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ICC OFFICE OF THE SECRETARY

OCT 7 10 24 AM '87

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OCT 7 1987 - 10 25 AM

INTERSTATE COMMERCE COMMISSION

OCT 7 1987 - 10 25 AM 280A030

RECORDATION NO. 15248B Filed 1425

OCT 7 1987 - 10 25 AM

INTERSTATE COMMERCE COMMISSION

No. OCT 7 1987
Date
Fee \$ 30.00

October 6, 1987

ICC Washington, D. C.

CSX Corporation
Amended and Restated Participation Agreement
Dated as of September 1, 1987
covering
250 RoadRailer Vans

\$ 30.00 filing fee

Dear Ms. McGee:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of CSX Logistics, Inc., for filing and recordation, counterparts of the following documents:

These are under:
15248-A

1. Loan and Security Agreement dated as of September 1, 1987, between The Connecticut Bank and Trust Company, National Association, as Trustee, and Mercantile-Safe Deposit and Trust Company, as Agent.

15248-B

2. Assignment of Lease and Agreement dated as of September 1, 1987, by and between The Connecticut Bank and Trust Company, National Association, as Lessor, and Mercantile-Safe Deposit and Trust Company, as Agent.

15248-C

3. Lease Amendment No. 1 dated as of September 1, 1987, to Lease of RoadRailer Vans dated as of June 1, 1987 between CSX Logistics, Inc. as Lessee, and the Connecticut Bank and Trust Company, National Association, as Lessor.

(Signature)
A. H. Harrison

Please file and record the above-mentioned documents submitted with this letter and assign Recordation Numbers 15248-A, 15248-B and 15248-C, respectively.

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

1. Trustee-Lessor:

The Connecticut Bank and Trust Company,
National Association
One Constitution Plaza
Hartford, Connecticut 06115

2. Agent:

Mercantile-Safe Deposit and Trust Company
Two Hopkins Plaza
Baltimore, Maryland 21203

Lessee:

CSX Logistics, Inc.
100 North Charles Street
Baltimore, Maryland 21201

Please file and record the documents referred to in this letter and index them under the names of the Trustee-Lessor, the Agent and the Lessee. (*above* note new names).

There is also enclosed a check for \$30 payable to The Interstate Commerce Commission, representing the fee for recording the Loan and Security Agreement, the Assignment of Lease and Agreement and Lease Amendment No. 1.

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of each instrument and this transmittal

letter for your files. It is requested that the remaining counterparts of the documents be delivered to the bearer of this letter.

Very truly yours,

Laurance V. Goodrich

Laurance V. Goodrich,
as Agent for CSX Logistics,
Inc.

Noreta R. McGee, Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

Encls.

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

10/7/87

Laurance V. Goodrich
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/7/87 at 10:35am, and assigned recordation number(s).

15248A, 15348-B, 15248-C

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 15248-1A FILED 1987

OCT 7 1987 - 10 35 AM

INTERSTATE COMMERCE COMMISSION

LOAN AND SECURITY AGREEMENT

between

THE CONNECTICUT BANK AND TRUST COMPANY,
NATIONAL ASSOCIATION, as trustee for
Metlife Capital Credit Corporation

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
as Agent for Noteholders

Dated as of September 1, 1987

LOAN AND SECURITY AGREEMENT

This Loan and Security Agreement ("Security Agreement"), made and dated as of September 1, 1987 by and between THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, not in its individual capacity but solely as Trustee except as provided in Section 3.6 hereof (the "Debtor") for Metlife Capital Credit Corporation, as Owner (the "Owner") pursuant to a Trust Agreement dated as of June 1, 1987, and Mercantile-Safe Deposit and Trust Company, as Agent (the "Secured Party") for the Noteholders (the "Lender"). The initial Noteholder is The Great-West Life Assurance Company.

W I T N E S S E T H :

WHEREAS, the Debtor has purchased and intends to purchase certain equipment and to lease such equipment to CSX Logistics, Inc. (the "Lessee") pursuant to a Lease of RoadRailer Vans, dated as of June 1, 1987, as amended by Lease Amendment No. 1, dated as of September 1, 1987 (the "Lease");

WHEREAS, in order to either finance and/or reimburse the Debtor for a portion of the purchase price of the equipment, a Loan (as hereinafter defined) will be made by the Lender to the Debtor pursuant to the Participation Agreement (as hereinafter defined), which Loan will be evidenced by a promissory note substantially in the form of Exhibit A hereto;

WHEREAS, the Debtor, pursuant to this Security Agreement, agrees to make payments to the Agent in amounts sufficient to pay the principal of and premium, if any, and interest on the Note (as hereinafter defined), the liability of the Debtor being limited to the income and proceeds from the Estate (as hereinafter defined), except as hereinafter provided; and

WHEREAS, in order to secure the obligations of the Debtor hereunder, the Debtor grants to the Agent a security interest in the Estate.

NOW, THEREFORE, in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the Debtor hereby agrees with the Secured Party as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. For the purposes of this Security Agreement, the following words and terms shall have the

meanings set forth below, and terms not defined herein shall have the meanings ascribed to them in the Participation Agreement or the Uniform Commercial Code adopted by the State of New York, as amended from time to time.

"Agent's Certificate of Authentication" means any Agent's Certificate of Authentication issued hereunder in the form of Exhibit B attached hereto.

"Collateral" means (A) all of the Debtor's right, title and interest in and to the Equipment, (B) all of the Debtor's right, title and interest in and to the Lease and all payments, including all payments of Basic Rent and Supplemental Rent (as defined in the Lease) and casualty and termination payments, due or to become due thereunder, (C) all of the Debtor's rights in the Escrow Account created under the Participation Agreement, together with all proceeds of any of the foregoing (whether with respect to sale, lease, insurance or otherwise) excluding, however Excepted Payments.

"Equipment" means the units of equipment delivered and accepted under the Purchase Agreement as evidenced by Certificates of Acceptance executed and delivered by the Lessee.

"Estate" means all of the properties, claims, rights and things subject to or intended to be subject to the security interest of this Security Agreement, pursuant to Section 2.1 hereof for the benefit of the Agent.

"Event of Default" shall have the meaning set forth in Section 8.1 hereof.

"Excepted Payments" means (i) any indemnity or other payment or interest which is paid or payable to the Debtor or the Owner or any successor, assign, agent, servant, officer, director or shareholder thereof under Sections 6 or 12 of the Lease or under the Indemnity Agreement (whether or not characterized as rent), (ii) any insurance proceeds payable to the Debtor or the Owner under insurance maintained by or for the benefit of the Debtor or the Owner (directly or through the Debtor) with respect to the Equipment in addition to and separate from the insurance required to be maintained by the Lessee with respect to the Equipment pursuant to the provisions of Section 7.6 of the Lease; provided, however, such insurance shall in no way affect the validity of or provide for or result in the reduction of the coverage or the amounts payable under any of the insurance so required to be maintained by the Lessee, (iii) any indemnity or other payment which by the terms of the Participation Agreement, the Lease or the Trust Agreement shall be payable to the Owner or the Debtor in its individual capacity, (iv) any liability insurance proceeds paid or payable as the result of losses suffered by the Owner or the Debtor or any successor, assign, agent, servant,

officer, director or shareholder thereof, (v) any amounts paid under any Guaranty in respect of the foregoing and (vi) the rights of the Owner or the Debtor to enforce payment of any amounts described in clauses (i) through (v) above the proceeds thereof.

"First Interest Payment Date" means December 1, 1987.

"First Principal Payment Date" means December 1, 1988.

"Interest Payment Dates" means December 1 and June 1 in each year.

"Last Principal Payment Date" means June 1, 1994.

"Lease Event of Default" means any of the events or conditions defined as an "Event of Default" in the Lease.

"Loan Amount" means \$6,578,529.00.

"Noteholder" means any registered holder of the Note.

"Notes" means any Non-Recourse Promissory Note issued pursuant to this Security Agreement as described in Section 3.1 hereof.

"Obligations" means any and all liabilities and obligations of the Debtor, the Lessee and the Guarantor to the Agent, of every kind, arising under the Participation Agreement, the Notes and this Security Agreement, however evidenced and whether now existing or hereafter incurred, direct or indirect, matured or not matured, absolute or contingent, now due or hereafter to become due (including, without limitation, any and all costs and reasonable attorneys' fees incurred by the Secured Party in the collection, whether by suit or by any other means, of any of the Obligations) and any extension or renewals of any of the foregoing.

"Outstanding" when used with respect to the Notes shall mean, as of the date of determination, all Notes theretofore issued and delivered pursuant to this Security Agreement, except (a) Notes theretofore cancelled by the Secured Party or delivered to the Secured Party for cancellation pursuant to Section 4.1 hereof and (b) Notes in lieu of which other Notes have been issued and delivered pursuant to Section 4.3 hereof.

"Overdue Rate" means 1.5 percent in excess of the rate of interest borne from time to time by the Notes, but in no event at a rate greater than that permitted by applicable law.

"Principal Payment Dates" mean December 1 in each year through and including December 1, 1993 and June 1, 1994.

Section 1.2. Interpretation. (A) In this Security Agreement, unless the context otherwise requires:

(1) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Security Agreement refer to this Security Agreement and the term "hereafter" means after, and the term "heretofore" means before, the date of this Security Agreement.

(2) Words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(3) Exhibits to this Security Agreement are an integral part of this Security Agreement and are incorporated herein by reference thereto.

(B) The date of this Security Agreement shall be for identification purposes only and shall not imply that this Security Agreement was executed on the date first written above.

ARTICLE II

SECURITY INTEREST

Section 2.1. Security Interest. As security for the due and prompt and unconditional payment and performance of the Obligations, the Debtor does hereby assign, transfer, pledge and grant to the Secured Party a first priority security interest in and to the Collateral and agrees that such security interest shall continue until the Obligations have been fully and finally paid or performed excluding, however, from the rights, privileges and property subject to this Section 2.1 all Excepted Payments; and provided, however, that any payments or amounts which have been distributed to the Debtor in accordance with the provisions of this Security Agreement shall no longer be subject to the security interest of this Security Agreement.

Section 2.2. Payments Under Lease and Participation Agreement. The Debtor agrees that, until receipt by the Lessee and the Debtor from the Secured Party of written notice (a copy of which shall be sent to the Debtor) to the effect that all obligations of the Debtor under this Security Agreement have been discharged and all amounts payable under this Security Agreement, the Participation Agreement (including any amounts from the Guarantor) and the Notes have been paid, it will direct the Lessee and the Guarantor to make payment of all Rent and Casualty Payments or any amounts paid by the Guarantor pursuant to the Participation Agreement ("Guarantor Payments") that are assigned to the Secured Party directly to the Secured Party to pay in full

the aggregate amount of principal, premium, if any, and interest (as well as interest on overdue principal) then due on any Note Outstanding, and such payments shall discharge the corresponding obligations of the Lessee or the Guarantor to the Debtor under the Lease or the Participation Agreement to the extent of such payments, and the Secured Party shall pay the balance of such Rent or Guarantor Payments directly to the Debtor or as the Debtor shall direct in writing. The Debtor agrees that should it receive any such payments directed to be made to the Secured Party or any proceeds for or with respect to the Estate or as the result of the sale or other disposition thereof to which the Debtor is not entitled hereunder, it will promptly forward such payments to the Secured Party or in accordance with the Secured Party's instructions. The Secured Party agrees to apply payments from time to time received by it (from the Lessee, the Guarantor, the Debtor or otherwise) with respect to the Lease or the Equipment in the manner provided in Section 3.8 and Article VI hereof.

Section 2.3. Recording. The Debtor will cause this Security Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303; and the Debtor will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Secured Party for the purpose of proper protection, to the satisfaction of counsel for the Secured Party, of its security interest in the Collateral and its rights under this Security Agreement or for the purpose of carrying out the intention of this Security Agreement; and the Debtor will promptly furnish to the Secured Party certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Secured Party.

Section 2.4. Power of Attorney. The Debtor hereby appoints the Secured Party the Debtor's attorney, irrevocably, with full power of substitution, to collect all payments (except so much of such payments as constitutes Excepted Payments and subject to Section 2.2 hereof) due and to become due under or arising out of the Lease, to enforce compliance by the Lessee with all the terms and provisions of the Lease (except as limited by Section 8.1(b)(1) hereof and except as relating to Excepted Payments), and to take any action (including the filing of financing statements or other documents) or institute any proceedings which the Secured Party may deem to be necessary or appropriate to protect and preserve the interest of the Secured Party in the Estate.

ARTICLE III

ISSUE AND EXECUTION OF NOTES

Section 3.1. Creation. Each Note issued hereunder shall be a Non-Recourse Promissory Note, and will be in substantially the form set forth in Exhibit A hereto. Each Note shall be authenticated by the Agent pursuant to an Agent's Certificate of Authentication.

Section 3.2. Security for and Parity of Notes. All Notes issued hereunder shall rank on a parity with each other Note and shall as to each other be secured equally and ratably by this Security Agreement, without preference, priority or distinction of any thereof over any other by reason of difference in time of issuance or otherwise.

Section 3.3. Issuance of Note. Upon satisfaction of and compliance with the requirements and conditions set forth in Paragraph 11A of the Participation Agreement, a Note in an aggregate principal amount equal to the Loan Amount shall be executed by the Debtor and delivered to the Secured Party for authentication and delivery to the Lender.

Section 3.4. Characteristics of Note. Each Note shall be dated the First Funding Date. Each Note will bear interest on the unpaid principal thereof from and including its date to but excluding the date payment in full of the principal amount thereof is made at the rate of 8.85% per annum. Interest on the Notes shall be payable on the Interest Payment Dates, commencing on the First Interest Payment Date. The principal of each Note will be payable in installments on the Principal Payment Dates, commencing on the First Principal Payment Date and ending on the Last Principal Payment Date. Principal payments shall be paid in accordance with the schedule attached to the Note; provided, however, that the payment on the Last Principal Payment Date for each Note shall be sufficient to discharge all amounts due on such Note.

Each Note will also bear interest at the Overdue Rate on any part of the principal thereof not paid when due for any period during which the same shall be overdue. All interest payable on each Note shall be computed on the basis of a year of 360 days consisting of twelve 30 days months.

Section 3.5. Execution of Note. Each Note shall be executed on behalf of the Debtor by one of its duly authorized officers.

Section 3.6. Limitation on Source of Payments. All payments to be made by the Debtor on each Note and under this Security Agreement shall be made only from the income or proceeds from the Estate and only to the extent the Secured Party shall have received sufficient income or proceeds from the Estate to make such payments pursuant to Article VI hereof. Each holder of a Note, by its acceptance of such Note, agrees that it will look

solely to the income and proceeds from the Estate to the extent available for distribution to such holder as herein provided and that the Debtor in its individual capacity and the Owner shall not be personally liable to the holder of any Note for any amounts payable under such Note or under this Security Agreement, or for any liability under this Security Agreement (including, without limitation, all the duties and responsibilities of the Debtor specified or as set forth in Section 7.2 hereof) or the Participation Agreement. Nothing in this Section 3.6 shall affect any liability of the Debtor with respect to the breach of the agreements set forth in Section 7.1(b) hereof or of the representations, warranties or agreements expressly made in its individual capacity in the Participation Agreement for which the Debtor shall remain personally liable for actual damages resulting from any untruth in any such representation or breach of any such warranty or agreement to the extent of the actual damages resulting from such untruth or breach.

Section 3.7. Payment. The principal of, premium, if any, and interest on each Note shall be payable to the Lender in immediately available funds on the dates payment shall be due under the Note, or in accordance with such other payment instructions as the Lender shall advise the Secured Party in writing. If any Interest Payment Date or Principal Payment Date specified in this Security Agreement shall not be a Business Day, the payment otherwise due thereon shall be due and payable on the next succeeding Business Day and (provided such payment is made on such next succeeding Business Day) no interest shall accrue with respect to such amount from and after such scheduled payment date. Final payment of any Note shall be made only against surrender of such Note to the Debtor at the address of the Debtor set forth in Section 10.2 hereof.

Section 3.8. Application of Payments. Each payment in respect of each Note shall be applied by the holder thereof first, to the payment of accrued and unpaid interest on such Note (including interest on overdue amounts) and second, to the payment of principal and premium, if any, then due on such Note.

Section 3.9. Termination of Interest in Estate. A holder of a Note shall have no further interest in or other right with respect to the Estate and this Security Agreement and the estate created hereby shall terminate and this Security Agreement shall be of no further force or effect when and if the principal of, premium, if any, and interest on all Notes issued hereunder held by such holder and all other sums payable to such holder thereunder and hereunder and under the Participation Agreement shall have been paid in full, and upon such payment in full, such holder shall surrender such Note to the Debtor for cancellation.

ARTICLE IV

CANCELLATION, EXCHANGE AND REPLACEMENT OF NOTE

Section 4.1. Cancellation of Note. Each Note surrendered to the Secured Party for payment, prepayment, or exchange shall be cancelled by it; and no Note shall be issued in lieu thereof except as expressly permitted by the provisions of this Security Agreement. If the Secured Party shall acquire any Note, such acquisition shall not operate as a redemption of or the satisfaction of the indebtedness represented by such Note unless and until the same shall be cancelled.

Section 4.2. Exchange of Note. The registered holder of a Note may exchange any Note for one or more new Notes by surrendering such Note at the address of the Secured Party set forth in Section 10.2 hereof, together with the written request of the registered holder thereof for the issuance of a new Note or Notes, specifying the authorized denomination or denominations of the same. Promptly upon receipt by the Secured Party of the foregoing, the Secured Party shall notify the Debtor whereupon the Debtor shall execute and deliver such new Note or Notes to the Secured Party for authentication and delivery to the Lender, in the aggregate principal amount and dated the same date as the Note surrendered, in such denomination or denominations specified in such written request; provided, however, that, if more than one new Note is to be issued, the denominations of all but one of such new Notes shall not be less than \$150,000. The Secured Party shall make a notation on each new Note of the amount of all payments of principal and premium, if any, theretofore made, or the date to which such payments have been made, on the old Note in exchange for which such new Note has been issued and the date to which interest on such old Note has been paid. Upon the issuance of a new Note or Notes pursuant to Section 4.3 or 4.4 hereof, the Lender or registered holder of the Note, as the case may be, shall reimburse the Debtor for its out-of-pocket costs in complying with Sections 4.2 and 4.4 hereof, including the payment of any tax or other governmental charge in connection with the issuance of such Note or Notes.

Section 4.3. Mutilated, Destroyed, Lost or Stolen Note. If any Note shall become mutilated or shall be destroyed, lost or stolen, upon the written request of the registered holder thereof to the Secured Party, the Secured Party shall notify the Debtor whereupon the Debtor shall execute and deliver in replacement thereof, a new Note, payable in the same original principal amount and dated the same date as the Note so mutilated, destroyed, lost or stolen. The Secured Party shall make a notation on each new Note of the amount of all payments of principal and premium, if any, theretofore made, or the date to which such payments have been made, on the Note so mutilated, destroyed,

lost or stolen and the date to which interest on such old Note has been paid. If the Note being replaced has been mutilated, such Note shall be delivered to the Secured Party who shall forward same to the Debtor who shall cancel it. If the Note being replaced has been destroyed, lost or stolen, the registered holder thereof shall furnish to the Debtor and the Secured Party an indemnity agreement of such registered holder thereof in a form satisfactory to the Debtor and the Secured Party to save the Debtor and the Secured Party and the Estate harmless from any loss, however remote, including claims for principal of, premium, if any, and interest on the purportedly destroyed, lost or stolen Note, together with the written statement, signed by a duly authorized officer of such holder, advising as to the destruction, loss or theft of such Note. Such holder shall reimburse the Debtor for its costs in complying with this Section 4.3.

Section 4.4. Registration of Notes. (a) The Secured Party shall maintain a register (the "Register") providing for the registration, as to both principal and any stated interest, and registration of transfer and exchange of the Notes. Transfer of a Note may be effected only by the surrender of the old instrument and either the reissuance by the Debtor of the old instrument to the new holder or the issuance by the Debtor of a new instrument to the new holder. If the Note is surrendered to the Secured Party for registration of transfer or exchange (accompanied by a written instrument of transfer duly executed by or on behalf of the holder, together with the amount of any applicable transfer taxes), the Debtor will execute and deliver to the Secured Party for authentication and delivery to the Lender in exchange one new Note dated the same date as the Note so surrendered and of like tenor and aggregate unpaid principal amount. The old Note so surrendered shall be cancelled by the Debtor and retained by the Debtor after such cancellation. Any Note surrendered to the Secured Party for registration of transfer or exchange shall be delivered to the Debtor who shall cancel it.

(b) Any Note or Notes issued pursuant to subsection (a) of this Section 4.4 shall carry the same rights to interest (unpaid and to accrue) carried by the Note or Notes so transferred or exchanged so that there will not be any loss or gain of interest on the Note or Notes surrendered. Such Note or Notes shall be subject to all of the provisions and entitled to all of the benefits of this Security Agreement. Prior to due presentment for registration of transfer, the Debtor and the Secured Party may deem and treat the registered holder of any Note as the holder thereof for purposes of payment and all other purposes. The Secured Party shall make a notation on each new Note of the amount of all payments of principal, premium, if any, and interest theretofore paid.

(c) The Register shall at all reasonable times be open to inspection by the Debtor and the Lender.

ARTICLE V

PREPAYMENT OF NOTE

Section 5.1. Prepayment of Note. (a) Any Note shall be subject to prepayment in whole or in part as and to the extent required by any provision of Article VI hereof and Paragraph 12(b) of the Participation Agreement. In addition, on or after October 1, 1992, any Note shall be prepaid subject to subsections (b) and (c) hereof in the event the Lessee shall have exercised its option to terminate the Lease for any item of Equipment (each a "Unit") pursuant to Section 16.1 of the Lease.

(b) The Debtor will indemnify the Secured Party against any cost or expense, arising out of redeployment of deposits, which the Secured Party may sustain or incur as a consequence of any default in prepayment of the principal of any Note or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, by and after notice of prepayment or otherwise). The Secured Party shall provide to the Debtor a statement, signed by an officer of the Secured Party, explaining the amount of any such cost or expense. The Debtor shall also pay to the Secured Party any reasonable administrative costs and fixed charges in connection with any such prepayment.

(c) In the case of any prepayment which is made pursuant to the second sentence of Section 5.1(a) hereof, in addition to any amounts that may be due and payable by the Debtor pursuant to subsection (b) of this Section, the Debtor shall pay to the Secured Party a "Make Whole Premium Amount". The Debtor shall pay on the date it prepays any Note all outstanding principal due on such Note, all interest accrued and unpaid, together with the Make Whole Premium Amount, if any. For the purposes of this Security Agreement, "Make Whole Premium Amount" means, the excess of (a) the net present value of the remaining principal to be prepaid and interest payments with respect to such principal amount, discounted at the Treasury Rate plus 25 basis points, over (b) the amount of principal of the Notes to be prepaid. If the Treasury Rate plus 25 basis points at the time of such payment is equal to or higher than 8.85% the Make Whole Premium Amount is zero. "Treasury Rate" means the yield on a hypothetical United States Treasury security with a Treasury constant maturity matching the then remaining average life to maturity of the Notes to be prepaid. The hypothetical Treasury security is to be derived by referring to the Federal Reserve Board's Statistical Release H.15 (519) (or its successor publication) published next preceding (by more than two Business Days) the date of the prepayment of the Notes to be prepaid. If there is a Treasury

Constant maturity listed in said Federal Reserve H.15 Release with a maturity equal to the then remaining average life to maturity of the Notes to be prepaid, then the yield on such Treasury security shall be the Treasury Rate. If no such Treasury constant maturity exists, then the Treasury security with a constant maturity closest to and greater than the then remaining average life to maturity of the Notes shall be used, along with the Treasury security with a constant maturity closest to and less than the then remaining average life to maturity of the Notes to be prepaid in the following formula, in order to calculate the Treasury Rate:

$$TR = YA + (ALM - MA) \times \frac{(YB - YA)}{(MB - MA)}$$

Where: TR = Treasury Rate
ALM = Average Life to Maturity
A = Treasury security with a maturity closest to and less than ALM
B = Treasury security with a maturity closest to and greater than ALM
YA = Yield to Maturity of security A
YB = Yield to Maturity of security B
MA = Maturity of security A
MB = Maturity of security B

If there shall be no Treasury security with a constant maturity less than the then remaining average life to maturity of the Notes to be prepaid, then the Treasury Rate shall mean the yield on the Treasury security with the shortest Treasury constant maturity. If said Federal Reserve H.15 Release or a successor publication refers to no applicable yield on Treasury securities, then the Treasury Rate shall be determined in any manner mutually acceptable to the Owner and Lender.

ARTICLE VI

RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME AND PROCEEDS FROM ESTATE

Section 6.1. Basic Rent and Interest on Overdue Installments of Basic Rent. Except as otherwise provided in Section 6.3 or 6.6 hereof, each payment of Basic Rent, as well as any other payment (other than Excepted Payments), received by the Secured Party at any time under the Lease, shall be applied by the Secured Party on the date such payment is received by the Secured Party in the following order of priority: first, so much of such payment as shall be required to pay any accrued but unpaid interest (as well as any interest on overdue amounts) then due on any Note shall be paid to the Lender; second, so much of

such payment as shall be required to pay in full the aggregate amount of the payment or payments of principal and premium, if any, then due on any Note shall be paid to the Lender; and third, the balance, if any, of such payment remaining thereafter shall be paid, concurrently with any application pursuant to clause first hereof, to the Debtor for the account of the Owner. Any payment of Basic Rent or other amount received by the Secured Party in advance of the date such Basic Rent or other amount due shall be held by the Secured Party until due and then applied in accordance with the provisions of this Section 6.1.

Section 6.2. Payments Received as Result of Casualty Occurrence or Termination. Except as otherwise provided in Section 6.3 or 6.6 hereof, any payments received and amounts realized by the Secured Party pursuant to the Lease as a result of either the occurrence of a Casualty Occurrence (as defined in the Lease) with respect to any item of Equipment or the exercise by the Lessee of any of its rights to terminate the Lease with respect to any item of Equipment shall in each case be applied forthwith upon receipt by the Secured Party in the following order of priority: first, so much of such payments and amounts as shall be required to pay a premium, if any, and any accrued but unpaid interest to the date of such application on the principal amount of any Note to be prepaid by operation of clause second of this Section 6.2 shall be paid to the Lender; second, so much of such payments and amounts as shall be equal to the product of (x) the aggregate unpaid principal amount of any Note Outstanding on the date of such application, multiplied by (y) a fraction, the numerator of which shall be the aggregate amount of lessor's cost of the Equipment suffering such Casualty Occurrence or as to which the Lease is being terminated and the denominator of which shall be the aggregate amount of lessor's cost of all items of Equipment immediately prior to such Casualty Occurrence or termination, shall be paid to the Lender as a prepayment of the principal of any Note and third, the balance, if any, of such payments and amounts remaining thereafter shall be paid to the Debtor for the account of the Owner.

Section 6.3. Payments Received After, or held at Time of, Event of Default. All payments received and amounts (including any amounts realized by the Secured Party from the exercise of any remedies pursuant to the Lease and Article VIII hereof but excluding Excepted Payments) which become part of the Estate, as well as all payments or amounts then held by the Secured Party as part of the Estate, shall after an Event of Default shall have occurred hereunder and be continuing, be applied forthwith by the Secured Party in the following order of priority: first, so much of such payments and amounts as shall be required to pay the Secured Party to reimburse it for any costs or expenses incurred in exercising its rights hereunder (including attorney's fees) to the extent such expenses have not been reimbursed; second, so much of such payments and amounts as shall be required to pay the

aggregate unpaid principal and premium, if any, then due on all Notes, plus the accrued but unpaid interest thereon to the date of distribution, shall be paid to the Lender; and third, the balance, if any, of such payments and amount remaining thereafter shall be paid forthwith to the Debtor for the account of the Owner. The portion of each payment distributed to the Lender pursuant to clause second of this Section 6.3 shall be applied by the Secured Party in payment of the Note in accordance with the terms of Section 3.8 hereof.

Section 6.4. Payments Received for which Provision is Made in Lease. Except as otherwise provided in Section 6.3 or 6.6 hereof, any payments received by the Secured Party for which provision as to the application thereof is made in the Lease shall be applied forthwith to the purpose for which such payment was made in accordance with the terms of the Lease.

Section 6.5. Other Payments. Except for Excepted Payments and as otherwise provided in Article VI hereof:

(a) any payments received by the Secured Party for which no provision as to the application thereof is made in the Lease or the Participation Agreement or elsewhere in this Article VI and

(b) all payments received and amounts realized by the Secured Party under the Lease or otherwise with respect to the Equipment to the extent received or realized at any time after payment in full of the principal of, premium, if any, interest and all other amounts payable with regard to all Notes and all other sums owing to the Lender under this Security Agreement and the Participation Agreement, as well as any other amounts remaining as part of the Estate after payment in full thereof,

shall be distributed forthwith by the Secured Party in the following order of priority: first, in the manner provided in the clause first of Section 6.3 hereof; and second, in the manner provided in clause third of Section 6.3 hereof.

Section 6.6. Excepted Payments. Anything in this Article VI to the contrary notwithstanding, any Excepted Payment received at any time by the Secured Party shall be distributed forthwith to the person entitled thereto.

Section 6.7. Distribution to Owner. All amounts from time to time distributable to the Debtor under this Security Agreement by the Secured Party for the account of the Owner entitled thereto shall be paid directly to the Owner in accordance with the provisions of Paragraph 20 of the Participation Agreement or as otherwise directed in writing by such Owner.

ARTICLE VII

COVENANTS

Section 7.1. Payment and Performance of Obligations.

(a) The Debtor shall pay all its Obligations in accordance with the terms thereof when and as the same shall become due, by acceleration or otherwise. The Debtor shall perform all acts, duties and other responsibilities on its part to be performed under the documents to which it is a party.

(b) The Debtor will not, except with the prior consent of the Secured Party, agree to any amendment to, or any waiver, discharge or termination of, any term or provision of the Lease or give any consent thereunder or declare a default thereunder or exercise any rights or remedies thereunder except as provided in or permitted by Article VIII hereof; provided, however, that without the necessity of the consent of the Secured Party (i) any indemnities in favor of the Debtor may be modified, amended or changed in such manner as shall be agreed to by the Debtor and the Lessee; (ii) the Debtor and the Lessee may agree to a reduction or increase in the amount of the (A) Casualty Value (as defined in the Lease) for the Equipment from that set forth in the Lease, so long as such Casualty Value, if reduced, shall not be less than the aggregate principal amount of and accrued interest on the Notes Outstanding on the date on which such Casualty Value shall be payable and (B) the Termination Value (as defined in the Lease) for the Equipment from that set forth in the Lease, so long as such Termination Value, if reduced, shall not be less than the aggregate principal amount of and accrued interest on the Notes Outstanding on the date on which such Termination Value shall be payable; and (iii) the Debtor and the Lessee may agree to an increase in the Basic Rent for the Equipment pursuant to any provision of the Lease providing for such increase.

(c) If the Debtor shall have actual knowledge of any Event of Default hereunder, it shall promptly give notice thereof to the Secured Party unless the Secured Party has actual knowledge thereof or such default or Event of Default shall have been remedied or cured before the giving of such notice (actual knowledge in the case of the Debtor meaning actual knowledge of any officer in the Bond & Trustee Administration Department of the Debtor).

(d) The Debtor will do from time to time all such acts and execute all such instruments of further assurance as it shall be reasonably requested by the Secured Party to do or execute for the purpose of fully carrying out and effectuating this Security Agreement and the intent hereof.

(e) Except as provided in Section 8.1 hereof, so long as any Event of Default shall have occurred and be continuing hereunder and either (i) the Debtor or the Secured Party shall have declared the Lease to be in default pursuant to Section 13 thereof or (ii) the outstanding principal balance of the Notes Outstanding shall have been declared due and payable pursuant to Section 8.3 hereof, the Debtor shall not seek recovery of any payments under the Lease other than Excepted Payments, shall not otherwise exercise any remedies with respect to any part of the Estate and shall promptly forward any such payments to which the Secured Party is entitled pursuant hereto to the Secured Party or in accordance with the Secured Party's instructions.

Section 7.2. Maintenance of Collateral. Subject to Section 3.6 hereof, the Debtor at its own expense shall at all times take all steps necessary and prudent to protect the Collateral and the security interest of the Secured Party in the Collateral, including, without limitation, the following:

(1) Keep and maintain separate customary books and records relating to the Collateral at its principal place of business in a form satisfactory to the Secured Party, and not remove the same without the written consent of the Secured Party, and allow the Secured Party and its representatives access to such books and records and to the Collateral, at all reasonable times, for the purpose of examination, verification, copying, extracting and other reasonable purposes as the Secured Party may require;

(2) Deliver to the Secured Party promptly at its request all schedules, lists, invoices, bills of lading, documents of title, purchase orders, receipts, chattel paper, instruments and other items of which the Debtor has possession relating to the Collateral;

(3) When necessary or desirable for the perfection or maintenance of the Secured Party's security interest in the Collateral or when requested to do so by the Secured Party, make, stamp or record such entries or legends on any of the Debtor's books and records relating to the Collateral as the Secured Party shall reasonably request from time to time;

(4) At the expense of the Debtor, defend the Collateral and defend and indemnify the Secured Party against all claims, liens, security interests, demands and other encumbrances of third parties, at any time claiming an interest in the Collateral which is adverse to any security interest granted to the Secured Party;

(5) Keep the Collateral free of all liens and encumbrances, except the security interest granted hereunder and the rights of the Lessee under the Lease, and not sell,

lease, transfer or otherwise dispose of the Collateral or any interest therein, in bulk or otherwise;

(6) Notify the Secured Party of any material loss or damage to the Collateral or of any material adverse change in the Debtor's business or in the Collateral, or of any other occurrence which could materially and adversely affect the interests of the Secured Party of which in each case an officer in the Corporate Trust Department of the Debtor has actual knowledge;

(7) Pay all expenses incurred in the manufacture, delivery, storage or other handling of the Collateral and all taxes which are or may become a lien on the Collateral, promptly when due, and reimburse the Secured Party on demand for any such expenses or taxes incurred by the Secured Party in its sole discretion to protect its interests, including the expenses of removing any such liens;

(8) Promptly notify the Secured Party of any claim, lien, security interest, right or other encumbrance arising out of or with respect to the Collateral of which an officer in the Corporate Trust Department of the Debtor has actual knowledge;

(9) Allow the Secured Party and its duly authorized agents, subject to the rights of the Lessee under the Lease (a) to examine and inspect the Collateral, and (b) such right of access to the Collateral as may be reasonably necessary for the proper maintenance and repair of the Collateral in the event of the failure by the Debtor to perform its obligations under this Security Agreement; and

(10) Observe and comply with all laws, regulations, ordinances, rules, and orders of any federal, state, municipal or other governmental authority relating to the Collateral, except during any period in which the Debtor at its expense and in its name shall be in good faith contesting its obligation to comply therewith, provided that as a result of such proceedings, the Collateral is not thereby subjected to any risk of lien, sale, forfeiture or loss.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES OF SECURED PARTY

Section 8.1. Events of Default. (a) The term Event of Default, wherever used herein, shall mean any of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be affected by operation of law or pursuant to or in compliance with any

judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) any Lease Event of Default (other than a Lease Event of Default arising solely as a result of the failure of the Lessee to make any Excepted Payment or perform or observe any covenant, condition or agreement to be performed or observed by it under the Indemnity Agreement (as defined in the Participation Agreement) unless and until the Owner shall notify the Secured Party in writing that it deems such event to constitute an Event of Default hereunder); or

(2) so long as not resulting from a breach of any covenant of the Lessee in the Lease, the Debtor shall fail to observe or perform any covenant of the Debtor in this Security Agreement, any Note, the Participation Agreement, Assignment of Lease or the Lease and continuance of such failure for a period of 30 days after notice thereof by express mail or overnight courier, registered or certified mail shall have been given to the Lessee, the Debtor and the Owner by the Secured Party, specifying such failure and requiring it to be remedied, provided, however, that failure to give such notice shall not be the basis for a claim by the Debtor, the Lessee or the Owner against the Secured Party; or

(3) any representation or warranty made by the Debtor in this Security Agreement, the Participation Agreement, the Lease or any agreement, document or certificate delivered by the Debtor in connection herewith or therewith shall prove to have been incorrect in any material respect when any such representation or warranty was made or given and shall remain material and uncured at the time in question; or

(4) the Debtor shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or an involuntary case or other proceeding shall be commenced against the Debtor seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator,

custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days.

(b) Any provisions of the Lease or this Security Agreement to the contrary notwithstanding:

(1) At any time after the Secured Party has actual knowledge that an Event of Default under Section 8.1(a) has occurred and is continuing, the Secured Party will give the Lessee, the Owner and the Debtor not less than 15 days' prior written notice by express mail or overnight courier, registered or certified mail of the date (the "Enforcement Date") on which the Secured Party will exercise any remedy or remedies pursuant to Section 13 of the Lease or Article VIII hereof and at any time prior to the sale or other disposition of the Equipment the Debtor or the Owner shall have the right to (A) purchase all Notes Outstanding by paying to the Secured Party the principal advanced and unpaid under such Notes plus interest accrued to the date of purchase on such Notes plus all other sums then due and payable to the Secured Party hereunder and under the Lease and the Participation Agreement or (B) perform the obligation of the Lessee, the breach of which gave rise to such Event of Default (including, without limitation, the payment of Basic Rent, Casualty or Termination Values, the maintenance of insurance required by Section 7.6 of the Lease and the removal of any Lien not permitted under the Lease) and pay any interest due on account of any delayed payment related to such Event of Default, and such performance and/or payment by Debtor or the Owner shall be deemed to cure any such Event of Default (but such cure shall not relieve the Lessee of any of its obligations) which arose or would have arisen from the failure of Lessee; provided, however, that, in the case of a Lease Event of Default arising from the nonpayment of Basic Rent, Casualty Values or Termination Values, the Debtor shall, in no event, cure more than four cumulative Lease Events of Default or two consecutive Lease Events of Default.

(2) Between the time that an Event of Default under Section 8.1(a) has occurred and the Enforcement Date, the Secured Party shall not, without the written consent of the Owner, exercise any remedies under Section 13(b) of the Lease or Article VIII hereof.

(3) So long as no Event of Default hereunder has occurred and is continuing, the Debtor shall be entitled to be subrogated to the rights of the Secured Party in respect of the Rent as to which such payment shall have been made by the Debtor; provided (A) all other amounts then due and

payable by the Lessee and all obligations to be performed or observed by the Lessee under or pursuant to the Lease and Indemnity Agreement shall have been fully paid, performed or observed and (B) all amounts and obligations then due and owing under the Notes and this Security Agreement have been fully paid, performed or observed.

(4) Whether or not an Event of Default shall have occurred and be continuing, the Debtor shall have the right, but not to the exclusion of the Secured Party, (A) to receive from the Lessee all notices, opinions of counsel and other documents and all information which the Lessee or the Guarantor is permitted or required to give or furnish to "Lessor", the Owner or the Debtor pursuant to the Lease or any other operative agreement (B) to inspect the Equipment, (C) to provide at its sole option such insurance for the benefit of the Trust Estate, the Estate, the Owner and the Lender as the Lessee shall have failed to maintain, and (D) to exercise the right to solicit and make bids pursuant to Section 16 of the Lease.

Nothing in this Secured Agreement shall be deemed to prohibit the Debtor from making demand on the Lessee for, or from commencing an action at law to obtain the payment of, or from receiving payment of, any Excepted Payments.

Section 8.2. Enforcement of Remedies. Subject to Section 8.1 hereof, after an Event of Default shall have occurred and be continuing, then and in every such case the Secured Party may exercise any or all of the rights and powers and pursue (i) subject to the rights of the Lessee under the Lease, any and all of the remedies available pursuant to this Article VIII and, as assignee of the Lease, any rights of the "Lessor" under the Lease, and (ii) in the event such Event of Default is a Lease Event of Default (and the Lease shall have been declared in default pursuant to Section 13 thereof), any and all of the remedies pursuant to the Lease and, to the extent permitted by applicable law, may take possession of all or any item of Equipment then constituting a part of the Estate and may exclude the Debtor and the Lessee and all persons claiming under them wholly or partly therefrom.

Section 8.3. Acceleration of Note. Subject to Section 8.1 hereof, upon the occurrence and during the continuance of an Event of Default hereunder, the Secured Party in its discretion may declare the unpaid principal amount of the Notes Outstanding, together with accrued interest thereon, to be immediately due and payable, upon which declaration such principal amount and such accrued interest shall immediately become due and payable without further act or notice of any kind.

Section 8.4. Specific Remedies; Enforcement of Claims without Possession of Note. Subject to Section 8.1 hereof, upon the occurrence of an Event of Default hereunder and provided that the Secured Party pursuant to Section 8.3 hereof shall have declared the unpaid principal amount of the Notes Outstanding immediately due and payable:

(a) At the request of the Secured Party, the Debtor shall promptly execute and deliver to the Secured Party such instruments and other documents furnished by the Secured Party as the Secured Party may deem necessary or advisable to enable the Secured Party or an agent or representative designated by the Secured Party, at such time or times and place or places as the Secured Party may specify, to obtain possession of all or any item of Equipment to which possession the Secured Party shall at the time be entitled hereunder. If the Debtor shall for any reason fail to execute and deliver such instruments and documents after such request by the Secured Party, the Secured Party may (1) obtain a judgment conferring on the Secured Party the right to such possession and requiring the Debtor to deliver such instruments and documents to the Secured Party, to the entry of which judgment the Debtor hereby specifically consents, and (2) pursue all or parts of such Equipment wherever they may be found and may enter the premises of the Lessee wherever such Equipment may be or are reasonably supposed to be and search for such Equipment and, to the extent permitted by applicable law, take possession of and remove such Equipment. Upon every such taking of possession, the Secured Party may, from time to time, at the expense of the Debtor, make all such reasonable expenditures for removal, maintenance, insurance, repairs, alterations, additions and improvements to and of such Equipment, as it may deem necessary and proper. In each such case, the Secured Party shall have the right, to the extent permitted by applicable law, to maintain, use, operate, store (including the right to store on Lessee trackage), hold, keep idle, lease, control or manage such Equipment and to carry on the business and to exercise all rights and powers of the Debtor relating to such Equipment, as the Secured Party shall deem necessary, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, holding, keeping idle, leasing, control or management of such Equipment or any part thereof as the Secured Party may determine; and the Secured Party shall be entitled to collect and receive all tolls, rents, revenues, issues, income, products and profits of such Equipment and every part thereof, without prejudice, however, to the right of the Secured Party under any provision of this Security Agreement to collect and receive all cash held by, or required to be deposited with, the Secured Party hereunder. Such tolls, rents, revenues, issues, income, products and

profits shall be applied to pay the expense of holding and operating such Equipment and of conducting the business thereof, and of all maintenance, repairs, alterations, additions and improvements, and to make all payments which the Secured Party may require or may reasonably elect to make, if any, for taxes, assessments, insurance or other proper charges upon such Equipment or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Lessee as such), and all other payments which the Secured Party may be required or authorized to make under any provision of this Security Agreement.

(b) The Secured Party may proceed to enforce its rights hereunder by directing payment to it of all monies payable under any agreement or undertaking constituting part of the Estate, by proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of all or any part of the Equipment possession to which the Secured Party shall at the time be entitled hereunder or for foreclosure of such Equipment possession to which the Secured Party shall at the time be entitled hereunder or for foreclosure of such Equipment, and by any other action, suit, remedy or proceeding authorized or permitted by this Security Agreement or by law or by equity, and may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have its claims asserted or upheld in any bankruptcy, receivership or other judicial proceedings.

(c) Without limiting the foregoing, the Secured Party shall have as to such of the Estate as is subject to the Uniform Commercial Code or similar law in each relevant jurisdiction all the remedies of a secured party under the Uniform Commercial Code or similar law in such jurisdiction and such further remedies as from time to time may hereafter be provided in such jurisdiction for a secured party. In exercising its power of sale under this Security Agreement, the Secured Party may at its option and in its sole discretion sell such portion of or any part thereof, either as one unit or in separate units, the Secured Party may so sell the aforesaid properties, rights and interests or any part thereof either separately from or together with the whole or any part of the other property which may constitute security for any obligation with respect to the Note, also as the Secured Party may in its discretion elect.

(d) Notwithstanding the foregoing, so long as no Default or Event of Default under Section 8.1(a)(1) hereof shall have occurred and be continuing and the Secured Party continues to receive all Rent to which it is entitled, the

rights of the Secured Party in and to the Equipment shall be subject and subordinate to the rights of the Lessee under the Lease insofar as the remedies provided in this Section 8.4 conflict with such rights of the Lessee.

Section 8.5. Secured Party May Sell Equipment; Debtor's Right of Redemption. (a) The Secured Party, with or without retaking possession thereof, at its election and upon not less than 15 days notice to the Debtor, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Debtor, the Lessee or any other party claiming from, through or under the Debtor or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Secured Party may determine; provided, however, that if prior to such sale and prior to the making of a contract for such sale, the Debtor should tender full payment of the total unpaid principal balance of the Notes Outstanding, together with interest accrued thereon and unpaid and all other payments due under this Security Agreement as well as expenses of the Secured Party in retaking possession of, removing, storing, holding and preparing the Equipment for and otherwise arranging for, the sale and the Secured Party's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Secured Party, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Debtor. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Secured Party in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Secured Party under the provisions of this Security Agreement.

(b) Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Secured Party may specify (unless the Secured Party shall specify a different place or places, in which case the sale shall be held at such place or places as the Secured Party may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Secured Party may determine, so long as such sale shall be in a commercially reasonable manner. The Secured Party, the Debtor, the Owner or the Lessee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Debtor, the Owner and the Lessee shall be given written notice of such sale not less than 15 days prior thereto, by telegram or registered mail addressed as provided in Section 10.2 hereof. In addition, if such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to

the rights of the Lessee, the Owner and the Debtor to purchase or provide a purchaser, within 15 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Secured Party shall be the purchaser of the Equipment, it shall not be accountable to the Debtor, and in payment of the purchase price therefor the Secured Party shall be entitled to have credited on account thereof all or any part of the sums due to the Secured Party hereunder. Notwithstanding the foregoing sentence, the Secured Party shall be accountable as to (i) any and all amounts collected with respect to the Equipment purchased by the Secured Party prior to such purchase and (ii) any and all amounts collected with respect to Equipment while subject to this Security Agreement.

Section 8.6. Rights and Remedies Cumulative. Each and every right, power and remedy herein specifically given to the Secured Party under this Security Agreement 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 by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time as often and in such order as may be deemed expedient by the Secured Party, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Secured Party in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Debtor or the Lessee or to be an acquiescence therein.

Section 8.7. Restoration of Rights and Remedies. In case the Secured Party shall have proceeded to enforce any right, power or remedy under this Security Agreement by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Secured Party, then and in every such case the Debtor, the Secured Party and the Lessee shall be restored to their former positions and rights hereunder with respect to the Estate, and all rights, remedies and powers of the Secured Party shall continue as if no such proceedings had been taken.

Section 8.8 Waiver of Past Defaults. Any past Default hereunder with respect to the Note and its consequences may be waived by the Secured Party. Upon any such waiver, such Event of Default shall cease to exist and shall be deemed to have been cured, for every purpose of this Security Agreement; but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 8.9. Rescission and Annulment. If at any time after the principal of the Note shall have become due and payable by declaration by the Secured Party, and before any judgment or decree for the payment of the money due, or any thereof, shall be entered, all arrears of interest upon the Notes and all other sums payable under the Note (except the principal of and premium, if any, on the Note which by such declaration shall have become payable) shall have been duly paid, and every other Event of Default with respect to any covenant or provision of this Security Agreement shall have been made good or cured, then and in every such case the Secured Party's declaration and its consequences may be rescinded and annulled by the Secured Party; but no such rescission or annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

ARTICLE IX

CONCERNING THE DEBTOR

Section 9.1. Restrictions on Dealing with Estate. The Debtor agrees not to manage, control, use, sell, operate, store, lease, dispose of or otherwise deal with the Equipment or any other part of the Estate thereof in a manner inconsistent with the Secured Party's rights under this Security Agreement without the written consent of the Secured Party.

Section 9.2. Execution of Releases. Upon the payment in full of all principal of, premium, if any, and interest owing on all Notes issued hereunder and all other sums payable to the Lender pursuant hereto and pursuant to the Participation Agreement, the Secured Party shall upon the written request of the Debtor, provided that no Event of default shall have occurred and be continuing, execute and deliver to or as directed in writing by the Debtor an appropriate instrument (in due form for recording) releasing such property from the lien of this Security Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.1. Governing Law. This Security Agreement is delivered in and shall in all respects be governed by and construed in accordance with the internal laws of the State of New York, including all matters of construction, validity and performance.

Section 10.2. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all communications, notices and consents provided for herein shall be in writing and shall become effective when deposited in the United States mail with proper postage for first-class mail, prepaid, addressed as follows: (i) if to the Debtor, at One Constitution Plaza, Hartford, Connecticut 06115, Attention: Corporate Trust Department, (ii) if to the Lessee, at its address set forth in the Lease, and (iii) if to the Secured Party, at P.O. Box 2258, Two Hopkins Plaza, Baltimore, Maryland 21203, Attention: Corporate Trust Department; or to such other address as the Debtor, the Secured Party or the Lessee, or its successors or assigns, may from time to time designate by notice duly given in accordance with this Section 10.2 to each other party. Copies of any notices given by or to the Lessor shall be simultaneously given to the Lender at its address set forth in the Participation Agreement.

Section 10.3. Amendments. Neither this Security Agreement nor any of the provisions of any Note may be amended, waived, discharged or terminated orally, but only by an agreement in writing signed by the Debtor and the Secured Party.

Section 10.4. Limitation as to Enforcement of Rights, Remedies and Claims. Nothing in this Security Agreement, whether express or implied, shall be construed to give to any person other than the Debtor, the Secured Party and the Lender any legal or equitable right, remedy or claim under or in respect of this Security Agreement or any Note.

Section 10.5. Severability of Invalid Provisions. Any provision of this Security 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, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.6. Benefit of Parties, Successors and Assigns; Entire Agreement. All representations, warranties, covenants and agreements contained herein or delivered in connection herewith shall be binding upon, and inure to the benefit of, the Debtor and its successors and, to the extent permitted hereby, assigns and the Secured Party and its successors and assigns.

Section 10.7. Survival of Representations and Warranties. All representations and warranties made with respect to the Notes shall survive the execution and delivery of this Security Agreement and the issue, sale and delivery of the Note and shall continue in effect so long as any Note issued hereunder is outstanding.

Section 10.8. Counterpart Execution. This Security Agreement and any amendment to this Security Agreement may be executed in any number of counterparts and by the respective parties hereto and thereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument. Fully executed sets of counterparts shall be delivered to, and retained by, the Debtor and the Secured Party.

IN WITNESS WHEREOF, the parties hereto have each caused this Security Agreement to be duly executed by their respective officers thereunto duly authorized as of the date set forth above.

SEAL

Attested by

Sheepman
Corporate Trust

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION
not in its individual capacity but
solely as trustee under a Trust
Agreement dated as of June 1, 1987

By: *[Signature]*

Title: ASSISTANT VICE PRESIDENT

Attested by

MERCANTILE-SAFE DEPOSIT AND TRUST
COMPANY, as Agent for Noteholders

Corporate Trust Officer

By: _____

Title: Vice President

IN WITNESS WHEREOF, the parties hereto have each caused this Security Agreement to be duly executed by their respective officers thereunto duly authorized as of the date set forth above.

SEAL

Attested by

Corporate Trust

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION
not in its individual capacity but
solely as trustee under a Trust
Agreement dated as of June 1, 1987

By: _____
Title: _____

Attested by



Corporate Trust Officer

MERCANTILE-SAFE DEPOSIT AND TRUST
COMPANY, as Agent for Noteholders

By: 
Title: Vice President

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this 7 day of October, 1987, before me personally appeared V. Kreuscher to me personally known, who, being by me duly sworn, says that (s)he is an authorized officer of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said national association and that said instrument was signed and sealed on behalf of said national association 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 national association.



Notary Public

[Notarial Seal]
My Commission expires

STEVEN J. COTHRAN
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1990

STATE OF MARYLAND)
) ss.:
CITY OF BALTIMORE)

On this ____ day of October, 1987, before me personally appeared _____ to me personal known, who, being by me duly sworn, days that (s)he is a Vice President of THE MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the, foregoing instrument is the corporate seal of said Company and that said instrument was signed and sealed on behalf of said Company 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 Company.

Notary Public

[Notarial Seal]
My Commission expires

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this ___ day of October, 1987, before me personally appeared _____ to me personally known, who, being by me duly sworn, says that (s)he is an authorized officer of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said national association and that said instrument was signed and sealed on behalf of said national association 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 national association.

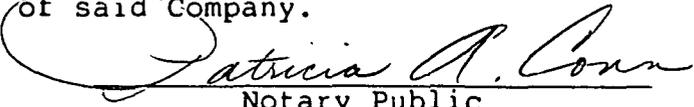
Notary Public

[Notarial Seal]

My Commission expires _____

STATE OF MARYLAND)
) ss.:
CITY OF BALTIMORE)

On this 2nd day of October, 1987, before me personally appeared SANDRA L. SPIRO to me personally known, who, being by me duly sworn, says that (s)he is a Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the, foregoing instrument is the corporate seal of said Company and that said instrument was signed and sealed on behalf of said Company 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 Company.



Notary Public

[Notarial Seal]

My Commission expires 7-1-90

Exhibit A to
Loan and Security Agreement

[FORM OF NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND NO TRANSFER HEREOF MAY BE EFFECTED UNLESS THE TRANSACTION RELATING THERETO SHALL BE EXEMPT WITHIN THE MEANING OF SUCH ACT AND THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION ADOPTED THEREUNDER.

No. _____

\$ _____

NON-RECOURSE PROMISSORY NOTE

THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, not in its individual capacity but solely as trustee under a Trust Agreement dated as of June 1, 1987 (the "Borrower"), for value received, hereby promises to pay to the order of The Great-West Life Assurance Company (the "Lender"), but only from the funds designated below, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, the principal sum of \$ _____ and to pay interest on the unpaid principal balance hereof from and including the date of this Note to but excluding the date payment in full of the principal amount hereof is made, at the rate of _____% per annum. Interest shall be computed on the basis of a 360-day year of twelve months of 30 days each. Principal and interest payments shall be made in installments in the amounts and at such times as set forth on the Loan Schedule attached hereto.

To the extent permitted by law, this Note shall bear interest, payable only from the funds designated below, at the rate of 1.5% per annum in excess of the rate of interest then borne by this Note, on any part of the principal and interest hereof not paid when due for any period during which the same shall be overdue.

All payments of principal, premium, if any, and interest to be made by the Borrower on the Note shall be made only from the income or proceeds from the Estate (as defined in the Loan and Security Agreement, dated as of September 1, 1987, between the Borrower and Mercantile-Safe Deposit and Trust Company

(the "Security Agreement") and the owner or other holder hereof, by its acceptance of this Note, agrees that it will look solely to the income and proceeds from the Estate and that the Borrower shall not be personally liable to the owner or other holder hereof for any amounts payable under this Note or, except to the extent set forth in the last sentence of Section 3.6 of the Security Agreement, for any liability under the Security Agreement or the Participation Agreement (as defined in the Security Agreement).

Unless other arrangements for payment are made in accordance with Section 3.7 of the Security Agreement, principal, premium, if any, and interest shall be payable in immediately available funds.

This Note is one of the Notes which have been or are to be issued by the Borrower pursuant to the terms of the Security Agreement. Reference is hereby made to the Security Agreement for a statement of the rights of the owners or other holders of, and the nature and extent of security for, this Note and the other Notes issued under the Security Agreement, to all of which terms and conditions each registered owner or other holder hereof agrees by its acceptance of this Note and for a description of the provisions governing the registration, transfer, exchange and ownership of this Note.

As provided in Section 5.1 of the Security Agreement, this Note is not subject to prepayment except upon the occurrence of certain events as provided in Articles V or VI of the Security Agreement, Paragraph 12(b) of the Participation Agreement and except in the event the Lease (as defined in the Security Agreement) is terminated. In the event this Note is prepaid pursuant to the second sentence of said Section 5.1(a), the Borrower shall pay to the Lender a "Make Whole Premium Amount" as described in Section 5.1(c) of the Security Agreement.

In case an Event of Default (as defined in the Security Agreement) shall occur and be continuing, the unpaid principal of this Note, together with accrued interest hereon, may become or be declared due and payable in the manner, with the effect and subject to the conditions, provided in the Security Agreement.

Each payment on this Note shall be applied in the manner set forth in Section 3.8 and Article VI of the Security Agreement.

This Note is delivered in and shall in all respects be governed by and construed in accordance with the internal laws of the State of New York, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized, as of the date hereof.

Dated: _____

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION
not in its individual capacity
but solely as trustee under a
Trust Agreement dated as of
June 1, 1987

By: _____
Title: _____

LOAN SCHEDULE

PYMT NO.	DATE	PRINCIPAL OUTSTANDING	INTEREST	PRINCIPAL RECOVERY	DEBT SERVICE	PREPYMT AMOUNT	PREPYMT DATE
1	10/06/87	\$6,578,529.00	\$ 90,564.42		\$ 90,564.42		
2	12/01/87	6,578,529.00	291,099.91	.00	291,099.91		
3	06/01/88	6,578,529.00	291,099.91	209,943.74	501,043.65		
4	12/01/88	6,368,585.26	281,809.90	.00	281,809.94		
5	06/01/89	6,368,585.26	281,809.90	764,873.40	1,046,683.30		
6	12/01/89	5,603,711.56	247,964.25	.00	247,964.25		
7	06/01/90	5,603,711.56	247,964.25	832,564.70	1,080,528.95		
8	12/01/90	4,771,147.16	211,123.26	.00	211,123.26		
9	06/01/91	4,771,147.16	211,123.26	906,246.64	1,117,369.90		
10	12/01/91	3,864,900.52	171,021.85	.00	171,021.85		
11	06/01/92	3,864,900.52	171,021.85	986,449.50	1,157,471.35		
12	12/01/92	2,878,451.02	127,371.46	1,496,342.54	1,623,714.00		
13	06/01/93	1,382,108.48	61,158.30	.00	61,158.30		
14	12/01/93	1,382,108.48	61,158.30	1,382,108.48	1,443,266.78		
		<u>.00</u>	<u>\$2,655,726.40</u>	<u>\$6,578,529.00</u>	<u>\$9,234,255.40</u>		

EXHIBIT B TO
LOAN AND SECURITY AGREEMENT

[FORM OF AGENT'S CERTIFICATE OF AUTHENTICATION]

This Note is one of the Notes described in the Security Agreement, dated as of September 1, 1987, between The Connecticut Bank and Trust Company, National Association as Trustee for Metlife Capital Corporation and Mercantile-Safe Deposit and Trust Company, as Agent for certain Noteholders.

Seal
Attested by

MERCANTILE-SAFE DEPOSIT AND TRUST
COMPANY

By: _____
Authorized Officer