the applicable Funding Period, the payments of interest and the corresponding Additional Loans. Increases in the principal amounts of the Notes due to Additional Loans shall be effective without the need of Lender's notating such on the Notes and the amount of unpaid principal of the Loan shall at all times be ascertained from the records of Lender, which shall be conclusive absent manifest error.

(c) Principal Payments. The Notes shall be payable (a) with respect to the original principal amounts thereof, semi-annually in arrears commencing on April 1, 1986 in such amounts as are set forth in the Amortization Schedule attached to each Note as Schedule A and (b) with respect to any increase in the principal amounts of the Note due to Additional Loans from time to time pursuant to paragraph (b) of this Section B.4 on the immediately next succeeding October 1 or April 1, commencing on October 1, 1986, as applicable, in one installment equal to the entire amount of such increases. In all events and notwithstanding anything else in this Security Agreement or elsewhere to the contrary the last such payment of principal and interest, due October 1, 1995, shall be sufficient to discharge the accrued interest on, and unpaid principal of, the Note.

B.5. Additional Compensation in Certain Circumstances.

(a) Compensation for Taxes, Reserves and Expenses on Outstanding Loans. If any Law:

(i) subjects Lender or any Notional Euro-Rate Funding Office to any tax or changes the basis of taxation with respect to this Security Agreement, the Note, the Loan or payments by Lessor of principal,

interest or other amounts due from Lessor hereunder or under the Note (except for taxes on the overall net income of Lender or such Notional Euro-Rate Funding Office imposed by the jurisdiction in which Lender's principal executive office or Notional Euro-Rate Funding Office is located),

(ii) imposes, modifies or deems applicable any reserve, special deposit or similar requirement against assets held by, credit extended by, deposits with or for the account of, or other acquisition of funds by, Lender or any Notional Euro-Rate Funding Office (other than requirements expressly included herein in the determination of the CD Rate or the Euro-Rate, as the case may be, hereunder), or

(iii) imposes upon Lender or any Notional Euro-Rate Funding Office any other condition or expense with respect to this Security Agreement, the Note, or the making, maintenance or funding of any part of the Loan,

and the result of any of the foregoing is to increase the cost to, reduce the income receivable by, or impose any expense upon Lender or any Notional Euro-Rate Funding Office with respect to this Security Agreement, the Note or the making, maintenance or funding of any part of the Loan by an amount which Lender deems to be material (Lender being deemed for this purpose to have made, maintained or funded the Loan from a Corresponding Source of Funds), Lender shall from time to time notify Lessor of the amount determined in good faith (using any averaging and attribution methods employed in good faith) by Lender (which determination shall be conclusive) to be necessary to compensate Lender or such Notional Euro-Rate Funding Office for such increase in cost, reduction in income or additional expense. Such amount shall be due and payable by Lessor to Lender ten Business Days after such notice is given.

(b) Indemnity. In addition to the compensation required by Section B.5(a) hereof, Lessor shall indemnify Lender against any loss or expense (including loss of margin) Lender being deemed for this purpose to have made, maintained or funded the Loan from a Corresponding Source of Funds, which Lender has sustained or incurred as a consequence of any

(i) payment, prepayment or conversion of any part of the Loan to which the CD Rate Option, Euro-Rate Option or As-Offered Rate Option applies on a day other than the

last day of the corresponding Funding Period (whether or not such payment, prepayment or conversion is mandatory or automatic and whether or not such payment or prepayment is then due),

(ii) attempt by Lessor to revoke (expressly, by later inconsistent notices or otherwise) in whole or part any notice stated herein to be irrevocable (Lender having in its sole discretion the options (A) to give effect to such attempted revocation and obtain indemnity under this Section B.5(b) or (B) to treat such attempted revocation as having no force or effect, as if never made), or

(iii) default by Lessor in the performance or observance of any covenant or condition contained in this Security Agreement or any Note, including without limitation any failure of Lessor to pay when due (by acceleration or otherwise) any principal, interest, commitment fee or any other amount due hereunder or under any Note.

If Lender sustains or incurs any such loss or expense it shall from time to time notify Lessor of the amount determined in good faith by Lender (which determination shall be conclusive) to be necessary to indemnify Lender for such loss or expense. Such amount shall be due and payable by Lessor to Lender ten Business Days after such notice is given.

B.6. Funding by Branch, Subsidiary or Affiliate.

(a) Notional Funding. Lender shall have the right from time to time, prospectively or retrospectively, without notice to Lessor, to deem any branch, subsidiary or affiliate of Lender to have made, maintained or funded any part of the Euro-Rate Portion of the Loan at any time. Any branch, subsidiary or affiliate so deemed shall be known as a "Notional Euro-Rate Funding Office". Notional Euro-Rate Funding Offices may be selected by Lender without regard to Lender's actual methods of making, maintaining or funding the Loan or any sources of funding actually used by or available to Lender.

(b) Actual Funding. Lender shall have the right from time to time during which the Euro-Rate Option applies to the Loan to make or maintain the Loan by arranging for a branch, subsidiary or affiliate of Lender to make or maintain the Loan. Lender shall have the right to (i) hold the Note payable to its order for the benefit and account of such

branch, subsidiary or affiliate or (ii) request Lessor to issue one or more promissory notes in substantially the form attached hereto as Exhibit A with the blanks appropriately filled, payable to such branch, subsidiary or affiliate. Lessor agrees to comply promptly with any request under subsection (ii) of this Section B.6(b) upon appropriate arrangements mutually agreed upon being made for the surrender of the original of such Note. If Lender causes a branch, subsidiary or affiliate to make or maintain any part of the Loan hereunder, all terms and conditions of this Security Agreement shall, except where the context clearly requires otherwise, be applicable to the Loan and to any note payable to the order of such branch, subsidiary or affiliate to the same extent as if the Loan were made or maintained and such note were a Note to Lender's order.

B.7. Limitation of Lessor's Liability. Lender agrees (and each party to whom the Notes shall be transferred or assigned shall by its acceptance of the Notes be deemed to have conclusively agreed) that, except for the breach by Lessor of any of its respective representations, warranties and covenants contained in Sections C.2(a), C.3, C.7, C.8(c), C.10, C.11 and C.14 hereof, all obligations of Lessor hereunder or under the Note, are and shall continue to be nonrecourse obligations of Lessor:

Nothing contained herein limiting the liability of Lessor shall derogate the right of Lender to proceed against Collateral or Lessee as provided herein or in the Lease for the full and complete payment of the Indebtedness.

B.8. Application of Rent and Other Proceeds.

(a) Rent. Provided that no Default or Event of Default shall have occurred and be continuing, Lender will accept payments of Rent in respect of the Lease and any interest on overdue amounts thereof made to it by Lessee and will apply such payments, unless a different application is specified herein, promptly to the payment, first, to Lender of any fees due hereunder and of expenses not reimbursed by Lessee in connection with the collection or distribution of such payment, second, to Lender for interest due on the Note on the date such Rent is due and payable under the Lease, third, to Lender to pay principal on the Note due on the date such Rent is due and payable under the Lease (whether at maturity, by acceleration, mandatory prepayment pursuant to this Security Agreement or otherwise), fourth, to Lender in discharge of any other obligation of Lessor or Lessee under

this Security Agreement, the Participation Agreement or the Lease associated with the Note (including overdue interest), and fifth, any excess to Lessor.

(b) Indemnity Payments. Provided that no Default or Event of Default shall have occurred and be continuing, if Lender receives any payments made by Lessee pursuant to Lessee's indemnities contained in Sections 12.1 or 12.2 of the the Master Lease Agreement as incorporated into the Lease which are owed to any person other than Lender, then Lender will forward such payments promptly to or at the direction of the person to whom such payments were to be made. If Lender identifies payments as such, but withholds them because there is a Default or an Event of Default, such payments shall be kept in a separate account until the earlier of (y) such Default or Event of Default is cured or (z) the entire amount of the principal of the Note is declared due and payable under Section D.2(a)(i) hereof.

B.9. Prepayment.

(a) Mandatory Prepayment. In the event of an Event of Loss to the Equipment under the Lease, there shall be due and payable on the Loss Payment Date the aggregate outstanding principal amount of the Note, together with accrued interest and other amounts due Lender pursuant hereto to the date of prepayment. The amount paid to Lender shall be applied promptly to the payment: first, to Lender of any fees due hereunder and of expenses not reimbursed by Lessee in connection with the collection or distribution of such payment, second, for accrued interest on the Note, third, to pay the unpaid principal amount of the Note, fourth, to Lender in discharge of any other obligations of Lessor under this Security Agreement associated with the Note, and fifth, of any excess to Lessor.

(b) Optional Prepayment. Upon at least three Business Days' prior notice to Lender, Lessor may elect to prepay the Note in full together with accrued interest on the principal amounts thereof, without penalty or premium (i) at any time, when the Prime Rate Option is in effect, or (ii) on the last day of any Funding Period, when the CD Rate Option, Euro-Rate Option or As-Offered Rate Option is in effect.

(c) Limitation of Prepayment. No prepayment of the Note may be made except to the extent and in the manner set forth in this Section B.9.

B.10. Exchange. If the Note shall become mutilated, destroyed, lost or stolen, Lessor shall, upon the written request of the holder of the Note, execute and deliver to such holder, in replacement thereof, a new Note in the same face amount and dated the same date as the Note so mutilated, destroyed, lost or stolen. If the Note being replaced has become mutilated, such Note shall be surrendered to Lessor. If the Note being replaced has been destroyed, lost or stolen, the holder of such Note shall furnish to Lessor such security or indemnity as may be required by it to hold it harmless and evidence satisfactory to the Lessor of the destruction, loss or theft of such Note and the ownership thereof; provided, however, that if the holder of such Note is Lender, the unsecured written undertaking of such holder delivered to Lessor providing indemnification shall be sufficient security and indemnity.

C. SECURITY

C.1. Grant of Security. (a) In order to secure the prompt payment of the principal of and interest on the Note (whether now or hereafter outstanding) and of all other moneys payable and to be payable to Lender under this Security Agreement and the Lease and the timely and faithful performance and observance by Lessor and Lessee of all of their respective agreements, covenants and provisions made for the benefit of Lender in this Security Agreement, the Participation Agreement, the Note and the Lease (such payment, performance and observance by Lessor and Lessee being hereinafter sometimes collectively called the "Indebtedness"), Lessor has granted, conveyed, pledged, sold, mortgaged, assigned, transferred and set over a security interest and does hereby grant, convey, pledge, sell, mortgage, assign, transfer and set over a security interest, unto Lender and its successors and assigns in (i) all estate, right, title and interest of Lessor in and to the Equipment referred to in the Lease whether such estate, right, title or interest is now owned or hereafter acquired including all accessories, enhancements, substitute equipment and replacement and added parts which may now or hereafter be installed in or affixed to such Equipment (the Equipment, substitute equipment, accessories, enhancements, and replacement and added parts described in item (i) above being hereinafter sometimes collectively called the "Security Equipment"); (ii) all proceeds from the sale, exchange, loss or other disposition of the Security Equipment (including any and all proceeds of sale, exchange, condemnation, requisition, loss, damage, or action arising out of the

Security Agreement, insurance and indemnity payments); (iii) all rights, claims and causes of action, if any, which Lessor may have against any manufacturer or supplier of the Security Equipment or any other party by contract or otherwise, in respect of any defect in the Security Equipment or any condemnation, requisition, loss, or damage in respect thereof; and (iv) the Lease, the Purchase Agreement and the Bills of Sale in respect of the Lease, together with all of Lessor's estate, right, title, interest, claim and demand in, to and under the Lease and such Bills of Sale, including the right to receive notices and give consents under the Lease and such Bills of Sale, and all Rent, damages and other money from time to time payable to or receivable by Lessor under the Lease and such Bills of Sale including insurance and condemnation proceeds (such Security Equipment, proceeds, rights, claims, causes of action, Lease and other documents described in items (i) through (iv) above being hereinafter sometimes collectively called the "Collateral"), to have and to hold all and every part of the Collateral unto Lender, and its successors and assigns, for its and their own use and benefit forever;

(b) Provided, further, that so long as no Event of Default (under and as defined in any Lease), or event which, but for the lapse of time or the giving of notice or both, would constitute such an Event of Default, shall have occurred or be continuing, upon termination of the Lease with respect to the Equipment hereunder pursuant to Section [13] of the Master Lease Agreement to the extent incorporated in the Lease and after payment in full of the amounts required to be paid in connection with such termination pursuant to Section B.9 hereof, or upon expiration of the initial term of the Lease with respect to the Equipment thereunder and after payment in full of all amounts required to be paid hereunder and under the Note at or prior to the time of such expiration, then all estate, right, title and interest of Lender in and to such Equipment shall revert to Lessor, and this Security Agreement and rights and powers granted herein and hereby shall cease to be binding to the extent of such Equipment and the Lease and shall be of no further force or effect with respect thereto; and

(c) Provided, further, and these presents are on the condition that, if Lessor, or its successors or assigns, or Lessee shall in connection with the Note and the Lease pay or cause to be paid to Lender all of the Indebtedness in accordance with its terms, as provided in this Security Agreement, the Participation Agreement, the Note and the

Lease, and shall well and faithfully perform and observe, or cause to be performed and observed, all of the agreements, covenants and provisions herein and therein at the time and in the manner specified, then all rights herein assigned to Lender in respect to the Collateral related to the Note and the Lease shall cease and terminate, all estate, right, title and interest of Lender in and to such Collateral shall revert to Lessor, and this Security Agreement and rights and powers granted herein and hereby shall cease to be binding to the extent of such Collateral and shall be of no further force and effect with respect thereof.

(d) (i) For purposes of this Section C.1(d), the term "Separable Items" means equipment which is not a substitution for Equipment or parts thereof and

(y) which is of an independent and stand-alone nature, which will not be installed in or affixed to or otherwise be accessions (as defined in the Uniform Commercial Code as in effect in New York) to the Equipment and which will have and maintain discrete manufacturer serial numbers following installation of such equipment, or

(z) which upgrades the Equipment, but is not essential for the operation thereof and which, although an accession, can be detached from the Equipment without materially interfering with the operations of the Equipment or materially reducing the value, capability or efficiency of the Equipment,

and the term "Other Items" means Enhancements and accessions to which this Section C.1(d) relates which are upgrades and not Separable Items and which Lessee has a right under the Lease to require Lessor to lease to Lessee.

(ii) In the event the Lessee shall require Lessor pursuant to the terms of the Lease to lease to Lessee Enhancements as defined in the Lease, or otherwise requests Lessor to lease accessions to the Equipment, Lessor shall notify Lender in writing ("Lessor's Notice") and provide to Lender all pertinent details of the proposed transaction, including a list of the items of equipment involved, the cost thereof and the term of the proposed lease, and, to the extent possible, shall categorize the equipment as "Separable Items" or "Other Items" (herein collectively, the "Items") in accordance with the definitions used for purposes of this Section C.1(d), and shall provide such additional information

with respect to the Items or the proposed transaction as Lender reasonably requests. If Lessor wishes to finance the purchase of Items with borrowed funds, the repayment of which is secured by a security interest in such Items Lessor shall supply to Lender all documentation (the "Loan Application") reasonably required by Lender in connection with an application for a loan of the sort requested and Lessor shall request Lender to provide financing for a term not to exceed the Initial Term as defined in the Lease in an amount specified not to exceed the Lessor's cost of the Items and shall specify the latest deadline at which it reasonably can accept a response to such request, but in any event no sooner than six Business Days after the Loan Application has been submitted. Lender shall use its reasonable endeavors to respond to such request at the earliest date possible but in any event no later than the deadline specified, stating whether Lender is willing to lend pursuant to documentation substantially equivalent to this Security Agreement and the Note or requires other documentation setting forth a different structure and in any event specifying applicable rates and other information relevant to interest. If Lender shall fail to respond to or shall reject the request at or before the deadline, or if Lender shall propose terms or conditions unacceptable to Lessor, Lessor after such time (the "Response Time") may proceed to complete financing arrangements for the purchase of the Items with another lender, provided Lessor promptly notifies Lender of the name and terms offered by the other lender and provided that Lessor must accept Lender's terms and conditions if they are at least comparable to those offered to Lessor by other recognized commercial lenders or financial institutions ("Recognized Lenders") and provided further in the case of Other Items Lessor agrees to accept Lender's terms if Lender is willing to employ documentation substantially similar to this Security Agreement, the Participation Agreement and the Note, including the same pricing specifications and reasonable closing costs, and provided further that if no binding commitment is obtained from Recognized Lenders within 30 days of the Response Time, Lessor agrees to give Lender a new opportunity to respond to Lessor's request and repeat the foregoing procedures. If Lessor has completed financing arrangements with another lender as aforesaid, Lender upon the written request of Lessor shall execute and deliver in favor of such other lender, at Lessor's expense, an agreement that the relevant Items may be attached and connected to and utilized with the Equipment under such Lease and that the Equipment may be altered to accommodate such Items and a concession of priority in favor of such other lender (up to

an amount equal to the loan proceeds applied to the purchase of the Items) in respect of Lender's security interest in the Items, such concession being limited specifically to such Items specified in the Loan Application and in no event applying to Other Items having an original cost in the aggregate in excess of the upper limit for Enhancements which Lessor is required to lease pursuant to the provisions of Section 18 of the Lease unless Lender has consented thereto. Such concession of priority shall be effective only to the extent that such other lender obtains a perfected and enforceable security interest in the Items with priority over all claims over which Lender's security interest has priority and shall be in a form which is reasonably satisfactory to Lender and such other lender. Notwithstanding the foregoing Lender shall not be required to concede any claim or right it may have against Lessor or any other responsible party in respect to loss, damage, or injury to the Equipment occurring in connection with the installation, removal or operation of the Items or to grant any concession of priority that Lender in good faith determines will jeopardize its security interests granted hereunder or the ability to collect Rent from Lessee as those terms are used in the Lease and provided, further, that if any item of Equipment or part thereof is used as part of the purchase price of the Items, by trade-in or otherwise, Lender's claim in respect of the Items shall remain pari passu with the claims of the other lender to the extent of that part of the purchase price (except to the extent Lender has received repayment of principal in respect of such Item).

C.2. Perfecting Security. (a) Lessor shall, prior to closing, from time to time and at no expense to Lender, promptly execute, acknowledge, witness and deliver and Lessor shall within a reasonable time thereafter but in any event prior to the end of two Business Days thereafter, file or record, or cause to be filed and/or recorded, or prior to such respective times procure the execution, acknowledgment, witnessing, delivery and filing and/or recordation of, such documents or instruments, for the perfection against Lessor, Lessee and all third parties whomsoever (subject to the rights created by the Lease relating to the Security Equipment) of the security interest created by this Article C, and of the rights and powers herein and therein granted to Lender and for the protection thereof, and promptly give to Lender evidence satisfactory to Lender of such delivery and filing and/or recording. Lessor shall cooperate with Lender and upon Lender's request take all necessary steps to perfect and to continue the perfection of the security interest in

the Lease and Equipment, and shall cause this Security Agreement and such financing and continuation statements, notices and additional security agreements to be filed or recorded in such a manner and in such places as may be required by applicable law for such purpose.

(b) Without limiting the generality of the foregoing, Lessor shall from time to time and at any time make such filings and recordings and execute, acknowledge, witness and deliver such financing and continuation statements, notices and additional security agreements, make such notations on its records, and take such other action as Lender may reasonably request for the purpose of so perfecting, maintaining and protecting such security interest of Lender, and Lessor shall on its own initiative, prepare and arrange for and file in the appropriate offices any and all Interstate Commerce Commission filings or comparable continuation statements which are necessary to perfect and protect, or continue to perfect and protect, the security interest of Lender in the Collateral. Lessor hereby authorizes Lender to effect any filing or recording necessary solely to perfect or continue the perfection of the security interest herein granted or any continuation statement or assignment which Lender has requested and is entitled to request pursuant to this Section C.2 without the signature of Lessor to the extent permitted by applicable law. Lender agrees promptly to provide Lessor with a copy of any such filing. The costs and expenses of Lender with respect to such actions shall be payable by Lessor upon demand.

C.3. Title to Collateral. Lessor hereby represents, warrants and covenants that (a) so long as the Note shall be outstanding hereunder, Lessor or its permitted assigns hereunder shall hold such title to the Security Equipment with respect thereto free and clear of all liens, charges and encumbrances created by, through or under Lessor (excepting Permitted Lessor Liens and liens, charges and encumbrances arising out of matters which Lessee has agreed to pay or discharge) and (b) Lessor has not executed any other assignment of the Lease or of the Bills of Sale in respect thereof and has received no advance rental payments under the Lease.

C.4. Inspection. Subject to Lessee's normal security, safety and confidentiality regulations and to the extent that Lessor can grant such right, upon three days' prior written notice to Lessee, Lender shall have at all reasonable times during normal business hours the right of

access to the premises where the Security Equipment is located for the purpose of inspecting the Security Equipment and applicable maintenance records for, and records of hours of use of, the Security Equipment and observing its use and operation, and/or otherwise protecting the security interest created herein.

C.5. Performance by Lessor. Lessor represents and warrants that (a) notwithstanding the assignment hereunder, Lessor will perform all of the covenants and conditions set forth to be complied with by it in this Security Agreement, in the Note and in the Lease (subject to the provisions of Section D.9 hereof) and (b) to the knowledge of Lessor, it has performed all obligations on its part to be performed under the Lease on or prior to the date hereof and there has not occurred on or prior to the date hereof any Event of Default under the Lease or any event which, but for the lapse of time or the giving of notice or both, would be such an Event of Default.

C.6. Performance by Lender. The assignment of the Lease hereunder is made only as security, and, therefore, shall not subject Lender to, or transfer, or pass, or in any way affect or modify, the liability of Lessor under the Lease, it being understood and agreed that notwithstanding such assignment, or any subsequent assignment, all obligations of Lessor to Lessee under the Lease shall be and remain enforceable by Lessee, its successors and assigns, against, and only against, Lessor, except that Lessee's right to Quiet Enjoyment as permitted and provided in the Lease shall not be limited hereby. Nevertheless, Lender may, at any time and from time to time at its option, upon prior written notice to Lessor, perform any act which is undertaken by Lessor to be performed by Lessor under the Lease or hereunder, but which Lessor shall fail to perform, and may take any other action which Lender may deem necessary and commercially reasonable for the maintenance, preservation or protection of its security interest in the Collateral subject to Lessee's right of Quiet Enjoyment to the extent permitted and stated in the Lease. All monies advanced and all expenses (including reasonable legal fees) incurred by Lender in connection with such action, together with interest at a rate per annum equal to the lesser of (a) one percent higher than the interest rate then payable on the Note and (b) the maximum rate permitted under applicable law, shall be repaid by Lessor to Lender upon demand, and shall constitute part of the Indebtedness secured hereby as provided herein. The making of such advance by Lender shall not, however, cure any

Default hereunder until the full amount of all such monies so advanced and such interest thereon shall have been repaid to Lender and such Default shall have otherwise been cured.

C.7. Location of Chief Place of Business. To the extent required to obtain or continue any security interest hereunder, Lessor agrees to give Lender written notice of any change in the location of its chief executive office or major executive office or chief place of business not more than thirty days after such change.

C.8. Protection of Security

(a) In the event any of the Collateral is levied upon under legal process or falls under any other lien or encumbrance of whatever nature, except Permitted Lessor Liens and liens, charges and encumbrances arising out of the matters which Lessee has agreed to pay or discharge, Lessor shall, promptly after the existence of any such lien or encumbrance shall first become known to Lessor, take appropriate steps to cause the same to be duly discharged, dismissed or removed;

(b) Lessor shall not cause or permit anything to be done which may impair the value of the Collateral or the security interest therein intended to be granted hereby; provided, that any possession, use, operation, disposition or enhancement of the Equipment expressly permitted under the Lease shall not constitute a violation of this covenant; and

(c) Lessor shall not without the prior written consent of Lender sell, assign (including by virtue of assignments by operation of law), mortgage, pledge or otherwise transfer or encumber any of the Collateral (except as expressly permitted herein and in respect of the Equipment as expressly permitted in the Lease).

C.9. Disclaimer by Lender. Lender makes no representations or warranties with respect to the Collateral or any part thereof, Lender shall not be chargeable with any obligations or liabilities of Lessor with respect thereto, and Lender shall have no liability or obligation arising out of any such claims, known or unknown, with respect to the Collateral subject to Lessee's right of Quiet Enjoyment to the extent permitted and stated in the Lease.

C.10. Amendments to Agreements. Lessor hereby represents and warrants that it has not, and covenants that

it shall not, as long as this Article C shall remain in effect, except with the prior written consent of Lender, which consent shall not be unreasonably withheld, enter into any agreement amending, modifying or terminating the Lease. Any attempted amendment, modification or termination without such consent shall be void upon written notice to Lessor. Consent by Lender to any one amendment or modification shall not be deemed to be consent to any other amendment or modification.

C.11. Indemnity for Acts of Lessor. Lessor covenants and agrees with Lender that in any suit, proceeding or action brought or taken by Lender under the Lease or the related Bills of Sale to enforce any provisions of the Lease or Bills of Sale, Lessor will save, indemnify and keep Lender harmless from and against all expense (including reasonable legal fees and expenses), loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of Lessee, arising out of a material breach by Lessor of any obligation of Lessor under the Lease (other than a breach by Lessor of its obligations under the Lease which results directly from Lender's asserting its rights as Assignee of the Lease against Lessee or a seller for a default or alleged default under the Lease or Bills of Sale) or arising out of any other indebtedness or liability owing to Lessee by Lessor. Any and all such obligations of Lessor shall be and remain enforceable against and only against Lessor and shall not be enforceable against Lender.

C.12. Notices. Lessor shall cause copies of all notices received or sent by it in connection with the Lease to be promptly delivered to Lender at Lender's address indicated on Exhibit B hereto. Lender shall cause a copy of any counterclaim by Lessee, or its successors or assigns, against Lessor, in connection with any suit, action or proceeding by Lender against Lessee to be promptly delivered to Lessor.

C.13. Further Assurances. At any time and from time to time, upon the reasonable request of Lender, Lessor shall promptly and duly execute and deliver any and all such further instruments and documents as Lender may reasonably deem necessary to obtain the full benefits of the security interests created hereby and of the rights and powers herein granted.

C.14. Representations and Warranties of Lessor. Lessee represents and warrants that:

and the agreements or instruments executed and delivered pursuant thereto, nor compliance with the terms and provisions hereof and thereof, conflicts or will conflict with or will result in a breach or violation of any of the terms, conditions or provisions of any law, governmental rule or regulation or the charter documents, as amended, or by-laws, as amended, of Lessor or any order, writ, injunction or decree of any court or governmental authority against Lessor or by which it or any of its properties is bound, or of any indenture, mortgage or contract or other agreement or instrument to which Lessor is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or will result in the imposition of any lien not permitted by the Lease upon any of its properties;

(g) On the Closing Date, Lessor will have received such title to the Equipment, and become the owner thereof, free and clear of all liens, charges and encumbrances, excepting Permitted Lessor Liens and liens, charges and encumbrances arising out of matters which Lessee has agreed to pay or discharge;

(h) Lessor shall apply the proceeds of the Loan solely to the payment of the Lessor's Cost of the Equipment;

(i) Lessor's place of business (as used in Section 9-103(3)(d) of the Colorado Uniform Commercial Code) and its chief executive office (as used in Section 9-103(3)(c) of the Colorado Uniform Commercial Code) are located at 2995 Baseline Road, Boulder, Colorado 80302;

(j) Neither Lessor, nor, to its knowledge, anyone acting on its behalf has directly or indirectly offered the Note or similar securities relating to the Equipment, for sale to, or solicited any offer to acquire any of the same from, anyone other than the Lender;

(k) No funds used to acquire Lessor's interest in the Equipment will be furnished directly or indirectly out of the assets of or in connection with any employee benefit plan (or its related trust), all as defined in ERISA; and

(l) There is no action or proceeding pending or threatened against the Lessor before any court or administrative agency or other governmental body which would result in any material adverse effect on the ability of Lessor to fulfill its obligations under this Security Agreement, the Lease and the Note and the agreements or instruments executed and delivered pursuant thereto.

D. DEFAULT

D.1. Defaults. Each of following shall constitute an Event of Default hereunder, whatever the reason for such event or failure and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule, or regulation of any governmental or nongovernmental body:

(a) Failure to make payment of any sum on account of the principal of or interest on the Note when the same shall become due, whether at maturity, by acceleration, as part of a mandatory prepayment or otherwise, and such failure shall continue for five Business Days after receipt of written notice thereof from Lessor to Lender;

(b) Lessor shall default in performance of any of its other obligations under this Security Agreement with respect to the Note or Collateral related thereto and such default shall continue for fifteen Business Days after written notice thereof to Lessor from Lender;

(c) Lessor shall be adjudicated a bankrupt or insolvent or admit in writing its inability to pay its debts as they mature, or make an assignment for the benefit of creditors; or Lessor shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or such receiver, trustee or similar officer shall be appointed without the consent of Lessor and such appointment shall continue undischarged for a period of sixty days; or Lessor shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment or debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted (by petition, application or otherwise) against Lessor and shall remain undismissed for a period of sixty days; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against a substantial part of the property of Lessor and such judgment, writ, warrant or similar process shall not be released, vacated or fully bonded within sixty days after its issue or levy, or Lessor or any of its officers shall take any corporate or other action to initiate any of the foregoing; or

(d) An Event of Default, as that term is used in Section 15.1 of the Master Lease Agreement, shall have occurred.

D.2. Effect of a Default.

(a) Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, but subject always to any mandatory requirements of applicable law then in effect (and, if there is no Event of Default under Section D.1(d), subject to Lessee's right of Quiet Enjoyment to the extent permitted and stated in the Lease), Lender may, at its option, do any one or more or all of the following acts, as Lender in its sole and complete discretion may then elect:

(i) by written notice to Lessor declare the entire principal amount of the Note to be due and payable forthwith, whereupon such Note shall become due and payable, both as to principal and interest, without presentment, demand or protest of any kind, all of which are hereby expressly waived, anything contained herein or in such Note to the contrary notwithstanding, but subject, nevertheless, at all times to the nonrecourse provisions of such Note and hereof;

(ii) exercise all rights and remedies of Lessor under the Lease, and Lessor shall have no further rights thereunder (except to receive copies of all notices given and received thereunder) until the security interest granted under Article C hereof with respect to such Lease reverts to Lessor;

(iii) institute legal proceedings to foreclose upon and against the respective security interests granted herein to recover all amounts then due and owing with respect to the Note, including amounts associated with the Note pursuant to the first two sentences of Section B.7, and to collect the same out of the Collateral;

(iv) institute legal proceedings for the sale or lease, under the judgment or decree of any court of competent jurisdiction, of any of the Collateral;

(v) institute legal proceedings for the appointment of a receiver or receivers pending foreclosure hereunder or the sale or lease of any of the Collateral under the order of a court of competent jurisdiction or under other legal process;

(vi) personally, or by agents or attorneys, enter into and upon any premises wherein the Collateral or any

part thereof may then be located, and take possession of all or any part thereof or render it unusable by Lessor, and, without being responsible for loss or damage, hold, store and keep idle, or operate, lease or otherwise use or permit the use of the same or any part thereof for such time upon such terms as Lender may determine in a commercially reasonable manner;

(vii) personally, or by agents or attorneys, enter into and upon any premises wherein the Collateral or any part thereof may then be located, and take possession of all or any part thereof with or without process of law and without being responsible for loss or damage, and sell, lease or otherwise or dispose of all or any part of the same, free from any and all claims of Lessor or of any other party claiming by, through or under Lessor at law, in equity or otherwise, at one or more public or private sales, in such place or places, at such time or times and upon such terms as Lender may determine in a commercially reasonable manner with or without any previous demand on or notice to Lessor or advertisement of any such sale or other disposal except that Lender shall provide Lessor with prior written notice of any sale or lease of the respective Collateral; and for the aforesaid purposes, all other notice of sale, advertisement and demand and any right or equity of redemption otherwise required by, or available to Lessor under, applicable law (but not Lessor's rights under this Security Agreement) are hereby waived by Lessor to the fullest extent permitted by applicable law; the power of sale hereunder shall not be exhausted by one or more sales, and Lender may from time to time adjourn any sale to be made hereunder;

(viii) demand, collect and retain all hire, earnings and all other sums due and to become due pursuant to subsections (vi) and (vii) of this Section D.2(a) from any party whomsoever, accounting only for net earnings arising after charging against all receipts from the use of and/or sale of the Collateral, all unpaid items of Indebtedness, and all other costs and expenses of, and damages or losses by reason of, such use and/or sale; and

(ix) exercise any other right, power, privilege or remedy which may be available to a secured party under the Uniform Commercial Code or any other applicable law.

(b) Lessor covenants that it will not create or instigate any breach of peace or, to the best of its ability, permit any third party to create or instigate a breach of the peace in the event Lender should exercise or purport to exercise any right set forth herein.

(c) Application of Proceeds. The proceeds from the sale or lease of the respective Collateral pursuant to any of the provisions of this Section D.2 shall be applied by Lender in the manner provided for in Section B.8(a) hereof.

D.3. Right to Cure. Anything herein to the contrary notwithstanding, in the case of any Event of Default occurring hereunder with respect to the Note due to the occurrence of an Event of Default under the Lease where such Event of Default is with respect to the failure of Lessee to pay Rent, Lender shall not, without the prior written consent of Lessor, exercise any remedy or remedies provided herein or in the Lease in respect thereof during the period from the time such Event of Default initially occurred until five Business Days next following the time of Notice to Lessor of such Event of Default is sent. During such period, Lessor shall have the right to cure, on behalf of Lessee, such Event of Default under the Lease. Each separate Event of Default as to payment of Rent occurring subsequent to such an Event of Default which was theretofore cured by Lessor shall be subject to the period during which Lender may not exercise its remedies as hereinabove.

No party exercising any such right to cure shall obtain any lien, charge or encumbrance of any kind upon the Equipment or any rentals or other amounts payable therefor under the Lease in respect of any sums paid in connection with the exercise of such right or the curing of such Event of Default, nor shall any claims of such party against Lessee for the repayment of such sums so advanced impair the prior right of Lender to the sums payable by Lessee under the Lease; provided, however, that if no Default hereunder shall then have occurred and be continuing and if the respective Indebtedness then due and owing shall have been paid at the time of receipt by Lender from Lessee of an overdue installment of Basic Rent in respect of which Lessor shall have made payment to Lender pursuant to this Section D.3 and/or any interest payable by Lessee in respect of the late payment thereof, such installment or other sum and interest thereon shall be released to or at the written direction of Lessor. Subject to the foregoing, Lessor shall be subrogated to all of Lender's right to any payment for which Lessor has

advanced any sums hereunder, provided that Lessor's claim shall be subordinated to those of Lender and not asserted unless and until all payments due and payable to lender are paid in full.

D.4. Right to Purchase the Note. At any time after Lender has declared Lessee in Default under the Lease pursuant to Section 15 of the Master Lease Agreement, it shall notify Lessor and Lessor shall be entitled at any time within 30 days after it has received such notice to prepay the Note by paying the holder in immediately available funds the aggregate unpaid principal amount of the Note together with accrued interest thereon to the date of payment plus any other Indebtedness associated with the Note payable to such holder.

D.5. Waiver by Lessor. To the fullest extent that it may lawfully so agree, Lessor shall not at any time insist upon, claim, plead, or take any benefit or advantage of, any appraisal, valuation, stay, extension, moratorium, redemption or any similar law now or hereafter in force in order to prevent, delay or hinder the enforcement of this Security Agreement or the absolute sale of any part or all of the Collateral or the possession thereof by any purchaser at any sale pursuant to Section D.2 hereof; and Lessor, for itself and all who may claim through it, as far as it or they now or hereafter lawfully may do so, hereby waives the benefit of all such laws and all right to have the Collateral marshalled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose under this Security Agreement may order the sale of the Collateral as an entirety.

D.6. Right to Purchase Collateral. At any sale pursuant to Section D.2 hereof, Lender or its agent may, to the extent permitted by applicable law, bid for and purchase the Collateral offered for sale or lease, may use any claim for applicable Indebtedness then due and payable to it with respect to the Note as a credit against the purchase price and, upon compliance in full with the terms of such sale or lease, may hold, retain and dispose of such property without further accountability therefor to Lessor or any other party.

D.7. Cumulative Rights. Each right, power and remedy herein specifically granted to Lender or otherwise available to it shall be cumulative, and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or otherwise; and each right, power and remedy, whether

specifically granted herein or otherwise existing, may be exercised, at any time and from time to time, as often and in such order as may be deemed expedient by Lender in its sole and complete discretion; and the exercise or commencement of exercise of any right, power or remedy shall not be construed as a waiver of the right to exercise, at the same time or thereafter, the same or any other right, power or remedy. No delay or omission by Lender in exercising any such right or power, or in pursuing any such remedy, shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of Lessor or an acquiescence therein. No waiver by Lender of any breach or default of or by Lessor under this Security Agreement shall be deemed to be a waiver of any other or similar, previous or subsequent breach or default.

D.8. Rights Under the Lease. Notwithstanding any of the provisions of this Security Agreement to the contrary, neither Lessor nor Lender shall, in the absence of an Event of Default under the Lease, or event which, but for the lapse of time or the giving of notice or both, would constitute such an Event of Default under the Lease, take any action contrary to the rights of Lessee, its permitted successors and assigns under the Lease except in accordance with the provisions of the Lease.

D.9. Lender as Agent. Lessor hereby constitutes Lender and its successors and assigns the true and lawful attorney of Lessor, irrevocably and with full power of substitution, in the name of Lessor or otherwise, to demand, receive and sue for, and (with the consent of Lessor unless and until a Default shall have occurred hereunder in which case such consent shall not be required) compromise and give acquittance for, any and all rentals, profits, moneys and claims for money due to become due under the Lease and the Bills of Sale or otherwise arising out of this Article D, to endorse any checks or other instruments or orders in connection therewith, to make all waivers and agreements and to file any claims or take any actions or institute any proceedings with respect thereto which Lender may deem necessary or advisable in good faith and acting pursuant to commercially reasonable standards. Anything herein contained to the contrary notwithstanding, neither Lender nor its nominee or assignee shall have any obligation or liability by reason of or arising out of this Article D to make any inquiry as to the nature or sufficiency of, to present or file any claim with respect to, or to take any action to collect or enforce the payment of, any amounts to which it

may be entitled at any time or times by virtue of this Article D. Lessor agrees that this power of attorney is coupled with an interest of Lender.

D.10. Reliance of Lender. Lender shall be entitled to rely on any power of attorney or agency granted by Lessor to Lessee and to assume that the same is in full force and effect until receipt of actual notice from Lessor that the power or agency has been revoked.

E. MISCELLANEOUS

E.1. Successors and Assigns. (a) This Security Agreement shall be binding upon and inure to the benefit of Lessor and Lender and their respective successors and assigns, except that Lessor may not assign its rights nor delegate its duties hereunder without the prior written consent of Lender pursuant to subparagraph E.1(b).

(b) Lessor may transfer to another person or entity (hereinafter in this Section E.1(b) referred to as the "Transferee") all its right, title and interest in and to the Lease and the Collateral constituting, subject to or otherwise associated with the Lease, subject to the conditions that (i) (y) Lessor remains liable under this Security Agreement, the Participation Agreement, and the Note, or (z) Lessor remains liable under the Participation Agreement and the Transferee confirms that it shall be deemed a party to this Security Agreement and the Note and agrees to be bound by all the terms of, and to undertake all of the obligations of the Lessor contained therein and to assume the Lessor's obligations under this Security Agreement and the Note pursuant to an agreement or agreements in form and substance satisfactory to Lender, (ii) such transfer is made in compliance with all applicable laws, rules and regulations of or in effect in the United States and any other applicable laws, rules or regulations, and is a transaction not involving any public offering, as such terms are used in the Securities Act of 1933, as amended, or the rules and regulations promulgated thereunder, and such transfer does not result in any interest in such Lease or Collateral or in the imposition of any lien, charge or encumbrance ("Lien") on Equipment, the Lease or proceeds thereof (except an interest or Lien subordinate to the rights of Lender under this Security Agreement and the Note pursuant to an agreement of subordination satisfactory in form and substance to Lender in its sole discretion), (iii) the Transferee, if clause (i)(z) applies, delivers to the holder of the Note an opinion or

opinions of counsel selected by the Transferee and reasonably satisfactory to the holder of the Note stating that the assumption agreement referred to in clause (i)(z) above is a legal, valid and binding obligation of the Transferee enforceable in accordance with its terms (assuming the due execution, authorization and delivery by the parties thereto other than the Transferee and assuming the perfection of Lender's security interest in the Collateral against transferor Lessor) and that as a result of such conveyance no additional legal action (in the United States, the State in which such counsel is qualified to practice, and, to the best knowledge of such counsel, any other relevant jurisdiction) is necessary to protect or preserve the validity priority, or perfection of the security interest in the Collateral created pursuant to this Security Agreement or specifying any such legal action and stating that such action has been duly taken, (iv) the Transferee has taken whatever legal action shall be specified in the opinion referred to in clause (iii) above and whatever other legal action the holders of the Note may reasonably request for the purpose of protecting or preserving the validity, priority or perfection of the security interest in the Collateral created pursuant to this Security Agreement and (v) all expenses (including fees and disbursements of counsel) reasonably incurred by the Lender in connection with such transfer are paid in full by the Lessor or Transferee, and (vi) Lender's interests are not prejudiced. Upon such transfer by the Lessor as provided in clause (i)(z) of this section E.1(b), the Transferee in respect of such Lease and Collateral shall be deemed the "Lessor" for all purposes hereof, and each reference in this Security Agreement to the Lessor in such respect shall thereafter be deemed to include the Transferee, for all purposes, except that no such transfer shall discharge the transferor Lessor's obligations hereunder or under the Lease, this Security Agreement or the Note arising out of matters or events occurring simultaneously with or prior to the effectiveness of such transfer.

E.2. Governing Law. This Agreement shall be deemed to be a contract under the laws of the State of New York and the execution, delivery, terms and provisions hereof shall be governed by and construed in accordance with such laws, except to the extent required by mandatory provisions of other applicable Law.

E.3. Entire Agreement. This Security Agreement and the Note embody the entire agreement between the Lender and the Lessor and supersede all prior agreements and

understandings, if any, relating to the subject matter hereof. Such terms, rights and obligations may not be changed orally or by conduct or any course of dealing, but may be changed only by an agreement in writing signed by the party against whom enforcement of such change is sought.

E.4. Counterparts. This Security Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of such counterparts shall together constitute a single instrument.

E.5. Notices. All notices under Section B.3 hereof shall be sent to the Lender by telex (which shall be effective when received) or by telephone confirmed by telex (which shall be effective when telephoned) or first class mail, in all cases with charges prepaid. All other communications and notices provided for herein shall, except as otherwise provided, be in writing and shall become effective when deposited in the United States mail, prepaid and addressed to the address indicated in Exhibit B hereto for such party or to such other address as such party may designate in writing pursuant hereto.

E.6. Expenses. All statements, notices and other documents or information furnished to Lender under this Security Agreement or the Participation Agreement shall be supplied without cost to Lender. Lessor shall reimburse Lender for all out-of-pocket charges and expenses (including reasonable legal fees and expenses) incurred by Lender in connection with the enforcement of this Security Agreement, the Note, the Lease or any other document contemplated therein or herein or the protection or preservation of any right or claim of Lender in connection with this Security Agreement, the Note or the Lease.

E.7. Captions. The captions in this Security Agreement are for the convenience of reference only, and shall neither define nor limit any of the terms or provisions herein.

E.8. Judicial Proceedings. Any judicial proceeding brought against the Lessor with respect to this Security Agreement, the Note, the Lease, the Collateral, or Indebtedness or any matter arising out of or related to the foregoing or related matter may be brought in any Federal or State court of competent jurisdiction located in the Borough of Manhattan in the State of New York and, by execution and

delivery of this Security Agreement, the Lessor accepts the nonexclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Security Agreement, the Note, the Lease, the Collateral, Indebtedness, or such matters arising out of or related to the foregoing. The Lessor irrevocably designates and appoints CT Corporation System, 1633 Broadway, New York, New York, as its agent to receive on its behalf service of all process in any such proceeding in any such court, such service being hereby acknowledged by the Lessor to be effective and binding service in each and every respect. A copy of any such process so served shall be mailed by registered airmail to the Lessor at its respective address set forth in Exhibit B except that any failure to mail such copy shall not affect the validity of service of process. The Lessor shall at all times maintain an agent for service of process pursuant to this Section. If the Lessor fails to appoint such an agent, or if such agent refuses to accept service, the Lessor hereby agrees that service upon it by mail shall constitute sufficient notice. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of the Lender to bring proceedings against the Lessor in the courts of any other jurisdiction. Any judicial proceeding by the Lessor against the Lender involving, directly or indirectly, any matter in any way arising out of, related to, or connected with this Security Agreement, the Note, the Lease, the Collateral, or the Indebtedness shall be brought only in a Federal or State court located in the Borough of Manhattan, State of New York.

E.9. WAIVER OF JURY TRIAL. THE LESSOR AND LENDER IN CONSIDERATION OF THE WAIVER BY THE OTHER HEREBY MUTUALLY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING BROUGHT BY IT OR THE LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT, THE NOTE, THE LEASE, THE COLLATERAL, OR THE INDEBTEDNESS, EXCEPT THAT LESSOR MAY DEMAND A TRIAL BY JURY IF LENDER DEMANDS A TRIAL BY JURY.

LESSOR, BY ITS EXECUTION AND DELIVERY OF THIS SECURITY AGREEMENT, HEREBY REPRESENTS AND WARRANTS THAT THIS WAIVER OF JURY TRIAL IS KNOWING AND WILLING AND HAS BEEN GIVEN AFTER CONSULTATION WITH COUNSEL.

E.10. Severability; Unenforceability of Particular Provisions. Any provision of this Security Agreement or of

the Note which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date first above written.

LENDER:

IRVING TRUST COMPANY

By _____
Title:

LESSOR:

WHITEWOOD CREDIT CORPORATION

By _____
Title:

COPIES OF
NONRECOGNIZABLE PROMISSORY NOTE

\$430,935.00

Date: _____, 1985

FOR VALUE RECEIVED, WHITEWOOD CREDIT CORPORATION, a Colorado corporation ("Lessor"), hereby promises, subject to the limitations hereinafter set forth, to pay to the order of IRVING TRUST COMPANY ("Lender"), at One Wall Street, New York, New York 10015, the principal amount of FOUR HUNDRED THIRTY THOUSAND AND NINE HUNDRED THIRTY FIVE Dollars (\$430,935), plus any additional unpaid principal amount borrowed by Lessor with respect to this Note as provided below, in immediately available funds of lawful money of the United States, together with interest, in like money, from the date hereof on the unpaid principal amount hereof from time to time outstanding at the rate or rates per annum determined pursuant to Section B.2 of, or as otherwise provided in, the Loan and Security Agreement, dated as of September 28, 1985 (as the same may be hereafter amended, modified or supplemented from time to time, the "Security Agreement"), between Lessor and Lender.

Interest on this Note while the Prime Rate Option is in effect shall be due and payable on the first day of each October and April after the date hereof. Interest on this Note while the CD Rate Option, the Euro-Rate Option or the As-Offered Rate Option is in effect shall be due and payable on the last day of the corresponding CD Rate Funding Period, Euro-Rate Funding Period or As-Offered Rate Funding Period, as the case may be, and on each October 1 and April 1 during such CD Rate Funding Period, Euro-Rate Funding Period or As-Offered Rate Funding Period. Notwithstanding the foregoing, pursuant to Section B.4(b) of the Security Agreement Lessor may elect upon not less than three Business Days prior notice to the holder of this Note, to borrow from such holder, and upon such election such holder shall be

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE PUBLICLY RESOLD UNLESS SO REGISTERED OR TRANSFERRED IN A TRANSACTION EXEMPT FROM REGISTRATION.

deemed to have loaned to Lessor, the amount of any payment of interest upon this Note or any Section B.5 Amounts which are due and payable after any October 1 or April 1 and prior to the next succeeding April 1 or October 1, as the case may be, such borrowing to be made by entries reflecting as of the date such payment is due the payment of such interest and such Section B.5 Amounts and the corresponding increase in the principal amount of this Note. After maturity of any part of the Note (at maturity, by acceleration or otherwise), interest on such part of the Note shall be due and payable on demand.

The principal of this Note shall be payable (a) with respect to the original principal amount hereof, semi-annually in arrears as provided in the Amortization Schedule attached to this Note as Schedule A and incorporated by reference herein and (b) with respect to any increase in the principal amount of this Note from time to time pursuant to the preceding paragraph during the semi-annual period next preceding the date of payment, on the immediately next succeeding October 1 and April 1 commencing on April 1, 1986 to and including April 1, 1995 in one installment equal to the entire amount of such increase. In all events and notwithstanding anything else in the Security Agreement or elsewhere to the contrary, the last such payment of principal and interest, due October 1, 1995, shall be in an amount sufficient to discharge the accrued interest on, and the unpaid principal of, this Note.

If any payment of principal or interest on this Note shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment, except that if the Euro-Rate Option is in effect and such next succeeding Business Day falls in the succeeding calendar month, such payment shall be made on the next preceding Business Day. Pursuant to Section B.8 of the Security Agreement, all payments hereunder shall be applied first, to Lender of any fees due hereunder and of expenses not reimbursed by Lessee in connection with the collection or distribution of such payment, second, to Lender for interest due on the Note associated with such Lease on the date such Rent is due and payable under such Lease, third, to Lender to pay principal on such Note due on the date such Rent is due and payable under such Lease (whether at maturity, by acceleration, mandatory prepayment pursuant to the Security Agreement or otherwise), fourth, to Lender in discharge of any other

obligation of Lessor or Lessee under the Security Agreement, the Participation Agreement or such Lease associated with such Note (including overdue interest), and fifth, any excess to Lessor.

This Note is secured by a grant of security made by Lessor to Lender pursuant to the Security Agreement relating to certain railcars leased to The Dow Chemical Company, a Delaware corporation ("Lessee"), pursuant to Equipment Schedule No. 1 (the "Lease"), which incorporates the terms of a certain Master Lease Agreement, each dated as of September 20, 1985 between Lessor and Lessee. Reference is hereby made to the Lease and the Security Agreement for a description of the property assigned and mortgaged, the nature and extent of the security and the rights of Lender and the holder of this Note and of Lessor in respect of such security.

The unpaid principal amount of this Note, the unpaid interest accrued hereon, the interest rate or rates applicable to such unpaid principal amount and the duration of such applicability shall at all times be ascertained from the records of Lender, which shall be conclusive absent manifest error.

ANYTHING HEREIN TO THE CONTRARY NOTWITHSTANDING AND AS OTHERWISE PROVIDED IN THE SECURITY AGREEMENT (EXCEPT FOR BREACHES BY LESSOR OF CERTAIN REPRESENTATIONS, WARRANTIES AND COVENANTS SPECIFIED IN SECTIONS C.2(a), C.3, C.7, C.8(c), C.10, C.11, C.14 AND E.1(b)(v) OF THE SECURITY AGREEMENT), THIS NOTE IS A NONRECOURSE OBLIGATION OF LESSOR, AND THE LIABILITY OF LESSOR TO MAKE PAYMENTS OF PRINCIPAL OF AND INTEREST ON THIS NOTE IS LIMITED SOLELY TO PAYMENTS OUT OF THE RENTS UNDER THE LEASE ASSIGNED AND PAYMENTS OUT OF THE PROCEEDS OF THE OTHER SECURITY PROVIDED IN THE SECURITY AGREEMENT, AND NO HOLDER OF THIS NOTE SHALL HAVE RECOURSE TO LESSOR OR TO ANY OF THE OTHER ASSETS OF LESSOR (EXCEPT AS AFORESAID) IN THE EVENT THAT SUCH RENTS AND PROCEEDS SHALL NOT BE SUFFICIENT FULLY TO DISCHARGE THE LIABILITY OF LESSOR HEREUNDER.

This Note is subject to certain optional and mandatory prepayments and the maturity hereof may be accelerated, all as provided in the Security Agreement. Lessor hereby waives presentment, demand or protest of any kind otherwise required in connection with the payment of principal of or interest on this Note. Capitalized terms used in this Note which are not otherwise defined herein

shall have the meanings given in the Security Agreement. The terms of this Note shall be governed by the laws of the State of New York.

WHITEWOOD CREDIT CORPORATION

By _____

Title: _____

COPY
SCHEDULE A
TO
NONRECURRING PROMISSORY NOTE

ORIGINAL PRINCIPAL AMOUNT: \$430,935.00

AMORTIZATION SCHEDULE

<u>Date</u>	<u>Principal Remaining*</u>	<u>Principal Payment</u>
April 1, 1986	\$430,935.00	\$11,714.78
October 1, 1986	419,220.22	12,417.67
April 1, 1987	406,802.55	13,162.73
October 1, 1987	393,639.82	13,952.49
April 1, 1988	379,687.33	14,789.64
October 1, 1988	364,897.69	15,677.02
April 1, 1989	349,220.67	16,617.64
October 1, 1989	332,603.03	17,614.70
April 1, 1990	314,988.33	18,671.58
October 1, 1990	296,316.75	19,791.87
April 1, 1991	276,524.88	20,979.39
October 1, 1991	255,545.49	22,238.15
April 1, 1992	233,307.34	23,572.44
October 1, 1992	209,734.90	24,986.79
April 1, 1993	184,748.11	26,485.79
October 1, 1993	158,262.12	28,075.15
April 1, 1994	130,186.97	29,759.66
October 1, 1994	100,427.31	31,545.24
April 1, 1995	68,882.07	33,437.96
October 1, 1995	35,444.31	35,444.31

* The principal remaining set forth in this column does not include the principal amount of any Additional Loan made from time to time pursuant to Section B.4(b) of the Security Agreement.

Acknowledgment of Whitewood Credit Corporation

Corporate Form of Acknowledgment

State of _____

County of _____ ss:

On this _____ day of _____, 1985
before me personally appeared, _____, to
me personally known, who being by me duly sworn, says that
(s)he is the _____ of Whitewood Credit
Corporation, 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 (s)he
acknowledged that the execution of the foregoing instrument
was the free act and deed of said corporation.

Signature of notary public

My commission expires _____

[Seal]

EXHIBIT B
TO
SECURITY AGREEMENT

Information for Notices
and Payments

LENDER For Notices: Irving Trust Company
One Wall Street
New York, New York 10015
Attention: Raymond Murray
Reference: Dow Chemical
Telex: 228224 or 226693

For Payments: Check which will provide for
immediately available funds on the
date on which payment is due,
delivered to Irving Trust Company at
the above address

LESSOR For Notices: Whitewood Credit Corporation
2995 Baseline Road,
Boulder, Colorado 80302
Attention: President
Telex: _____

For Payments: wire transfer of immediately available
funds to:

Account No. _____
Attention: _____

LESSEE For Notices: Dow Chemical U.S.A.
2020 Willard H. Dow Center
Midland, Michigan 48674
Attention: Treasurer
Telex: _____

EXHIBIT C
TO
SECURITY AGREEMENT

Acknowledgments of Whitewood Credit Corporation
and Irving Trust Company

Corporate Form of Acknowledgment

State of _____

County of _____ ss:

On this _____ day of _____, 1985
before me personally appeared, _____, to
me personally known, who being by me duly sworn, says that
(s)he is the _____ of Whitewood Credit
Corporation, 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 (s)he
acknowledged that the execution of the foregoing instrument
was the free act and deed of said corporation.

Signature of notary public

My commission expires _____

[Seal]

Corporate Form of Acknowledgment

State of _____

County of _____ ss:

On this _____ day of _____, 1985
before me personally appeared, _____, to
me personally known, who being by me duly sworn, says that
(s)he is the _____ of Irving Trust
Company, 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 (s)he acknowledged
that the execution of the foregoing instrument was the free
act and deed of said corporation.

Signature of notary public

My commission expires _____

[Seal]

GUARANTEE AGREEMENT

Dated as of September 28, 1985

Between

CAPITAL ASSOCIATES
INTERNATIONAL, INC.
("Capital Associates")

and

IRVING TRUST COMPANY
("Lender")

WHEREAS, Whitewood Credit Corporation ("Lessor") is a wholly owned subsidiary of Capital Associates, and

WHEREAS, Lessor desires to enter into the Lease dated as of the date hereof with the Dow Chemical Company ("Lessee") such Lease to involve certain railcars more particularly described therein, and

WHEREAS, the execution of this Guarantee Agreement by the parties hereto is a condition precedent to the obligation of the Lender, under Section 3(a) of a certain Participation Agreement dated as of the date hereof among Lender, Lessor, and Lessee and to which the form of this Guaranty Agreement is attached as Exhibit D (the "Participation Agreement"), to make the Loan (as defined in

the Participation Agreement) in exchange for Lessor's issuance of the Note (as defined in the Participation Agreement), and

WHEREAS, Capital Associates hereby acknowledges that Lender's extension of the Loan to Lessor will be made in express reliance upon the guarantee given by Capital Associates in this Guarantee Agreement, and

WHEREAS, the Loan proceeds will be used by Lessor to purchase the railcars to be leased to Lessee, and

WHEREAS, Capital Associates wishes Lessor to obtain the benefits incident to such purchase and lease of the railcars.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

Section 1. Guarantee of Payment and Performance of Lessor's Obligations. In consideration of the Lender's entering into a certain Loan and Security Agreement dated as of the date hereof between Lender and Lessor the form of which is attached as Exhibit C to the Participation Agreement (the "Loan and Security Agreement"), and in order to induce the Lender to do so, Capital Associates hereby severally and unconditionally guarantees to the Lender the due and punctual payment and performance by Lessor of all recourse obligations and

liabilities of Lessor to the Lender under Sections C.2(a), C.3, C.7, C.8(c), C.10, C.11, C.14 and E.1(b)(v) of the Loan and Security Agreement (such obligations and liabilities hereinafter collectively called the "Obligations" and individually called the "Obligation"). This guarantee is an absolute, unconditional and continuing guarantee of punctual payment and performance and is not a mere guarantee of collectibility, and is in no way conditional or contingent upon any attempt to collect from Lessor or any guarantor other than Capital Associates. Payment by Capital Associates hereunder may be required by the Lender on any number of occasions. Upon any failure by Lessor to make due and punctual payment with respect to, or otherwise to perform punctually, any of the Obligations, Capital Associates shall, without demand or notice of any nature, all of which are expressly waived by Capital Associates, reimburse and indemnify the Lender for and against any and all losses, claims, damages, costs, charges and expenses whatsoever resulting from such failure by Lessor for which Lessor would be liable under the Loan and Security Agreement (such losses, claims, damages, costs, charges and expenses for which Lessor would be liable under the Loan and Security Agreement hereinafter collectively referred to as "Lessor's Liabilities").

Section 2. Capital Associates' Further Agreements to Pay. Capital Associates further agrees, as the principal

obligor and not as guarantor only, to pay to the Lender forthwith upon demand in funds immediately available to the Lender all reasonable legal and other reasonable fees, costs and expenses, incurred or expended by the Lender in connection with the enforcement of this Guarantee Agreement.

Section 3. Duration of Guarantee. Subject to Section 9, the obligations of Capital Associates under this Guarantee Agreement shall continue in full force and effect so long as there are any Obligations outstanding of Lessor to the Lender.

Section 4. Subrogation. Capital Associates agrees (i) that, after any payment or performance by it pursuant to the provisions of this guarantee, any and all rights of subrogation which it may have against Lessor, any other person or any security for any of Lessor's Liabilities, whether by operation of law or otherwise, shall be subordinate in all respects to any and all rights which the Lender may then have against Lessor, any such other person or any such security pursuant to the Loan and Security Agreement, or any other guarantee, and (ii) that Capital Associates will not enforce any such rights of subrogation or similar rights until Lessor's Liabilities and the Obligations have been paid in full.

Section 5. Freedom to Deal with Lessor and Other Parties. The Lender shall be at liberty, without giving

notice to or obtaining the assent of Capital Associates and without relieving Capital Associates of any liability hereunder, and notwithstanding that at such time Capital Association may have subrogation or similar rights, to deal with Lessor and with each other party who now is or after the date hereof becomes liable in any manner for any of Lessor's Liabilities, in such manner as the Lender, in its sole discretion, deems fit, and to this end Capital Associates gives to the Lender full authority in its sole discretion to do any or all of the following things: (a) extend credit and afford other financial accommodations to Lessor at such times, in such amounts and on such terms as the Lender may approve in its sole and absolute discretion; (b) vary the terms and grant extension or renewals of any present or future indebtedness or obligation to the Lender of Lessor or of any such other party; (c) grant time, waivers and other indulgences in respect thereto; (d) vary, exchange, release or discharge, wholly or partially, or delay in or abstain from perfecting and enforcing any security for or guarantee of Lessor's liabilities which the Lender now has or acquires after the date hereof; (e) accept partial payments from Lessor or any such other party; (f) release or discharge, wholly or partially, any endorser or guarantor; (g) compromise or make any settlement or other arrangement with

Lessor or any such other party; and (h) amend the terms of or otherwise modify, change or depart from the terms of any of the agreements providing for Lessor's Liabilities.

Section 6. Enforceability of Obligations Against Lessor; Invalidity of Other Guarantees. If for any reason Lessor has no legal existence or is under no legal obligation to discharge any of the Obligations undertaken or purported to be undertaken by it or on its behalf, or if any of Lessor's Liabilities have become irrecoverable from Lessor for any reason, this Guarantee Agreement shall, nevertheless, be binding on Capital Associates to the same extent as if Capital Associates had at all times been the principal obligor in respect of all such Obligations. This Guarantee Agreement shall be in addition to any other guarantee for the Obligations and any other guarantee for any other obligations or liabilities of Lessor, and shall not be prejudiced or rendered unenforceable by the invalidity of any such other guarantee.

Section 7. Waivers by Capital Associates. Capital Associates waives notice of acceptance hereof, notice of the existence or creation of all or any of the Obligations, notice of any action taken or omitted by the Lender in reliance hereon, and any requirement that the Lender be diligent or prompt in connection herewith. Capital

Associates also irrevocably waives, to the fullest extent permitted by law, all defenses which at any time may be available in respect of Capital Associates' obligations hereunder by virtue of any statute of limitation, moratorium law, or other similar law now or hereafter in effect.

Section 8. No Contest with the Lender. So long as any of Lessor's Liabilities remain unpaid or undischarged, Capital Associates will not in proceedings under the Bankruptcy Code or insolvency proceedings of any nature, prove in competition with the Lender any claim it may have against Lessor or be entitled to have the benefit of any proof of claim or dividend or payment by or on behalf of Lessor or the benefit of any other security for any of Lessor's Liabilities which, now or hereafter, the Lender may hold or in which it may have any share.

Section 9. Guarantee of Recovered Amounts. Capital Associates further agrees that, if any payment made by Lessor with respect to any of the Obligations or Lessor's Liabilities guaranteed pursuant to this Guarantee Agreement are subsequently recovered from or repaid by the Lender, in whole or in part, in any bankruptcy, reorganization, insolvency or similar proceeding instituted by or against Lessor, or otherwise, the guarantee set forth herein shall continue to be fully applicable to such guaranteed

Obligations and Lessor's Liabilities, or be reinstated, to the same extent as though the payment so recovered or repaid had not originally been made.

Section 10. Acknowledgement of Benefit. Capital Associates expressly represents and acknowledges that the financial accommodations for Lessor contemplated hereunder are and will be to the direct interest and advantage of Capital Associates.

Section 11. Representations and Warranties.
Capital Associates represents and warrants that:

(a) Capital Associates is a corporation duly organized, validly existing and in good standing under the laws of the State of Colorado.

(b) Capital Associates has the corporate power and authority to enter into and perform the Guarantee Agreement.

(c) The Guarantee Agreement has been duly authorized by all necessary action on the part of Capital Associates, has been duly executed and delivered by Capital Associates and constitutes the legal, valid and binding obligation, contract and agreement of Capital Associates enforceable in accordance with its respective terms, subject as to enforceability of remedies, to limitations imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of

creditors' rights generally and to general principles of equity.

(d) No consent, approval or authorization of any governmental authority is required on the part of Capital Associates in connection with the execution, delivery, and performance of the Guarantee Agreement.

(e) The execution, delivery and performance by Capital Associates of the Guarantee Agreement and compliance by Capital Associates with such Agreement will not conflict with, or result in a breach or violation of any law, governmental rule or regulation, nor conflict with or result in any breach of any of the provisions of, or constitute a default under, or result in or require the creation of any lien upon any property of, Capital Associates or any subsidiary of Capital Associates under the provisions of, the certificate of incorporation or by-laws of Capital Associates or of any indenture, mortgage, conditional sale, loan or credit agreement or other instrument to which Capital Associates is a party or by which it may be bound.

(f) There are no suits or proceedings pending or threatened in any court or before any regulatory commission, agency, board or other administrative governmental agency against Capital Associates or with respect to its assets which will have a materially adverse effect on Capital Associates or its ability to fulfill its obligations under the Guarantee Agreement.

(g) Capital Associates is the sole shareholder of Lessor.

Section 12. Definitions. Capitalized terms not defined herein shall have the meaning assigned to them in the Participation Agreement.

Section 13. Governing Law. Capital Associates and the Lender hereby agree that this Guarantee Agreement is made in the State of New York and is to be construed in accordance with and governed by the laws of the State of New York.

Section 14. Entire Agreement. This Guarantee Agreement embodies the entire agreement between the Lender and Capital Associates and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof. Such terms, rights and obligations may not be changed orally or by conduct or any course of dealing, but may be changed only by an agreement in writing signed by the party against whom enforcement of such change is sought.

Section 15. Counterparts. This Guarantee Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of such counterparts shall together constitute a single instrument.

Section 16. Captions. The captions in this Guarantee Agreement are for the convenience of reference only, and shall neither define nor limit any of the terms or provisions herein.

Section 17. Judicial Proceedings. Any judicial proceeding brought against the Lessor with respect to this Guarantee Agreement may be brought in any Federal or State court of competent jurisdiction located in the Borough of Manhattan in the State of New York and, by execution and delivery of this Guarantee Agreement, Capital Associates accepts the nonexclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Guarantee Agreement. Capital Associates irrevocably designates and appoints CT Corporation System, 1633 Broadway, New York, New York, as its agent to receive on its behalf service of all process in any such proceeding in any such court, such service being hereby acknowledged by Capital Associates to be effective and binding service in each and every respect. A copy of any such process so served shall be mailed by registered airmail to Capital Associates at 2995 Baseline Road Boulder, Colorado 80302 Attention: Joseph A. Newcomb, Esq. except that any failure to mail such copy shall not affect the validity of service of process. Capital

Associates shall at all times maintain an agent for service of process pursuant to this Section. If Capital Associates fails to appoint such an agent, or if such agent refuses to accept service, Capital Associates hereby agrees that service upon it by mail shall constitute sufficient notice. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of the Lender to bring proceedings against Capital Associates in the courts of any other jurisdiction. Any judicial proceeding by Capital Associates against the Lender involving, directly or indirectly, any matter in any way arising out of, related to, or connected with this Guarantee Agreement shall be brought only in a Federal or State court located in the Borough of Manhattan, State of New York.

Section 18. WAIVER OF JURY TRIAL. CAPITAL ASSOCIATES AND LENDER IN CONSIDERATION OF THE WAIVER BY THE OTHER HEREBY MUTUALLY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING BROUGHT BY IT OR THE LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS GUARANTEE AGREEMENT, THE NOTE, THE LEASE, THE COLLATERAL, OR THE INDEBTEDNESS, EXCEPT THAT CAPITAL ASSOCIATES MAY DEMAND A TRIAL BY JURY IF LENDER DEMANDS A TRIAL BY JURY.

CAPITAL ASSOCIATES, BY ITS EXECUTION AND DELIVERY OF THIS GUARANTEE AGREEMENT, HEREBY REPRESENTS AND WARRANTS THAT THIS WAIVER OF JURY TRIAL IS KNOWING AND WILLING AND HAS BEEN GIVEN AFTER CONSULTATION WITH COUNSEL.

Section 19. Severability; Unenforceability of Particular Provisions. Any provision of this Guarantee Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

IN WITNESS WHEREOF, Capital Associates and the Lender have caused this Guarantee Agreement to be executed by their duly authorized officers as of the date and year first above written.

CAPITAL ASSOCIATES INTERNATIONAL, INC.

By /s/ _____
Title:

IRVING TRUST COMPANY

By /s/ _____
Title:

Annex I to Guarantee
Agreement (Acknowledgements of Capital Associates and Lender)

Corporate Form of Acknowledgement

State of)
 : ss.:
County of)

On this _____ day of _____, 1985
before me personally appeared, _____, to me
personally known, who being by me duly sworn, says that (s)he
is the _____ of Capital Associates International,
Inc., 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 (s)he acknowledged
that the execution of the foregoing instrument was the free
act and deed of said corporation.

Signature of Notary Public

My commission expires _____

[Seal]

Corporate Form of Acknowledgement

State of New York)
 : ss.:
County of New York)

On this _____ day of _____, 1985
before me personally appeared, _____, to me
personally known, who being by me duly sworn, says that (s)he
is the _____ of Irving Trust Company, 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 (s)he acknowledged that the execution
of the foregoing instrument was the free act and deed of said
corporation.

Signature of Notary Public

My commission expires _____

[Seal]

Certificate of Examination

I, James D. Walsh, being a notary public
commissioned in the State of New York, County of New York,
certify on this 30th day of Sept 1985 that I have
examined the copy of the Participation Agreement with
Exhibits A-D attached thereto (together with executed
versions of the same) to which this Certificate is attached
and have found them to be complete and identical in all
respects to the originals of such Master Lease, Exhibits, and
executed versions of the Exhibits.

James D. Walsh
Signature of Notary Public

My Commission expires 3/30/87

[Seal]