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NEW NUMBER

3/0

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RECORDATION NO. 1 5265 Filed 142b

JUL 17 1987 - 10 59 AM

July 17, 1987

INTERSTATE COMMERCE COMMISSION

7-198A014

Ms. Noretta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C.

No. _____
Date JUL 17 1987
Fee \$ 10.00
ICC, Washington, D.C.

JUL 17 10 56 AM '87
MAIL ROOM OPERATIONS UNIT
ICC OFFICE OF THE SECRETARY

Dear Ms. McGee:

Enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two copies of a Loan and Security Agreement dated as of July 13, 1987, a primary document as defined in the Commission's Rules for the Recordation of Documents.

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

Secured Party: Irving Trust Company
1 Wall Street
New York, New York 10015

Debtor: MLB Consulting Corp.
99 Cambridge Street
Burlington, Massachusetts 01803

A description of the railroad equipment covered by the enclosed document is set forth in Schedule A attached hereto and made a part hereof.

Also enclosed is a check in the amount of \$10 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return a stamped copy of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

Quarterly Report - CT. Kappler

100-100000

LAW OFFICE

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ATTORNEYS AT LAW

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ALVORD

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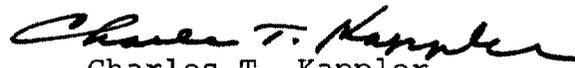
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Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
July 17, 1987
Page Two

A short description of the enclosed primary document to appear in the Commission's Index is:

Loan and Security Agreement dated as of July 13, 1987 between Irving Trust Company, Secured Party, and MLB Consulting Corp., Debtor, covering three (3) EMD, GP 9 locomotives and four (4) EMD, GP 38 locomotives.

Very truly yours,


Charles T. Kappler

Enclosures

SCHEDULE A

<u>Road Unit No.</u>	<u>Description</u>	<u>Engine Serial No.</u>
3801	EMD GP-38, 129-Ton, 2,000 HP Locomotive	62-A-76R
3802	EMD GP-38, 129-Ton, 2,000 HP Locomotive	77-83-1524
3803	EMD GP-38, 129-Ton, 2,000 HP Locomotive	78-A3-1513
3804	EMD GP-38, 129-Ton, 2,000 HP Locomotive	62-C-73R
901	EMD GP-9, 120-Ton 1,750 HP Locomotive	56-J-16
902	EMD GP-9, 120-Ton 1,750 HP Locomotive	58-C-65
903	EMD GP-9, 120-Ton 1,750 HP Locomotive	78-L3-1513

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

July 17, 1987

Charles T. Kappler, Esq.
Alvord and Alvord
918 Sixteenth Street, N. W.
Washington, D. C. 20006

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 7/17/87 at 11:00 AM, and assigned re-
recording number(s). 15264, 15265 and 15266

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

1 5265
REGISTRATION NO. Filed 1425

JUL 17 1987 -11 00 AM

INTERSTATE COMMERCE COMMISSION

LOAN AND SECURITY AGREEMENT

BETWEEN

MLB CONSULTING CORP.

AND

IRVING TRUST COMPANY

DATED AS OF JULY 13, 1987

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EXHIBITS AND SCHEDULES

EXHIBIT A	Defined Terms
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EXHIBIT C	Acknowledgment of Notice and Assignment by Lessee
EXHIBIT D	Certificate of Acceptance
EXHIBIT E	Opinion of Lessor's Counsel
EXHIBIT F	Attornment Agreement
SCHEDULE 1	Description of the Units (including road numbers)

LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT dated as of the 13th day of July, 1987, by and between MLB CONSULTING CORP. a Delaware corporation ("Lessor") and IRVING TRUST COMPANY ("Lender").

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 that certain Locomotive Lease Agreement dated as of June 19, 1987 (the "Lease") with Kiamichi Railroad Company, Inc., a Delaware corporation ("Lessee");

WHEREAS, Lessor is acquiring four (4) EMD GP-38 locomotives (the "Series A Units") and three (3) EMD GP-9 locomotives (the "Series B Units") (each of the Series A Units and the Series B Units is individually referred to as a "Unit" and the Series A Units and the Series B Units are collectively referred to as the "Units" and the Units are specifically described in Schedule 1 hereto) which are to be leased to Lessee under the Lease;

WHEREAS, Lender proposes to finance a portion of Lessor's cost of the Units, such financings to be secured by Lessor's grant to Lender of a security interest in the Collateral and to be evidenced by Lessor's Notes.

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

A. THE LOANS

A.1. The Loans. Subject to fulfillment of the conditions specified herein, Lessor agrees to borrow from Lender, and Lender agrees to lend to Lessor on not more than three (3) separate dates to be specified by Lessor by not less than five (5) days' prior written notice to Lender (the first such date being hereinafter referred to as the "Closing Date" and any such succeeding date being hereinafter referred to as a "Funding Date") an amount equal to Ninety Eight Thousand Two Hundred Fifty Dollars and Seven Cents (\$98,250.07) for each Series A Unit to be settled for on such date and Forty Seven Thousand Twenty Nine Dollars and Sixty Nine Cents (\$47,029.69) for each Series B Unit to be settled for on such date; provided, however, that the aggregate amount of all such loans shall not exceed Five Hundred Sixty Thousand Dollars (\$560,000) and, provided further, than neither the Closing Date nor any Funding Date can occur after August 1, 1987. On the Closing Date and on any Funding Date, Lessor shall execute and deliver to Lender, to evidence the loan to be made to Lessor on such date, its nonrecourse promissory note in substantially the form attached hereto as Exhibit B-1 with respect to all Series A Units being settled for on such date (the "Series A Notes") and its nonrecourse promissory note in substantially the form attached hereto as Exhibit B-2 with respect to all Series B Units being settled for on such date (the "Series B Notes"; the Series A Notes and the Series B Notes are hereinafter referred to individually as a "Note" and collectively

as the "Notes"). The loans evidenced by the Notes shall be repayable on such dates and at such rates of interest as are set forth herein and in the Notes.

A.2. Conditions Precedent to Loan on Closing Date. The obligation of Lender to make the loan hereunder on the Closing Date shall be subject to fulfillment of the following conditions to the satisfaction of Lender and its counsel:

(a) On or prior to the Closing Date, fully executed copies of the following documents shall have been delivered to each party thereto with executed counterparts delivered to Lender:

- (i) this Agreement;
- (ii) the Notes in the aggregate principal amount of the loan to be made on such date;
- (iii) the Lease;
- (iv) the Acknowledgment of Notice and Assignment by Lessee in the form of Exhibit C hereto, duly executed by Lessee, (the "Acknowledgment"); and
- (v) the Certificate of Acceptance in the form of Exhibit D hereto covering the Units then being settled for, duly executed by Lessee.

(b) On or prior to the Closing Date, Lender shall have received:

- (i) certificates of such insurance as Lessee is required to maintain pursuant to Section 10 of the Lease;
- (ii) certified copies of the appropriate proceedings of the respective boards of directors of Lessor and Lessee with respect to this Agreement, the Notes, the Lease, the Acknowledgment and the other instruments contemplated herein and therein and to the execution, delivery and performance thereof by the respective party;
- (iii) certified copies of the corporate organizational documents of Lessor and Lessee;
- (iv) a signed opinion dated the Closing Date of such legal counsel for Lessor as is acceptable to Lender in the form of Exhibit E hereto and Lender shall have received such other opinions of counsel covering matters incidental to the transactions contemplated by this Agreement as Lender may reasonably request;
- (v) evidence of filing of this Agreement and the Lease with the ICC pursuant to 49 U.S.C. §11303;

(vi) executed copies of Bills of Sale from Wilson Railway Corporation ("Wilson") conveying title to the Units then being settled for to Lessor, free and clear of all liens and encumbrances, together with copies of invoices for the purchase price of such Units and evidence satisfactory to Lender of Wilson's title to such Units, including, but not limited to, bills of sale to Wilson from the original owners of such Units; and

(vii) such other approvals, certificates, agreements or other documents as Lender may reasonably request.

(c) The representations and warranties of Lessor contained herein, of Lessee contained in the Lease and in the Acknowledgment and of each such party in any certificate delivered pursuant 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, and on the Closing Date there shall be no default hereunder or under the Lease, or the occurrence of any event which, but for the lapse of time or the giving of notice, or both, would constitute such a default; and Lender shall have received on or prior to the Closing Date from Lessor and Lessee certificates to such effect dated the Closing Date, signed, respectively, by an officer of Lessor and Lessee;

(d) Lender shall have received such evidence of fulfillment of the foregoing conditions of this Section A.2 including, without limitation, certificates of officers of Lessor and Lessee, public officials and others, as Lender or its counsel may reasonably require to establish to their satisfaction the fulfillment of such conditions.

(e) Lender's obligation to make the loan (i) shall not be prohibited by any applicable law or governmental regulation, including, without limitation, Regulation G, T, U or X of the Board of Governors of the Federal Reserve System, (ii) shall not subject Lender to any penalty or, in its reasonable judgment, other onerous condition under or pursuant to any applicable law or governmental regulation, and (iii) shall be permitted by the laws and regulations of the jurisdictions to which Lender is subject. If requested by Lender, Lessor shall have delivered to Lender factual certificates or other evidence reasonably available to Lessor, in form and substance satisfactory to Lender, to enable Lender to establish compliance with this condition, to the extent such compliance relates to the nature, condition, action or inaction of Lessor.

A.3. Conditions Precedent to Loan on Funding Date. The obligation of Lender to make the loan hereunder on a Funding Date shall be subject to fulfillment of the following conditions to the satisfaction of Lender and its counsel:

(a) On or prior to the Funding Date, fully executed copies of the following documents shall have been

delivered to each party thereto with executed counterparts
delivered to Lender:

- (i) the Notes in the aggregate principal amount of the loan to be made on such date; and
- (ii) the Certificate of Acceptance in the form of Exhibit D hereto covering the Units then being settled for, duly executed by Lessee.

(b) On or prior to the Funding Date, Lender shall have received:

- (i) certificates of such insurance as Lessee is required to maintain pursuant to Section 10 of the Lease;
- (ii) a signed opinion dated the Funding Date of such legal counsel for Lessor as is acceptable to Lender in the form of Exhibit E hereto and Lender shall have received such other opinions of counsel covering matters incidental to the transactions contemplated by this Agreement as Lender may reasonably request;
- (iii) executed copies of Bills of Sale from Wilson conveying title to the Units then being settled for to Lessor, free and

clear of all liens and encumbrances, together with copies of invoices for the purchase price of such Units and evidence satisfactory to Lender of Wilson's title to such Units, including, but not limited to, bills of sale to Wilson from the original owners of such Units; and

(iv) such other approvals, certificates, agreements or other documents as Lender may reasonably request.

(c) The representations and warranties of Lessor contained herein, of Lessee contained in the Lease and in the Acknowledgment and of each such party in any certificate delivered pursuant hereto shall be true and correct on and as of the Funding Date with the same effect as though made on and as of the Funding Date, and on the Funding Date there shall be no default hereunder or under the Lease, or the occurrence of any event which, but for the lapse of time or the giving of notice, or both, would constitute such a default; and Lender shall have received on or prior to the Funding Date from Lessor and Lessee certificates to such effect dated the Funding Date, signed, respectively, by an officer of Lessor and Lessee;

(d) Lender shall have received such evidence of fulfillment of the foregoing conditions of this Section A.3 including, without limitation, certificates of officers of Lessor and Lessee, public officials and others, as Lender or its counsel

may reasonably require to establish to their satisfaction the fulfillment of such conditions.

(e) Lender's obligation to make the loan (i) shall not be prohibited by any applicable law or governmental regulation, including, without limitation, Regulation G, T, U or X of the Board of Governors of the Federal Reserve System, (ii) shall not subject Lender to any penalty or, in its reasonable judgment, other onerous condition under or pursuant to any applicable law or governmental regulation, and (iii) shall be permitted by the laws and regulations of the jurisdictions to which Lender is subject. If requested by Lender, Lessor shall have delivered to Lender factual certificates or other evidence reasonably available to Lessor, in form and substance satisfactory to Lender, to enable Lender to establish compliance with this condition, to the extent such compliance relates to the nature, condition, action or inaction of Lessor.

A.4. Representations, Warranties and Covenants. Lessor represents, warrants and covenants that:

(i) Lessor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has full power and authority to own its property and carry on its business as currently conducted and is duly qualified to do business in such other jurisdictions in which the failure to so qualify would have a material adverse effect upon the financial condition of the Lessor;

(ii) Lessor is conducting its business in such a manner as to comply with all applicable laws and regulations of the United States of America, the several states and the District of Columbia and any subdivision of any thereof wherein Lessor is doing business and of all governmental agencies and authorities of any thereof having jurisdiction in the premises where the failure to so comply would have a material adverse affect on the business, present or prospective, or the operations, property, assets or condition, financial or otherwise, of Lessor;

(iii) Lessor has the full power and authority to execute, deliver and perform this Agreement, the Lease, and the Notes;

(iv) This Agreement and the Lease, have each been duly authorized, executed and delivered by Lessor and assuming due authorization, execution and delivery by the other parties thereto constitute the legal, valid and binding obligations of Lessor enforceable against it in accordance with their respective terms;

(v) The Notes have been duly authorized by Lessor and, when executed and delivered by Lender, shall constitute legal, valid and binding obligations of Lessor enforceable against it in accordance with the terms thereof, subject to the limitations as to enforceability contained therein;

(vi) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and

performance by Lessor of this Agreement, the Lease or the Notes, except for the filing of this Agreement and the Lease with the ICC pursuant to 49 U.S.C. §11303;

(vii) Neither the execution, delivery or performance by Lessor of this Agreement, the Lease and the Notes, nor compliance with the terms and provisions 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 hereunder or will result in the imposition of any lien not permitted hereby upon any of its properties;

(viii) Lessor has good, and lawful title to each Unit and the good and lawful right to assign the same to Lender, free from all claims, liens, security interests and other encumbrances, except Permitted Encumbrances; when this Agreement is filed with the ICC, it will represent a valid first priority, perfected lien on and first priority, perfected security interest in the Collateral superior to the rights of all third persons. To the best of Lessor's knowledge, all of such Units are in good condition and repair and adequate for the uses to which they are being put;

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

(x) The execution and delivery by Lessor of this Agreement and the Notes will not involve any prohibited transaction within the meaning of ERISA or Section 4975 of the Code;

(xi) This Agreement and the Lease will be, prior to the Closing Date, duly filed with the ICC pursuant to 49 U.S.C. §11303;

(xii) Except for the filings referred to in paragraph (xi) hereof, there are no security agreements, financing statements or notices signed by Lessor on file in any appropriate public office naming Lessor as debtor and purporting to create or perfect a security interest in (a) the rentals, revenues and payments to be received by Lessor under the Lease or (b) the Units, and no other filing, depositing or recordation is necessary (A) for the protection of the title of Lessor to the Units in any State of the United States of America or the District of Columbia or (B) for the perfection of the lien and security interest of Lender under this Agreement as against creditors of and purchasers from Lessor; and

(xiii) All statements contained in any certificate, document, financial statement or other instrument delivered by or on behalf of Lessor pursuant to or in connection with this

Agreement shall be deemed to constitute representations and warranties under Section A.4 of this Agreement. All Lessor's representations and warranties under this Agreement shall survive the execution and delivery of the same, any investigation by Lender and the issuance of the Notes.

A.5. Limitation of Lessor's Liability. Lender agrees that (i) all obligations of Lessor under the Notes are nonrecourse obligations of Lessor, except that Lessor shall nevertheless be personally liable for any breach of any of its representations, warranties or covenants contained herein, and (ii) the liability of Lessor to make payments of principal of and interest on the Notes are limited solely to payments out of the rentals and other payments to be made to it by Lessee pursuant to the Lease (the "Rent") and to payments out of the proceeds of other security provided herein.

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

A.6. Application of Rent and Other Proceeds.

(a) Rent. Except as provided in subsection (b) hereof and provided no Default (or no event which, but for lapse of time or the giving of notice, or both, would be a Default) shall have occurred and be continuing, Lender will accept payments of Rent made to it by Lessee pursuant to the Lease and will promptly apply such payments as follows:

(i) First, to Lender for expenses not reimbursed by Lessee in connection with the collection or distribution of such payment;

(ii) Second, to Lender in discharge of any other obligation of Lessor or Lessee under this Agreement or the Lease;

(iii) Third, ratably to installments of interest then owing and unpaid on the date such Rent is due and payable under the Lease;

(iv) Fourth, ratably to installments of principal then owing and unpaid on the Notes on the date such Rent is due and payable under the Lease (whether by acceleration, mandatory prepayment pursuant to this Agreement or otherwise);

(v) Fifth, ratably to installments of principal not then due under the Notes, in the order of maturity of such installments, until all principal of the Notes and all accrued interest thereon shall have been fully paid; and

(v) Sixth, any excess shall be paid to Lessor.

(b) Indemnity Payments. Lender will accept payments made to it by Lessee pursuant to Lessee's indemnities contained in Section 8 or Section 11 of the Lease and will apply such payments promptly to the purpose for which such payment was made.

A.7. Mandatory Prepayments.

(a) General. In the event of a Termination Election by Lessee after an Event of Loss (as defined in Section 15 of the Lease) and a termination of the Lease as to any Unit pursuant to Section 15 thereof, there shall be due and payable hereunder and

under the Note issued with respect to such Unit on the Termination Date (as defined in the Lease) a mandatory prepayment of principal in an amount equal to the portion of the then outstanding principal balance of such Note represented by such Unit (assuming that each Unit financed under such Note represents an equal portion of the principal balance thereof), and upon such prepayment, a new amortization schedule for such Note shall be prepared by Lender to reflect such prepayment.

(b) Limitation of Payment. No prepayment of the principal of any Note may be made except and to the extent and in the manner expressly permitted or required by this Agreement; provided that, Lessor shall be entitled to prepay the Note or portion of the Note issued with respect to a Unit which is being deleted from the Lease pursuant to any amendment to the Lease which is consented to by Lender, which consent will not be unreasonably withheld.

A.8. Additional Loan. Lender agrees to make an additional loan (the "Residual Value Loan") and to revise the amortization schedules of all Notes then outstanding at such time as Lessor obtains a policy or policies of residual value insurance (the "Residual Value Policies") satisfying the requirements of subparagraph (i) of this Section A.8. The Residual Value Loan shall be in an amount equal to the lesser of (i) \$96,000 or (ii) the present value, calculated at the interest rate set forth in the Notes then outstanding, of the difference between (x) the amounts which Lender determines will be available to it at the

expiration of the Original Terms of the Lease under the Residual Value Policies and (y) the principal balance of the Notes (including the Note referred to in subparagraph (ii) of this Section A.8) at the expiration of the Original Terms of the Lease, after giving effect to the changed amortization schedule of the Notes. Lender's obligation to make the Residual Value Loan (and to revise the amortization schedules) shall be subject to the satisfaction of the conditions described in subsections (b)(ii), (b)(iv), (c), (d) and (e) of Section A.3 hereof to the same extent as if the date of funding of the Residual Value Loan was a Funding Date and shall be further subject to receipt by Lender on or prior to the date of funding of the Residual Value Loan (which date shall not be later than September 30, 1987) of the following, each to be in form and substance satisfactory to Lender and its counsel:

- (i) fully paid and irrevocable Residual Value Policies issued by an insurer and containing such terms, conditions and provisions as are acceptable to Lender and insuring Lender with respect to the value of the Units at the expiration of the Original Term of the Lease; and
- (ii) Notes duly executed by Lessor in the aggregate principal amount of the Residual Value Loan and in substantially the form of Exhibits B-1 and B-2 hereto (the "Residual Value Notes"),

with separate Notes covering the Series A Units and the Series B Units, and with the same final maturity dates as the Notes then outstanding covering such Units; provided, however, that such Notes shall be subject to mandatory prepayment in the manner set forth in Section A.7 hereto, and, provided further, that such Notes shall be included within the term "Notes" for all purposes of this Agreement, specifically including the provisions of Article C hereof;

- (iii) separate bills of sale covering the Series A Units and the Series B Units executed by Lessor and dated the maturity dates of the Residual Value Notes covering such Units, to be held by Lender and to be deemed delivered by Lessor to Lender upon the failure of Lessor to satisfy all obligations under the applicable Residual Value Note on its maturity date; and
- (iv) an amendment to this Agreement and substitute Notes for all Notes then outstanding (duly executed by Lessor) to evidence the Residual Value Loan and the changed amortization schedule, all in form and substance reasonably satisfactory to Lender and its counsel.

B. SECURITY

B.1. Grant of Security. (a) In order to secure the prompt payment of the principal of and interest on all of the Notes, (whether now or hereafter outstanding) and of all other moneys payable and to be payable to Lender under this Agreement and the Lease (collectively the "Indebtedness") and the timely and faithful performance and observance by Lessor and Lessee of all of the agreements, covenants and provisions contained in this Agreement, the Notes and the Lease, 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 lien on and continuing security interest, unto Lender in (i) every Unit whether now owned or hereafter acquired (including Substitute Units); (ii) Lessor's interest in accessions, accessories, equipment, appurtenances and replacement and added parts appertaining or attached to any of the Units or Substitute Units herein above-described, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any of said Units or Substitute Units (the Units, Substitute Units and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any of said Units and Substitute Units described in items (i) and (ii) above being hereinafter sometimes collectively called the "Security Equipment"), together with all the rents, issues, income, profits, proceeds and avails therefrom and

the proceeds thereof; (iii) all proceeds (including, without limitation, insurance and indemnity payments) from the sale, loss or other disposition of the Security Equipment; (iv) all rights, claims and causes of action, if any, which Lessor may have against Wilson or any other manufacturer, rebuilder or seller of the Security Equipment (or any component thereof) or any other party, by contract or otherwise, in respect of any defect in the Security Equipment; (v) the Lease and the Bills of Sale, together with all of Lessor's estate, right, title, interest, claims and demand in, to and under the Lease and the Bills of Sale, including all extensions of any of the terms thereof, together with all rights, powers, privileges, options, and other benefits of Lessor, including without limitation the right to receive notices, give consents, exercise any election or option, declare defaults and demand payments under the Lease and the Bills of Sale, and (vi) all Rent, damages and other moneys from time to time payable to or receivable by Lessor under the Lease or the Bills of Sale, (such Security Equipment, proceeds, rights, claims, and causes of action and the Lease and the Bills of Sale described in items (i) through (vi) above being herein 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, and these presents are on the condition that, if Lessor, or its successors or assigns, or Lessee shall pay or cause to be paid to Lender all of the

Indebtedness in accordance with its terms, as provided in this Agreement, the Notes and the Lease and shall well and faithfully perform and observe all of the agreements, covenants, and provisions hereof and thereof at the time and in the manner specified, then all rights herein assigned to Lender shall cease and terminate, all estate, right, title and interest of Lender in and to the Collateral shall revert to Lessor and this Agreement and rights and powers granted herein and hereby shall cease to be binding and shall be of no further force and effect; and

(c) PROVIDED FURTHER, that, subject to the terms and provisions hereof and unless otherwise stated herein, Lessor may retain possession, use and enjoyment of the Collateral as long as no Default shall have occurred and be continuing.

B.2. Lender as Agent. Subject to Section B.1 hereof, Lessor hereby appoints 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, compromise, sue for, and give acquittance for, any and all rentals, profits, moneys and claims for money due and to become due under the Lease or the Bills of Sale or otherwise arising out of this Article B, 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 reasonably necessary or advisable. 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 B 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 amount to which it may be entitled at any time or times by virtue of this Article B.

B.3. Perfecting Security. Lessor hereby represents and warrants that as of the Closing Date (and after giving effect to any filings which Lender has advised Lessor it has previously made) all recordings and filings shall have been made which are necessary or appropriate to perfect Lender's interest in the Collateral, including, without limitations, recordings and filings with the ICC, and that no other filings, recordings, depositing or giving of notice is necessary in order to protect the rights of Lender in and to the Collateral. Lessor shall, from time to time and at its own expense, promptly execute, acknowledge, witness, deliver and file and/or record, or procure the execution, acknowledgment, witnessing, delivery and filing and/or recordation of, such documents or instruments, and shall take or cause to be taken such other actions, as Lender may reasonably request for the perfection against Lessor 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 B, of the rights and powers herein granted to Lender and for the continuation and protection thereof and promptly give to Lender evidence satisfactory to

Lender of such delivery and filing and/or recording. Without limiting the generality of the foregoing, Lessor shall from time to time and at any time 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 (consistent with Lessee's rights under the Lease) as Lender may reasonably request for the purpose of so perfecting, maintaining and protecting such security interest of Lender, and shall cause this Agreement and each such financing and continuation statements, notices and additional security agreements to be filed or recorded in such manner and in such places as may be required by applicable law and as Lender may reasonably request for such purpose. Lessor hereby authorizes Lender to effect any filing or recording which Lender has requested pursuant to this Section B.3 without the signature of Lessor to the extent permitted by applicable law. The costs and expenses of Lender with respect to such actions shall be payable by Lessor on demand.

B.4. Existing Lease. The Lease is in full force and effect and, to the knowledge of Lessor, neither the Lessee nor Lessor is in default thereunder. Lessor has not made any other assignment of the Lease and has received no advance rental payments under the Lease.

B.5. After-Acquired Property. Any and all property described or referred to in Section B.1 hereof which is hereafter acquired shall, without any further conveyance, assignment or act

on the part of Lessor or Lender, become and be subject to the security interest herein granted as fully and completely as though specifically described herein. Lessor shall, at its expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

B.6. Usage. So long as no Default shall have occurred and be continuing, Lessor and Lessee shall be entitled to the possession and use of each Unit wholly within the Continental United States in accordance with the terms of this Agreement.

B.7. Marking of Equipment. Lessor shall, at its expense, cause each Unit to be kept numbered with the identifying road number set forth in Schedule 1 hereto, or in the case of any item of equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, the words "Ownership Subject to a Security Agreement filed under the Interstate Commerce Act," or other appropriate markings approved in writing by Lender, with appropriate changes thereof in order to protect Lender's security interest in the Units and its rights under this Agreement. Lessor shall, at its expense, replace promptly any such markings which may be removed, defaced, obliterated or destroyed and shall

not change the number of any Unit except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Lender and filed, recorded and deposited by Lessor in all public offices where this Agreement shall have been filed, recorded and deposited.

B.8. Registration of Equipment. Lessor shall, at its expense, register or cause to be registered all Units and Substitute Units in accordance with any and all applicable federal, state, and local registration requirements of the AAR and the ICC or any of their successor organizations.

B.9. Performance by Lessor. Lessor represents and warrants that (a) notwithstanding the assignment hereunder, Lessor will perform all of the covenants and conditions in the Lease set forth to be compiled with by it and (b) it has performed all obligations on its part to be performed on or prior to the date hereof and there has not occurred on or prior to the date hereof any Event of Default (as defined in Section 18 of 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.

B.10. 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.

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, in such case, may take any other action which Lender may deem necessary for the maintenance, preservation or protection of its security interest in the Collateral. All moneys advanced and all expenses (including legal fees) incurred by Lender in connection with such action together with interest at the Default Interest Rate shall be repaid by Lessor to Lender upon demand, and shall be secured hereby as provided herein.

B.11. Protection of Security. Lessor shall not:

(a) permit any of the Collateral to be levied upon under legal process or to fall under any other lien or encumbrance of whatever nature arising as a result of claims against Lessor, except Permitted Encumbrances;

(b) except with the prior written consent of Lender and upon the terms and conditions, if any, specified in such consent, sell, assign (including by virtue of assignments by operation of law), mortgage, pledge or otherwise transfer or encumber any of the Collateral (except as contemplated herein and in the Lease), or take any action which would permit any party other than Lender to perfect any security interest in the Collateral, whether for purchase money or otherwise.

B.12. Amendments to Lease. Lessor hereby represents and warrants that it has not, and covenants that it shall not, as long as this Agreement shall remain in effect, except with the prior written consent of Lender and upon the terms and conditions, if any, specified in such consent, enter into any agreement amending or supplementing the Lease or any Bill of Sale.

B.13. 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, this Agreement or any Bill of Sale for any installment of, or interest on, any Rent or to enforce any provisions of this Agreement, the Lease or any Bill of Sale, Lessor will save, indemnify and keep Lender harmless from and against all expense (including legal fees), loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of Lessee, or its successors, arising out of a breach by Lessor of any obligation under the Lease or arising out of any other indebtedness or liability at any time owing to Lessee or its successors 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.

B.14. Notices under the Lease. 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 below. Lender will give Lessor notice of any claim, of which Lender has actual knowledge, by Lessee or its successors or assigns against Lessor, which if successful, would result in

Lessor liability under Section B.13 hereof, and will permit Lessor to intervene in any such proceedings.

B.15. Taxes. Lessor will pay all taxes in connection with the issuance, sale or delivery of the Notes and the execution and delivery of this Agreement and any other agreements and instrument contemplated hereby and any modification of the Notes, this Agreement or such other agreements and instruments and will save Lender harmless, without limitation as to time, against any and all liabilities with respect to all such taxes. Lessor will also pay all other taxes, assessments or charges which may be levied on the Notes or interest thereon, except any income tax imposed under the laws of the United States of America or of any foreign country, and will save the Lender harmless, without respect to all such taxes, assessments or charges. The obligations of the Debtor under this Section B.15 shall survive the payment or prepayment of the Notes and the termination of this Agreement.

B.16. Substitute Units. Lessor will cause each Substitute Unit to be marked as provided in Section B.6 hereof. Each Substitute Unit shall constitute accessions to the Collateral and shall be subject to all appropriate terms and conditions of this Agreement as through part of the original Collateral described herein and shall be included in the term "Collateral" as used in this Agreement. For the purposes of Section A.7 hereof, the original cost of a Substitute Unit shall be deemed to be equal to the original cost of the Unit which it

replaced. Title to each Substitute Unit shall be free and clear of all liens and encumbrances other than Permitted Encumbrances and Lessor shall execute, acknowledge, deliver, file, record and deposit all such documents and do any and all such acts as may be necessary to cause such Substitute Unit to come under and be subject to this Agreement and to protect the security interest of Lender in such Substitute Unit.

B.17. 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.

C. DEFAULT

C.1. Defaults. The following events are defaults hereunder:

(a) Lessor shall fail to pay an installment of the principal of or interest on any Note within ten (10) days after the same shall be due and payable, whether at the due date thereof, by acceleration, as part of a prepayment or otherwise;

(b) Lessor shall default in performance of its obligations under this Agreement and such default shall continue for ten (10) days after written notice thereof to Lessor from Lender;

(c) Any representation or warranty on the part of Lessor made herein or in any report, certificate, financial or other statement furnished in connection with this Agreement or

the transactions contemplated herein shall prove to have been false or misleading in any material respect when made;

(d) An Event of Default, as that term is used in Section 18 of the Lease, shall have occurred;

(e) Any claim, lien or charge shall be asserted against or levied or imposed upon the Collateral which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed, or bonded against to the reasonable satisfaction of the Lender, within ten (10) days after written notice from the Lender to the Lessor demanding the discharge or removal thereof;

(f) The Lessor shall (i) file, or consent to the filing against it of a petition for relief under any bankruptcy or insolvency laws, (ii) make an assignment for the benefit of creditors, (iii) consent to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other official with similar powers over the Lessor or a substantial part of its property, or (iv) take corporate action for the purpose of any of the foregoing; or

(g) A court having jurisdiction over the Lessor or its property shall enter a decree or order in respect of the Lessor or such property in an involuntary case under any bankruptcy or insolvency law, or shall appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator, or official with similar powers over the Lessor or any such property, or shall order the winding-up or liquidation of the affairs of the Lessor,

and such order or decree shall continue in effect for a period of sixty (60) consecutive days.

C.2. Effect of a Default.

(a) Remedies. Upon the occurrence of any 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, 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 Notes to be due and payable, forthwith, whereupon the Notes 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 the Notes to the contrary notwithstanding, but subject, nevertheless, at all times to the nonrecourse provisions of the Notes;

(ii) exercise all rights and remedies of Lessor under the Lease, and Lessor shall have no further rights thereunder until the security interest granted hereunder reverts to Lessor;

(iii) institute legal proceedings to foreclose upon and against the security interest granted herein to recover judgment for all amounts then due and owing as Indebtedness, and to collect the same only out of any of the Collateral;

(iv) institute legal proceedings for the sale, 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 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, 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 and 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 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 at least ten (10) days prior notice of such sale by certified mail, return receipt requested; 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 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 rentals, earnings and all other sums due and to become due pursuant to subsections (vi) or (vii) of this Section C.2(a) from any party whomsoever, accounting only for net earnings arising after charging against all receipts from the use of or sale of the Collateral, all costs and expenses of, and damages or losses by reason of, such use or sale power;

(ix) if and to the extent the Default results from a breach by Lessor of any representation, warranty or covenant of Lessor contained herein, institute legal proceedings against Lessor to enforce performance of the applicable covenant of Lessor or to recover damages for the breach of any such representation, warranty or covenant; and

(x) 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) Notice. If Lender must give prior notice to Lessor of any of the foregoing acts, Lessor hereby covenants and agrees that a notice sent to it in writing by certified mail, return

receipt requested, at least ten (10) business days before the date of any such act (or such longer period as may be required by applicable law), at its address provided hereunder shall be deemed to be reasonable notice of such act and, specifically, reasonable notification of the time and place of any public sale hereunder and the time after which any private sale or other intended disposition is to be made hereunder.

(c) Application of Proceeds. The proceeds from the sale of the Collateral pursuant to any of the provisions of this Section C.2 shall be applied by Lender as follows:

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

(b) Second, to the payment to the Lender of the amounts of principal and accrued interest unpaid on the Notes; and in case such proceeds shall be insufficient to pay in full the amount unpaid on the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest, if any, with application on each Note to be made, first, to the unpaid interest thereof, and thereafter to the unpaid principal thereof; and

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

C.3. 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 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 C.2 above; and Lessor, for itself and all who may claim through it, as far as it or they now or hereafter lawfully may so do, 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 Agreement may order the sale of the Collateral as an entirety.

C.4. Right to Purchase Collateral. At any sale pursuant to Section C.2 hereof, Lender or its agent may, to the extent permitted by applicable law, bid for and, if Lender is the highest bidder, purchase the Collateral offered for sale, may use any claim for Indebtedness payable to it as a credit against the purchase price and, upon compliance in full with the terms of such sale, may hold, retain and dispose of such property without further accountability therefor to Lessor or any other party.

C.5. 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 Agreement shall be deemed to be a waiver of any other or similar, previous or subsequent breach or default.

C.6. Rights Under Lease. Notwithstanding any of the provisions of this Agreement to the contrary, neither Lessor nor Lender shall, in the absence of an Event of Default under the Lease, take any action contrary to the rights of Lessee under the Lease except in accordance with the provisions of the Lease.

D. MISCELLANEOUS

D.1. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Lessor, Lender and their respective successors and assigns, provided that Lessor shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of Lender.

D.2. Governing Law, Amendments, and Counterparts. The terms of this Agreement and all rights and obligations of the parties hereto shall be governed by the laws of the State 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.

D.3. Fees and Expenses. The Lessor agrees to pay all of Lender's reasonable out-of-pocket expenses relating to the negotiation, execution, delivery and preparation of this Agreement and the Notes, including recording costs and filing fees in respect of documents filed or recorded with the ICC and the reasonable fees and disbursements of Ross & Hardies, special counsel for the Lender; provided, however, that prior to an Event of Default hereunder Lessor shall not be required to pay any charge imposed by Lender for the time of Lender's in-house counsel.

D.4. Notices. All notices and other communications provided for hereunder shall be in writing (including telegraphic communication) and mailed or telegraphed or delivered:

if to Lessor, at its address at

99 Cambridge Street
Burlington, Mass. 0183
Attention: Richard Peters

and if to Lender, at its address at

Irving Trust Company
One Wall Street
New York, N.Y. 10015
Attention: Transportation Department

with copies to:

Robert W. Kleinman, Esq.
Ross & Hardies
150 N. Michigan Avenue
Suite 2500
Chicago, Illinois 60601

All such notices shall be deemed given upon delivery to an officer of Lessor or Lender, as the case may be, or forty-eight hours after deposit into the United States mail, certified mail, return receipt requested, postage prepaid and addressed to the address indicated herein for such party or to such other address as such party may designate in writing pursuant hereto.

D.5. Survival. All warranties, representations, agreements and covenants made by Lessor herein or in any certificate or other instrument delivered by Lessor shall be considered to have been relied upon by Lender hereto and shall survive the consummation of the transactions contemplated hereby regardless of any investigation made by Lender or on behalf of Lender. All statements in any such certificate or other instrument shall

constitute warranties and representations by Lessor to the same effect as if set forth herein.

D.6. Headings and Tables of Contents. The headings of the sections of this Agreement and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

D.7. Entire Agreement. This Agreement, together with the Notes, are intended by the parties as a final expression of their agreement and are intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, together with the Notes, supercedes all prior agreements and understanding between the parties with respect to such subject matter.

D.8. Attorneys' Fees. In any action or proceeding brought to enforce any provision of this Agreement or the Notes, or where any provision hereof or thereof is validly asserted as a defense, the successful party shall be entitled to recover reasonable attorneys' fees in addition to any other available remedy.

D.9. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in

any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected, it being intended that all of the Lender's rights and privileges shall be enforceable to the fullest extent permitted by law.

D.10. Reproduction of Documents. This Agreement and all documents relating hereto including, without limitation, (a) consents, waivers and modifications which may hereafter be executed, (b) documents received on or as of the Closing Date or any Funding Date, and (c) financial statements, certificates and other information previously or hereafter furnished to any party hereto, may be reproduced by such party by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process and such party may destroy any original document so reproduced, all at the cost of such party. The parties hereto agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

D.11. Attornment Agreement. Lessor has notified Lender that it intends to enter into an Attornment Agreement in substantially the form attached hereto as Exhibit F. Lender acknowledges that Lessor intends to execute and deliver the Attornment Agreement pursuant to the terms thereof and consents to such execution and delivery in all respects. Lender further acknowledges that the execution and delivery of the Attornment Agreement by Lessor shall not be deemed a Default.

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

[CORPORATE SEAL]

Attest:

Janet R. Bucpitt
Authorized Officer

MLB CONSULTING CORP. Lessor

By

Title: PRESIDENT

IRVING TRUST COMPANY, Lender

By

Title: Assistant Secretary

STATE OF New York)
COUNTY OF New York) SS.

On this 13th day of July, 1987, before me personally appeared Jeffrey Foreman to me personally known, who being by me duly sworn, says that he is the assistant secretary of IRVING TRUST COMPANY, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Richard T. Jordan
Notary Public

(SEAL)
My commission expires: 3/30/88

RICHARD T. JORDAN
Notary Public, State of New York
No. 24-01JO4854587
Certificate Filed in Kings County
Qualified in New York County
Commission Expires March 30, 1988

STATE OF New York)
COUNTY OF New York) SS.

On this 13th day of July, 1987, before me personally appeared Richard A. Peters, to me personally known, who being by me duly sworn, says that he is the President of MLB CONSULTING CORP. that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Richard T. Jordan
Notary Public

(SEAL)
My commission expires: 3/30/88

RICHARD T. JORDAN
Notary Public, State of New York
No. 24-01JO4854587
Certificate Filed in Kings County
Qualified in New York County
Commission Expires March 30, 1988

EXHIBIT A
DEFINED TERMS

The terms defined in the Loan where used therein shall have the same meanings as set forth herein unless the context otherwise requires.

"AAR" shall mean the Association of American Railroads or any successor organization.

"Bills of Sale" shall mean those certain bills of sale described in Section A.2 and A.3 hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Default" shall mean any of the defaults described in Section C.1 hereof.

"Default Interest Rate" shall mean the greater of 13% per annum or 125% of the rate per annum which Irving Trust Company, New York, New York publicly announces from time to time as its prime rate as in effect from time to time, but in no event greater than 18% per annum.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ICC" shall mean the Interstate Commerce Commission or any successor organization.

"Original Term of the Lease" shall have the meaning as defined in Section 2 of the Lease.

"Permitted Encumbrances" shall mean with respect to the Units: (i) the security interest created by this Agreement; (ii) the rights of Lessee under the Lease; (iii) 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 Unit or any part thereof or interest therein and (iv) 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).

"Substitute Unit" shall mean a locomotive substituted for a Unit in accordance with the provisions of Section 15 of the Lease.

EXHIBIT B-1

NONRECOURSE PROMISSORY NOTE

\$ _____

Dated: July __, 1987

FOR VALUE RECEIVED, MLB CONSULTING CORP., a Delaware corporation ("Lessor"), hereby promises, subject to the conditions hereinafter set forth, to pay to the order of IRVING TRUST COMPANY ("Lender"), at the principal office of Lender at One Wall Street, New York, N.Y. 10015, or such other place as the holder hereof shall from time to time specify to Lessor, the principal amount of \$ _____ in lawful money of the United States, together with interest, in like money, from the date hereof (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal amount hereof from time to time outstanding at the rate of _____ percent per annum.

This Note shall be payable in forty-eight (48) consecutive monthly installments of principal and interest, on the date in the aggregate amounts, and in the component amounts of principal and interest, as are set forth on Schedule A hereto, provided that in all events the last such payment of principal and interest shall be in an amount sufficient to discharge the accrued interest on, and the unpaid principal of, this Note.

This Note is one of the Notes referred to in, and is entitled to the equal and ratable benefit of, the Loan and Security Agreement dated as of July 13, 1987 ("Agreement") between Lessor and Lender. The Note is, or upon issuance will be, secured by a grant of security made by Lessor to Lender pursuant to the Agreement. Reference is hereby made to the Agreement for a description of the property assigned, the nature and extent of the security and the rights of Lender in respect of such security.

This Note, to the extent permitted by applicable law, shall bear interest at the Default Interest Rate (as defined in the Agreement) on any part of the principal or interest hereof not paid when due for any period during which the same shall become overdue. If any payment of principal or interest on this Note shall become due on a Saturday, Sunday or a public holiday, such payment shall be made on the next succeeding business day. All payments hereunder shall be applied first, to the payment of accrued and unpaid interest and second, to the payment of principal.

ANYTHING HEREIN TO THE CONTRARY NOTWITHSTANDING, 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 AGREEMENT AND NO HOLDER OF THIS NOTE SHALL HAVE RECOURSE TO LESSOR OR TO ANY OF THE OTHER ASSETS OF LESSOR IN THE EVENT THAT SUCH RENTS AND PROCEEDS SHALL NOT BE SUFFICIENT FULLY TO DISCHARGE THE LIABILITY OF LESSOR HEREUNDER.

The Note is subject to mandatory prepayment and the maturity of the Note may be accelerated, all as provided in the Agreement. Lessor hereby waives presentment, demand or protest of any kind otherwise required in connection with the payment of principal of or interest on the Note or the acceleration of maturity, notice of nonpayment, notice of protest and notice of dishonor. This Note shall be construed in accordance with and governed by the laws of the State of New York.

Lessor:

MLB CONSULTING CORP.

By _____
Title:

SCHEDULE A^{*/}

Note Payment
Date

Principal
Payment

Interest
Expense

Total
Payments

*/ To be completed after interest rate is set.

EXHIBIT B-2

NONRECOURSE PROMISSORY NOTE

\$ _____

Dated: July __, 1987

FOR VALUE RECEIVED, MLB CONSULTING CORP., a Delaware corporation ("Lessor"), hereby promises, subject to the conditions hereinafter set forth, to pay to the order of IRVING TRUST COMPANY ("Lender"), at the principal office of Lender at One Wall Street, New York, N.Y. 10015, or such other place as the holder hereof shall from time to time specify to Lessor, the principal amount of \$ _____ in lawful money of the United States, together with interest, in like money, from the date hereof (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal amount hereof from time to time outstanding at the rate of _____ percent per annum.

This Note shall be payable in thirty-six (36) consecutive monthly installments of principal and interest, on the date in the aggregate amounts, and in the component amounts of principal and interest, as are set forth on Schedule A hereto, provided that in all events the last such payment of principal and interest shall be in an amount sufficient to discharge the accrued interest on, and the unpaid principal of, this Note.

This Note is one of the Notes referred to in, and is entitled to the equal and ratable benefit of, the Loan and Security Agreement dated as of July 13, 1987 ("Agreement") between Lessor and Lender. The Note is, or upon issuance will be, secured by a grant of security made by Lessor to Lender pursuant to the Agreement. Reference is hereby made to the Agreement for a description of the property assigned, the nature and extent of the security and the rights of Lender in respect of such security.

This Note, to the extent permitted by applicable law, shall bear interest at the Default Interest Rate (as defined in the Agreement) on any part of the principal or interest hereof not paid when due for any period during which the same shall become overdue. If any payment of principal or interest on this Note shall become due on a Saturday, Sunday or a public holiday, such payment shall be made on the next succeeding business day. All payments hereunder shall be applied first, to the payment of accrued and unpaid interest and second, to the payment of principal.

ANYTHING HEREIN TO THE CONTRARY NOTWITHSTANDING, 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 AGREEMENT AND NO HOLDER OF THIS NOTE SHALL HAVE RECOURSE TO LESSOR OR TO ANY OF THE OTHER ASSETS OF LESSOR IN THE EVENT THAT SUCH RENTS AND PROCEEDS SHALL NOT BE SUFFICIENT FULLY TO DISCHARGE THE LIABILITY OF LESSOR HEREUNDER.

The Note is subject to mandatory prepayment and the maturity of the Note may be accelerated, all as provided in the Agreement. Lessor hereby waives presentment, demand or protest of any kind otherwise required in connection with the payment of principal of or interest on the Note or the acceleration of maturity, notice of nonpayment, notice of protest and notice of dishonor. This Note shall be construed in accordance with and governed by the laws of the State of New York.

Lessor:

MLB CONSULTING CORP.

By _____
Title:

SCHEDULE A^{*/}

Note Payment
Date

Principal
Payment

Interest
Expense

Total
Payments

*/ To be completed after interest rate is set.

ACKNOWLEDGMENT OF NOTICE AND ASSIGNMENT

TO: Irving Trust Company
One Wall Street
New York, NY 10015

Reference is made to the Locomotive Lease Agreement dated as of June 19, 1987 (the "Lease") between MLB Consulting Corp., Delaware corporation ("Lessor") and Kiamichi Railroad Company, Inc., a Delaware corporation ("Lessee"), relating to the lease of the units of railroad locomotives described in Schedule A thereto. Words and phrases not otherwise defined herein shall have the meanings assigned thereto in the Lease.

Lessee has been notified by Lessor that Lessor has assigned, transferred and granted a security interest in the Lease to Irving Trust Company (the "Lender") as collateral security for the obligations of the Lessor to the Lender under a Loan and Security Agreement between the Lessor and the Lender dated as of July 13, 1987.

Lessee, intending to be legally duly bound hereby and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Lessee, does hereby:

A. Acknowledge and consent to the assignment by Lessor to Lender, for security purposes, of all of Lessor's right, title, interest, claims and demands of Lessor in, to and under the Lease, including without limitation:

(i) the immediate and continuing right to receive and collect all rent, casualty value payment, insurance proceed and other payments, tenders and security now or hereafter payable to or receivable by Lessor as lessor under the Lease;

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

(iii) the right to take such action upon the occurrence of an Event of Default under the Lease as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which Lessor is or may be entitled to do under the Lease.

B. Acknowledge and agree that, notwithstanding the assignment for security purposes by Lessor to Lender, the Lender has not assumed and does not assume the responsibility to discharge or perform any liability, duty or obligation of

Lessor to be performed under the Lease and the Lessee agrees that it shall look solely to Lessor for the discharge, performance or satisfaction of any such liability, duty or obligation.

C. Represent and warrant that the Lease and this Acknowledgment of Notice and Assignment have been duly authorized, executed and delivered by the Lessee and constitute the legal, valid and binding agreements of the Lessee enforceable against the Lessee in accordance with their respective terms.

D. Represent and warrant that no Event of Default, or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default under the Lease has occurred and is continuing.

E. Represent and warrant that it has made no prepayment of rental to the Lessor and that no offset or deduction exists with respect to Lessee's obligation to pay rental, casualty value or any other sums payable by the Lessee under and pursuant to the terms of the Lease.

F. Agree to make all payments to be made by it under the Lease directly to Lender at the following address, or such other address as Lender shall notify to Lessee in writing:

Irving Trust Company
One Wall Street
New York, NY 10015

Payment Instructions:

G. Represent and warrant that the document attached as Exhibit A hereto is a true, correct and complete copy of the Lease, that such document has not since the date of its execution and delivery been amended or modified in any respect and that the Lease sets forth the entire agreement between the Lessor and Lessee with respect to the subject matter thereof.

This Acknowledgment of Notice and Assignment, when accepted by Lender by signing the acceptance at the foot hereof,

shall be deemed to be a contract under the laws of the State of New York and, for all purposes, shall be construed in accordance with the laws of said state.

KIAMICHI RAILROAD COMPANY, INC.

Attest:

By _____

Its:

Dated: _____

ACCEPTED:

IRVING TRUST COMPANY

By _____

CERTIFICATE OF ACCEPTANCE

TO: MLB Consulting Corp. ("Lessor"):

I, a duly appointed and authorized representative of Kiamichi Railroad Company, Inc. ("Lessee") under the Locomotive Lease Agreement dated as of June 19, 1987 (the "Lease"), do hereby certify that I have on this date inspected, received, approved and accepted delivery under the Lease of the following items of Equipment:

TYPE OF EQUIPMENT:

NUMBER OF UNITS:

MARKED AND NUMBERED:

I do further certify that the foregoing Units of Equipment are in good order and condition, and appear to conform to the specifications applicable thereto, and that Lessee has no knowledge of any defect in any of the foregoing Units of Equipment with respect to design, manufacture, condition or in any other respect and that each Unit has been marked as required by Section 16 of the Lease.

The execution of this Certificate will in no way relieve or decrease the responsibility of the manufacturer for any warranties it has made with respect to the Equipment.

Dated: _____, 1987.

Inspector and Authorized Representa-
tive of Kiamichi Railroad Company,
Inc.

EXHIBIT D

SCHEDULE 1

<u>Road</u> <u>Unit No.</u>	<u>Description</u>	<u>Engine</u> <u>Serial No.</u>
3801	EMD GP-38, 129-Ton, 2,000 HP Locomotive	62-A-76R
3802	EMD GP-38, 129-Ton, 2,000 HP Locomotive	77-83-1524
3803	EMD GP-38, 129-Ton, 2,000 HP Locomotive	78-A3-1513
3804	EMD GP-38, 129-Ton, 2,000 HP Locomotive	62-C-73R
901	EMD GP-9, 120-Ton 1,750 HP Locomotive	56-J-16
902	EMD GP-9, 120-Ton 1,750 HP Locomotive	58-C-65
903	EMD GP-9, 120-Ton 1,750 HP Locomotive	78-L3-1513