

LAW OFFICES
ALVORD AND ALVORD

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD*
CARL C. DAVIS*
CHARLES T. KAPPLER
JOHN H. DOYLE*
GEORGE JOHN KETO*
MILTON C. GRACE*
JAMES C. MARTIN, JR.*

200 WORLD CENTER BUILDING
918 SIXTEENTH STREET, N.W.
WASHINGTON, D.C.
20006-2973

OF COUNSEL
JESS LARSON
JOHN L. INGOLDSBY
URBAN A. LESTER

CABLE ADDRESS
"ALVORD"

TELEPHONE
AREA CODE 202
393-2266

TELEX
440367 A AND A

*NOT A MEMBER OF D.C. BAR
*ALSO ADMITTED IN NEW YORK
*ALSO ADMITTED IN OHIO
*ALSO ADMITTED IN MARYLAND

RECORDATION NO. 1 5553 Filed 1428
MAR 31 1988 - 40 AM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 1 5553/A Filed 1428
MAR 31 1988 - 40 AM
INTERSTATE COMMERCE COMMISSION

March 31, 1988

No. 8-091A054
Date MAR 31 1988
Fee \$ 26.00
ICC Washington, D.C.

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

Dear Ms. McGee:

Enclosed for recordation, in the following order, pursuant to the provisions of 49 U.S.C. §11303(a) are seven fully executed counterparts each of the following primary documents:

1. Loan and Security Agreement dated as of March 30, 1988 among Signal Capital Corporation, as Owner, Bank of America National Trust and Savings Association, as Lender, and Bank of America National Trust and Savings Association, as Agent.
2. Lease Agreement dated as of March 30, 1988 between Signal Capital Corporation, Lessor, and Southern Pacific Transportation Company, Lessee.

The names and addresses of the parties executing the enclosed documents are:

Secured Party/ Lender:	Bank of America National Trust and Savings Association BankAmeriLease Group Two Embarcadero Center, 28th Floor San Francisco, California 9411
Debtor/ Lessor:	Signal Capital Corporation 505 14th Street, Suite 480 Oakland, California 94617 and Liberty Lane Hampton, New Hampshire 03842

Handwritten signature: C. Kappler

11-11-88

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
March 31, 1988
Page Two

Lessee: Southern Pacific Transportation Company
Southern Pacific Building
One Market Plaza, Suite 666
San Francisco California 94105

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

Also enclosed is a check in the amount of \$26 payable to the order of the Interstate Commerce Commission covering the required recordation fees.

Kindly return six stamped counterparts each of the enclosed documents to the undersigned.

A short summary of the enclosed primary documents to appear in the Commission's Index is:

Loan and Security Agreement dated as of March 30, 1988 between Signal Capital Corporation, Debtor, and Bank of America National Trust and Savings Association, as a Lender and Agent; and Lease Agreement dated as of March 30, 1988 between Signal Capital Corporation, Lessor, and Southern Pacific Transportation Company, Lessee, covering forty (40) 3600 H.P. SD 45-T2 diesel electric locomotives bearing new marks and numbers SP 6829 - SP 6868.

Very truly yours,


Charles T. Kappler

Enclosures

SCHEDULE A

Forty high horsepower (3600 HP) 6-axle SD45-T2 General Motors (Electric Motive Division) diesel electric locomotives (AAR Mechanical Designation A Units (C-C) 3600 HP), together with all accessories, parts and appliances installed thereon or belonging thereto, and all logs, manuals and records relating thereto, and all substitutions, replacements and renewals for any and all thereof, which locomotives had and have the following reporting marks and road numbers:

1. OLD MARKS AND NUMBERS:

SP 9166	SSW 9162
SP 9175	SSW 9164
SP 9182	SSW 9261
SP 9185	SSW 9262
SP 9187	SSW 9264
SP 9188	SSW 9268
SP 9189	SSW 9272
SP 9190	SSW 9274
SP 9192	SSW 9281
SP 9209	SSW 9283
SP 9214	SSW 9284
SP 9225	SSW 9287
SP 9227	SSW 9389
SP 9230	SP 9350
SP 9236	SSW 9397
SP 9259	
SP 9320	
SP 9326	
SP 9352	
SP 9357	
SP 9369	
SP 9370	
SSW 9157	
SSW 9158	
SSW 9161	

2. NEW MARKS AND NUMBERS:

SP6829-SP6868, inclusive

Interstate Commerce Commission
Washington, D.C. 20423

3/31/88

OFFICE OF THE SECRETARY

Charles T. Kappler
Alvord & Alvord
918 16th Street N.W.
Washington, D.C. 20006

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 3/31/88 at 11:40am, and assigned recordation number(s). 15553 & 15553-A

Sincerely yours,

Nesta R. McGee
Secretary

Enclosure(s)

1 5553

RECORDATION NO. _____ FILED 1988

MAR 31 1988 10:30 AM

INTERSTATE COMMERCE COMMISSION

LOAN AND SECURITY AGREEMENT

dated as of March 30, 1988

among

SIGNAL CAPITAL CORPORATION,

as Owner,

and

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,

as the initial Lender
and as Agent for the initial Lender and Persons which may
hereafter become parties hereto
as Lenders pursuant to the terms hereof.

Debt in Leveraged Lease

to

SOUTHERN PACIFIC TRANSPORTATION COMPANY,

of

40 3600 HP General Motors
6-Axle SD45-T2 Diesel-Electric Locomotives
(Identification Numbers SP6829-SP6868)

Filed with the Interstate Commerce Commission
pursuant to 49 U.S.C. § 11303

on _____, 1988 at ____:____.m.
recordation number _____.

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ANNEX I Addresses for Notices and Payments
ANNEX II Definitions

EXHIBIT A Form of Promissory Note
EXHIBIT B Description of Units

LOAN AND SECURITY AGREEMENT, dated as of March 30, 1988 (this "Agreement") between SIGNAL CAPITAL CORPORATION, a Delaware corporation, ("Owner") and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association, as the initial Lender and any other Persons which may hereafter become Lenders pursuant to the terms hereof, and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Agent.

I N T R O D U C T I O N

A. Owner desires by this Loan and Security Agreement, among other things, (a) to provide for the making of up to four loans by Lender to Owner evidenced by Notes, as Lender's participation in the payment of Lessor's Cost, pursuant to the Participation Agreement (capitalized terms being used as hereinafter defined) and (b) to provide for the grant of a first priority security interest by Owner to Agent, as part of the Collateral hereunder, among other things, in all of Owner's right, title and interest in the Units, the Bills of Sale, the Lease and the other Assigned Documents, and all payments and other amounts received hereunder or thereunder or under the Participation Agreement in accordance with the terms hereof or thereof (excluding Excepted Payments and Rights), as security for the Obligations for the benefit and security of Lenders.

B. Concurrently with the delivery hereof, Owner is delivering to Agent the chattel paper counterpart of the Lease Agreement assigned to Agent hereunder. Concurrently with the delivery to it of each Acceptance Certificate executed and delivered by Owner and Lessee pursuant to the Lease and the Participation Agreement, Owner will deliver to Agent the chattel paper counterpart thereof.

ACCORDINGLY, in consideration of the premises and mutual covenants contained herein, the parties hereto hereby agree that the Collateral is to be held and applied subject to the further terms herein set forth; and Agent hereby agrees to accept the duties herein set forth; and Owner, for itself and its successors and assigns, hereby covenants and agrees with Lenders and with Agent for the equal and proportionate benefit and security of the holders from time of the Notes, as follows:

SECTION 1. Definitions.

Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned thereto in Annex II for all purposes hereof (such definitions

to be equally applicable to both the singular and plural forms of the terms defined).

SECTION 2. Loans and Notes.

2.1 Loans. In the case of all Units delivered on up to four Business Days not later than December 30, 1988, upon satisfaction of the conditions precedent with respect thereto set forth in the Participation Agreement, Lender shall authorize disbursement of Lender's Commitment to Owner's order, by credit to the accounts of or disbursement to such Persons entitled to payment of Lessor's Cost as Lessee shall specify in its relevant Delivery Notice. Owner shall receipt for the amounts so disbursed and shall authorize similar disbursement of Owner's Commitment with respect to such Units.

2.2 Repayment of Loans. Owner hereby promises and agrees, subject to Section 2.9, to pay to Agent for the account of each Lender the original principal amount of each Loan made by such Lender in 17 semi-annual installments of principal, as set forth in the Schedule to Exhibit A (the "Amortization Schedule"), plus interest thereon at the Effective Rate for such loan; provided, however, that the final installment of each Loan shall include principal and interest in an amount equal to the unpaid and outstanding principal and interest amounts of such Loan. The Amortization Schedule assumes payments required to be made under this Section 2.2 are made on the dates specified therein without regard to grace periods.

2.3 Interest. Interest on each Loan shall accrue at the Effective Rate from the date the Loan is made until paid in full. The first installment of interest shall be equal to 1/360th of the annual Effective Rate for such Loan for each day of the Interim Term, from and including the first day and to but excluding the last day, and shall be payable on the last day of the Interim Term.

2.4 Late Charges. Any payment not made when due shall, to the extent permitted by law, accrue interest at the Post-Default Rate, payable on demand made by Agent.

2.5 Payments; Computations.

(a) Payments. Owner shall make each payment (including any prepayment) required or permitted to be made by it hereunder or under the Notes not later than 10:00 a.m. (San Francisco time) on the day when due (or when such prepayment is specified to be paid) in Dollars and in funds immediately available to Agent at Agent's Office identified "For credit to Loan Account of Signal/Southern Pacific Leveraged Lease."

Agent shall distribute payments received hereunder pursuant to Section 5. All payments hereunder shall be made without setoff or counterclaim or reduction on account of any withholding or similar taxes. If Owner is required by law to withhold any amounts with respect to any payment hereunder then Owner shall pay such additional amounts as may be required to ensure that each Lender receives for its own account a net amount equal to the full amount required to be paid hereunder.

(b) Computations. All computations hereunder of interest shall be based on a 360-day year of twelve 30-day months which may result in more interest than if a 365-day year were used.

2.6 Required Prepayments.

(a) Prepayments. The Loan made to finance any Unit shall be prepaid, in whole (to the extent relating to such Unit), upon the occurrence of an Event of Loss with respect to such Unit (including, without limitation, under Section 9(a) of the Lease). Such prepayment shall be made simultaneously with corresponding payments under the Lease in accordance with Section 3, 9 or 10 of the Lease, as applicable, on the date for payment by Lessee of the amounts payable by it in respect of such Event of Loss or, in the case of any other termination of the Lease, on the date provided in the Lease for such event of termination, or, if no date is provided, on the date of such termination. Each prepayment pursuant to this Section 2.6(a) shall be in a principal amount equal to the "Loan Value" of such Unit, together with accrued interest on the principal amount so prepaid to the date of such prepayment. For the purpose of this Section 2.6, the term "Loan Value" of a Unit shall be an amount equal to the product of (A) a fraction, the numerator of which is the principal of the Loan relating to such Unit and the denominator of which is the aggregate principal amount of all Loans (including the principal of the Loans relating to the Unit) for all Units then subject to the Lease, times (B) the aggregate unpaid principal amount of all of the Notes outstanding prior to the payment provided for in this Section 2.6(a).

(b) Application of Prepayments. All prepayments of principal upon an Event of Loss shall be applied to all of the Notes ratably in accordance with the outstanding principal balances of such Notes and shall be applied to each installment of each thereof so that each of the remaining installments of each of the Notes shall be reduced in the proportion that the principal amount of the related prepayment bears to the unpaid principal amount of such prepaid Note immediately prior to the prepayment. Each such prepayment of principal shall be accompanied by the accrued interest on the principal amount so prepaid.

(c) Certain Notices. Notices by Owner to Agent or any Lender of prepayment of any Loan shall be in writing (or by telephone promptly confirmed in writing) and shall be effective only if received by Agent and each Lender not later than 9:00 a.m. (San Francisco time), three Business Days prior to the date of the relevant prepayment or designation. Each such notice of prepayment or designation shall specify the reason for such prepayment.

(d) No Other Prepayment. No amount of any Loan payment may be reborrowed. Except as provided in this Section 2.6, the Loans may not be prepaid in whole or in part.

2.7 Reimbursement of Expenses. Owner agrees to reimburse Agent and each Lender for all out-of-pocket costs and expenses reasonably incurred by Agent or such Lender (including, without limitation, fees, expenses and disbursements of special counsel to Agent or such Lender and the allocated time charges of internal counsel of Agent or such Lender) in connection with (i) the entering into or giving or withholding of any future amendments to the extent Owner is responsible therefor under Section 9.2 of the Participation Agreement (except amendments proposed by Agent other than pursuant to Agent's rights under any Operative Document), supplements, waivers or consents with respect to this Agreement or any other Operative Document, (ii) any Event of Loss, termination, redemption, prepayment or any future transfer of all or any part of the right, title and interest of Owner in any Unit or in, to and under any Operative Document, in each case referred to in this clause (ii) as permitted by the terms of the Operative Documents, (iii) any Loan Default, Loan Event of Default or the enforcement of the rights of Agent or Lender under this Agreement or any other Operative Document, or (iv) any transfer to a successor Owner.

2.8 Payment on Non-Business Day. Whenever any payment to be made hereunder is stated to be due on a day that is not a Business Day, such payment shall be made on the immediately preceding Business Day.

2.9 Owner's Liability. Notwithstanding anything herein or in any Operative Document to the contrary, all payments, including payments of principal and interest (other than Interim Interest), to be made by Owner hereunder and under the Notes shall, except as otherwise set forth in this Section 2.9, be made only from the Collateral and only to the extent that Owner or Agent, as the case may be, at any time and from time to time has received sufficient Collateral to make such payments in accordance with the terms hereof and thereof. Lender agrees that insofar as Owner and Agent are concerned Lender will look solely to the Collateral, to the extent

available for distribution to Lender as herein provided, and that (except as expressly provided in this Agreement or in any other Operative Document) neither Owner (other than with respect to Interim Interest) nor Agent shall be personally liable to the holder of any Note for any amounts payable under the Notes or this Agreement or any other Operative Document.

Notwithstanding anything to the contrary contained in this Section 2.9, the limitation on personal liability described herein shall not (i) discharge or release any Loan or any indebtedness evidenced by the Notes, (ii) limit Owner's personal liability for (A) any cost, expense, damage or loss to the extent resulting wholly or in part from any breach or inaccuracy of any covenant, representation or warranty of Owner contained or referred to in Section 6.2, 7.2 (except clause (d) thereof) or 11 of the Participation Agreement, or in Section 3.4, 3.8, 4.2, 4.3, 4.4, 4.5, 4.6, 4.8, 15, 16.2 or 16.5 hereof, or (with respect to any Loan Event of Default that is not also a Lease Event of Default) in Section 7.7 or 7.14 hereof, or (B) any costs and expenses incurred by Agent or any Lender in connection with the entering into or giving or withholding of any future amendments, supplements, waivers or consents requested by Owner with respect to this Agreement or any other Operative Document to the extent required under Section 2.7, (iii) limit Agent's right to resort to the Collateral for any cost, expense, damage or loss resulting wholly or in part from) any breach or inaccuracy of any other covenant, representation or warranty of Owner in any Operative Document, (iv) preclude Agent from exercising any right or invoking any remedy (except as set forth herein), whether upon a Loan Event of Default or otherwise, (v) limit Owner's liability for its own willful misconduct or gross negligence, or (vi) prejudice the rights of Agent or Lenders in the Collateral against any Person.

Except for any expenses and disbursements of Agent that result from the failure of Owner to perform its obligations for which it is personally liable as specified in the foregoing paragraph, Owner shall not be personally liable to Agent or any Noteholder for any fees, expenses or disbursements of Agent or such Noteholder.

2.10 Notes.

(a) Issuance; Recording; Application of Payments; Consolidation. On each Delivery Date Owner shall execute and deliver a Note or Notes to each Lender making a Loan with respect to Units delivered on such Delivery Date, dated such Delivery Date, registered in such Lender's name or in the name of such nominee as such Lender may designate, and in a principal amount equal to the aggregate amount of such Lender's

Loan on such Delivery Date, as provided herein and in the Participation Agreement. No Notes may be issued except as provided in this Section 2.10 and Section 3.2 of the Participation Agreement. The Loan made by each Lender on each Delivery Date and all payments and prepayments made on account of the principal thereof and interest thereon shall be recorded by each Lender on the schedule annexed to the Note held by it or any continuation thereof and the record so made by each Lender or any entries made on the records maintained by such Lender shall be prima facie evidence of the existence and amounts of the obligations of Owner to such Lender thereby recorded or made (it being understood that failure by a Lender to make any such recordation or entry shall not affect the obligations of Owner to it hereunder or under such Note in respect of such Loan). In the case of each Note, each payment of principal and interest thereon shall be applied as provided in Section 5.

On or after January 2, 1989 and before June 20, 1989, upon five Business Days' prior written notice to Owner, each Lender may cause Owner to issue a new Note to such Lender in exchange for the Notes then held by such Lender. Any such new Note shall be dated as of January 1, 1989 and have a new Effective Rate equal to the weighted average (based on the unpaid principal of the Notes then held by such Lender) of the Effective Rates of all Notes then held by such Lender. Any such new Note shall be a Note for all purposes hereunder, and any Note exchanged therefor shall be cancelled and no longer deemed to be a Note hereunder.

(b) Security. All Notes (and the Loans evidenced thereby) at any time outstanding under this Agreement shall be ratably secured by this Agreement, without preference, priority or distinction on account of the date or dates or the actual time or times of the issue of such Notes (or the making of the Loans evidenced thereby), so that all Notes at any time issued or outstanding hereunder (and such Loans) shall have the same right, Lien, security, preference and priority by virtue of this Agreement.

A Lender shall have no further interest in, or other right with respect to, the Collateral when and if the principal of and interest on all Notes held by it, and all other sums payable to such Lender hereunder, under such Notes or under any other Operative Document are paid in full.

(c) Register; Exchange of Notes. Owner will maintain at its office at Hampton, New Hampshire a register for the registration of transfer and exchange of the Notes. Each Lender will, before selling, transferring or otherwise disposing of a Note held by it, surrender such Note to Agent,

make a notation thereon of the amount of all payments and prepayments of principal previously made thereon and the date to which interest thereon has been paid and will upon any sale, transfer or other disposition of any Note or portion thereof promptly notify Owner and Agent thereof and of the name and address of the transferee. Upon presentment at Agent's Office of any Note for registration of transfer duly endorsed, or accompanied by a written instrument of transfer duly executed by the registered holder thereof or his attorney duly authorized in writing, or upon surrender at Agent's Office of any Note for exchange accompanied by a Loan Transfer Notice substantially in the form of Exhibit C to the Participation Agreement if the requested exchange is a consequence of any sale or assignment or participation in the Note pursuant to Section 18.3, Agent shall promptly notify Owner and Owner at its expense (except for transfer taxes or other governmental charges, if any, as provided in Section 2.10(e)) shall (i) execute and deliver, in exchange for such Note, one or more new Notes in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note, dated so that there will be no loss of interest on such presented or surrendered Note, and otherwise of like tenor, with appropriate variations, and payable to the parties and in the proportions set forth in the Loan Transfer Notice accompanying such presented or surrendered Note, and (ii) register such transfer or exchange on the Note register maintained by it. Owner shall not be required to issue or register the transfer or exchange of any Note during the 10 day period preceding any Payment Date.

(d) Replacement of Notes. Upon receipt of evidence reasonably satisfactory to Owner and Agent of the loss, theft, destruction or mutilation of any Note, and in the case of loss, theft or destruction, upon delivery of an indemnity agreement or bond reasonably satisfactory to Owner and Agent (it being understood that the written notice of loss, theft, destruction or mutilation, and written undertaking of any Lender, or any existing Affiliate thereof or any subsequent holder of a Note that is a commercial bank or other financial institution having a net worth or a combined capital and surplus and undivided profits of not less than \$100,000,000, shall be satisfactory evidence and indemnity), or, in the case of any such mutilation, upon surrender at Agent's Office and cancellation of such Note, Owner at its expense (except for transfer taxes or other governmental charges, if any, as provided in Section 2.10(e)), will execute and deliver, in lieu thereof, a new Note, in a principal amount equal to the unpaid principal amount of such lost, stolen, destroyed or mutilated Note, and dated so that there will be no loss of interest on such Note and otherwise of like tenor, with appropriate variations. Owner will promptly cancel and destroy all Notes surrendered to it upon transfer, exchange or replacement pursuant to Section 2.10(c) or this Section 2.10(d).

(e) Payment of Taxes or Other Governmental Charges. Upon the delivery of a new Note or Notes pursuant to Section 2.10(c) or 2.10(d), Owner may require from the party requesting such new Note or Notes payment of a sum to reimburse Owner for, or to provide funds for, the payment of any tax or other governmental charge in connection therewith or any charges or expenses connected with such tax or governmental charge paid or payable by Owner.

(f) Ascertainment of Status of Holder. Prior to due presentment for registration of transfer, Owner and Agent may treat the Person in whose name any Note is registered as provided in Section 2.10(c), whether or not such Note is overdue, as the absolute owner and holder of such Note for the purpose of receiving payments of principal, Premium, if any, and interest thereon and any other amounts payable with respect thereto for all purposes whatsoever and Owner and Agent shall not be affected by any notice to the contrary.

2.11 Application of Proceeds. The portion of each distribution received by a Noteholder pursuant to Section 5 and to be applied on account of principal or interest on a Loan shall be applied by such holder in payment of its Note, first, to the payment of accrued interest on such Note to the date of payment, and second, to the payment of any principal of such Note then due thereunder. Prepayment of principal will be applied pursuant to Section 2.6(b).

SECTION 3. Security Agreement and Assignment.

3.1 Grant of Security Interest. In consideration of, to induce Lender to make, and to secure the due and punctual payment of the Loans in accordance herewith and with the Notes, and to secure the due and punctual payment of all other amounts due Lenders hereunder and under the Participation Agreement, and the payment of all other indebtedness which this Agreement by its terms secures and compliance with all the terms hereof and of the Notes, and to secure the performance and observance by Owner of its agreements and the conditions applicable to it contained herein or in any of the other Operative Documents and the performance and observance (a) by Owner of its obligations to Lenders contained in any of the Assigned Documents and (b) by Lessee of all the agreements, covenants and provisions in the Lease contained for the benefit of Lenders (collectively the "Obligations"), Owner does hereby grant, bargain, sell, mortgage, warrant, pledge, assign, transfer and convey, and grant a security interest in, with power of sale, to Agent and to its successors and assigns, forever, for the security and benefit of Lender and the holders from time to time of the Notes, all of Owner's estate, right, title and interest in the

following properties whether now owned or hereafter acquired (all such properties other than Excepted Payments and Rights being the "Collateral"):

(a) the Units;

(b) the Lease, the Bills of Sale and the right to receive amounts payable under the Participation Agreement, and any other lease or rental agreement relating to the Units entered into by Owner, together with all renewals, amendments and modifications thereof (collectively, the "Assigned Documents"), including, without limitation, (i) all amounts of Rent, insurance proceeds (including, without limitation, return premiums and condemnation, requisition and other awards and payments of any kind for or with respect to the Units payable to or for the account of Owner (including, without limitation, proceeds and payments payable on account of or received pursuant to the exercise of any of the remedies provided in Section 14 of the Lease and of Stipulated Loss Value payments) and (ii) all rights of Owner to exercise any election or option or to make any decision or determination or to give or receive any notice, consent, waiver or approval or declaration of default or to take any other action under or in respect of any Assigned Document or to accept any surrender or redelivery of the Units as well as all the rights, powers and remedies on the part of Owner, whether arising under any such Document or by statute or at law or in equity, or otherwise, arising out of any Lease Event of Default, subject, however, to Section 16.4;

(c) any sublease, assignment or user contract relating to the Units, together with all renewals of any such sublease, assignment and user contract executed or in effect from time to time, and all payments, including, without limitation, all payments of rent, all insurance proceeds (other than public liability insurance proceeds) (including, without limitation, return premiums and all other amounts due or to become due thereunder;

(d) all tolls, rents, issues, profits, products, revenues and other income from or on account of the property, rights and privileges subjected or required to be subjected to the Lien of this Agreement;

(e) any right to restitution from any party to any Assigned Document in respect of any determination of invalidity of any Assigned Document;

(f) all moneys and securities now or hereafter paid or deposited or required to be paid or deposited to or with Agent by or for the account of Owner pursuant to any provision contained in this Agreement or any Assigned Document and held or required to be held by Agent hereunder or thereunder;

(g) all instruments, documents of title, books and records of Owner concerning the foregoing property, including, without limitation, all manuals and all data and records of inspection, modification, maintenance and overhaul and component lists and manuals relating to the Units, but excluding, however, books and records of Owner of income, tax and other similar financial records relating to the Commitment of Owner;

(h) all other property of every kind and description, real, personal and mixed, and any interest therein, acquired, received or held by Owner pursuant to any term of any Assigned document, wherever located and whether or not subjected to the Lien of the Loan Agreement by agreement supplemental hereto; and

(i) all proceeds of any of the foregoing;

and Agent is hereby authorized to receive any such property subject to and in accordance with the terms of this Agreement as then supplemented;

EXCLUDING, HOWEVER, from the property, rights, privileges, proceeds, payments and amounts subject to the foregoing provisions of this Section 3.1 all Excepted Payments and Rights;

TO HAVE AND TO HOLD the same unto Agent, its successors and assigns, forever,

AS COLLATERAL, upon the terms herein set forth, for the equal and proportionate benefit and security of the Noteholders, without preference of any Lender, Loan, Noteholder or Note over any other Lender, Loan, Noteholder or Note for any reason;

PROVIDED, HOWEVER, the Lien created hereby shall cease to apply to, and Lender shall have no further interest in, or other right with respect to, any moneys distributed to Owner under Section 5.

3.2 Present Assignment. Owner presently and irrevocably assigns, transfers, conveys and sets over to Agent and its successors and assigns, for the benefit of the holders from time to time of the Notes, all present and future estate, right, title and interest of Owner in, to and under the Assigned Documents, including, without limitation, (i) all rights of Owner to exercise any election or option, or make any decision or determination, to give any notice, consent, waiver or approval under or in respect of any Assigned Document and (ii) all moneys and claims for moneys due and to become due to Owner pursuant to the Assigned Documents and all claims of

Owner for damages in respect of any Event of Loss with respect to any Collateral and all other payments of any kind for or with respect to the Collateral pursuant to the Assigned Documents;

EXCLUDING, HOWEVER, from the property, rights, privileges, proceeds, payments and amounts subject to the foregoing provisions of this Section 3.2 all Excepted Payments and Rights.

3.3 Continuing Obligations of Owner. Anything contained herein to the contrary notwithstanding, Owner shall remain liable under the Operative Documents to perform all obligations assumed by it thereunder, and Agent shall have no obligation or liability under or arising out of any Operative Document by reason of or arising out of the assignment hereunder, nor shall Agent be required or obligated in any manner to perform or fulfill any obligation of any other party under or arising out of any Operative Document or except as expressly herein provided to make any payment, to make any inquiry as to the nature or sufficiency of any payment received by it, to present or file any claim, or to take any action to collect or enforce the payment of any amount assigned to it or to which it may be entitled at any time.

3.4 Payments. Owner agrees to direct Lessee to make all payments of Rent and payments for other amounts required to be paid to or deposited with Owner pursuant to the Lease (other than Excepted Payments and Rights) directly to Agent at its address as Agent shall specify, for application as provided for in this Agreement. Owner shall, promptly upon receipt thereof, transfer to Agent any and all moneys from time to time received by it constituting part of the Collateral, for distribution by Agent pursuant to this Agreement, except that Owner shall accept for distribution to itself any amounts distributed by Agent under this Agreement.

3.5 Assignment; Security Agreement. Section 3.2 hereof shall constitute an assignment and the remainder of this Agreement shall constitute a mortgage and security agreement and, cumulative of all other rights of Lenders or Agent hereunder, Lenders and Agent shall have all of the rights conferred upon secured parties by any applicable Uniform Commercial Code or other similar or other applicable legislation. Agent may exercise any or all remedies of a secured party under any applicable Uniform Commercial Code or similar or other applicable legislation. Owner agrees that if upon a Loan Event of Default Agent proceeds to dispose of or utilize any Collateral in accordance with the Uniform Commercial Code, 10 calendar days' notice by Agent to Owner shall be deemed to be reasonable notice under any provision of

the Uniform Commercial Code requiring such notice. For all purposes of this Agreement, the terms "Lien of this Agreement," "Lien hereof," "Lien created hereby" or words of similar import shall, unless the context otherwise requires, be deemed to include reference to the security interest and other rights granted to Agent under this Agreement, and may be referred to as "the Lien of the Loan Agreement."

3.6 Appointment of Agent as Attorney. Owner hereby constitutes and appoints Agent the true and lawful attorney of Owner, irrevocably, with full power in the name of Owner or otherwise (except as set forth in Section 16.4 and except with respect to Excepted Payments and Rights) (i) to enforce compliance by Lessee with all the terms and provisions of the Lease, (ii) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for moneys due and to become due that are part of the Collateral or arise out of or under the Participation Agreement, the Lease and the other Assigned Documents and (iii) to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which Agent deems to be necessary or advisable in the performance of its duties hereunder.

3.7 Partial Invalidity. The invalidity of the Lien of this Agreement as to any item or type of Collateral shall not invalidate the security interest as to all or any part of any other item or type of Collateral as to which such Lien is otherwise valid.

3.8 Cash Collateral. If Owner is entitled to or receives any compensation from any governmental authority or entity or any Person (other than Lessee) on account of the use of any Unit or if Lessee provides any collateral for its obligations under the Lease or other Operative Documents (except collateral for obligations to make Excepted Payments and Rights), including, without limitation, under Section 9 of the Lease, or if insurance proceeds are to be held by Lessor pending compliance by Lessee with the terms of the Lease, including, without limitation, under Section 10 of the Lease, all such compensation, collateral and insurance proceeds (except in each case with respect to Excepted Payments and Rights) shall be paid and delivered directly to Agent or if paid to Owner immediately thereupon paid or delivered to Agent to be held by it as additional collateral hereunder and shall constitute part of the Collateral. Any such insurance proceeds, provided no Lease Default or Lease Event of Default then exists, will be paid to Lessee in accordance with the terms of the Lease. Upon the occurrence of a Loan Event of Default, any such Collateral held by Agent shall be applied to the Obligations in accordance with Section 5.

SECTION 4. Agreements of Owner.

4.1 Notice of Default; Furnishing Copies of Documents.

If a Responsible Officer of Owner obtains actual knowledge of an Event of Loss, a Lease Event of Default, a Loan Event of Default, a Lease Default or a Loan Default, Owner shall give prompt telex, telecopy, telegraphic or telephonic notice (confirmed by written notice sent in the manner provided in Section 14) to Agent, which notice shall set forth in reasonable detail the facts or circumstances known to it with respect to each such Event of Loss, Loan Event of Default, Lease Event of Default, Lease Default or Loan Default. If such documents have not otherwise been furnished directly to Agent or Lenders, Owner shall furnish to Agent, promptly upon receipt thereof, a duplicate or copy of all reports, notices, requests, demands, certificates, financial statements and other instruments furnished to it under any Operative Document, including, without limitation, a copy of each insurance certificate, report or notice received pursuant to Section 10 of the Lease. The merely negligent failure of Owner to provide any notice required by this Section 4.1 shall not constitute a Loan Event of Default.

4.2 Certain Limitations on Actions of Owner.

Owner will not take any action with respect to any part of the Collateral, except as specified in Section 16.4, and will not take any action in any event that might adversely affect Lenders or Agent except with the prior written concurrence of Agent or as required by this Agreement. Without limiting the foregoing, Owner represents and warrants that it will not, except with the prior written concurrence of Agent or as expressly provided in or permitted by the terms of this Agreement, (a) cancel or terminate (except for the termination of any Assigned Document in accordance with its terms), amend or modify, or consent to the same in respect of, any Assigned Document, (b) terminate or declare any Assigned Document to be in default, or pursue any remedies against the Collateral for failure of Lessee to make any payment in respect of any Excepted Payments and Rights before Owner receives the Agent's Release Notice, (c) exercise any election or option, or make any decision or determination, or give any notice, consent, waiver or approval, or take any other action, under or in respect of any Assigned Document (except in respect of any Excepted Payments and Rights or insofar as permitted by this Agreement), (d) accept any payment (other than any payment in respect of any Excepted Payments and Rights) from, or settle or compromise any claim against, Lessee under any Assigned Document, (e) submit or consent to submission to arbitration of any dispute, difference or other matter arising under or in respect of any Assigned Document or (f) take any action, the taking of which might result in an alteration or impairment of this Agreement or any Collateral, any Note or any Assigned

Document or any of the rights or security created or effected hereby or thereby. Notwithstanding the foregoing, Owner shall remain liable under such Operative Document to perform, and shall perform, all nondiscretionary obligations, if any, undertaken or assumed by it thereunder.

4.3 Further Assurances; Financing Statements. From time to time, upon the request of Agent, Owner shall promptly and duly execute and deliver any and all such further instruments and documents as Agent may reasonably deem desirable in obtaining the full benefits of the Lien created or intended to be created hereby and of the rights and powers herein granted. Upon the instructions from time to time of Agent, Owner shall execute and cause to be filed any financing statement (and any continuation statement with respect to any such financing statement), or any other similar or other document relating to the Lien of the Loan Agreement, presented to it in proper form for signing or filing as may be specified in such instructions in any jurisdiction specified to Owner that Agent may reasonably deem necessary or desirable and pay or cause to be paid any filing or other fees in connection therewith.

4.4 Covenants of Owner. Owner hereby warrants and represents that it has not granted, bargained, sold, mortgaged, warranted, hypothecated, pledged, released, assigned, transferred or conveyed and hereby covenants that it will not, except as expressly provided in this Agreement, grant, bargain, sell, mortgage, warrant, hypothecate, pledge, release, assign, transfer or convey, so long as the Lien of the Loan Agreement remains in effect, any of its estate, right, title or interest hereby assigned, to anyone other than Agent. Owner agrees not to, except as expressly provided in this Agreement, accept any payment, to the extent that such payment constitutes part of the Collateral, from any other party to any Operative Document, enter into any agreement amending, supplementing or terminating, or execute any waiver or modification of, or consent under, any Operative Document, or settle or compromise any claim arising under any Operative Document to the extent assigned hereunder.

4.5 Representations and Warranties. OWNER IS NOT A MANUFACTURER OF ANY UNIT OR A DEALER IN SIMILAR UNITS AND HAS NOT INSPECTED ANY UNIT PRIOR TO DELIVERY TO AND ACCEPTANCE BY LESSEE. THE UNITS ARE BEING DELIVERED BY LESSOR TO LESSEE "AS IS" AND "WHERE IS" AND NO WARRANTY OR REPRESENTATION OF ANY KIND WHATSOEVER HAS BEEN OR IS GIVEN BY OR IS TO BE IMPLIED ON THE PART OF OWNER IN RELATION TO THE UNITS, OR RELATING TO THE CAPACITY, AGE, QUALITY, DESCRIPTION, STATE, CONDITION, TITLE, VALUE, WORKMANSHIP, DESIGN, CONSTRUCTION, USE, OPERATION OR PERFORMANCE OR COMPLIANCE WITH SPECIFICATIONS OF SUCH UNIT, OR

TO THE MERCHANTABILITY OR SUITABILITY OF THE UNITS OR ITS FITNESS FOR ANY USE OR PURPOSE OR AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, IT BEING AGREED BETWEEN OWNER AND AGENT THAT ALL RISKS INCIDENT TO ANY OF THE FOREGOING ARE TO BE BORNE BY OWNER, except that Owner (a) hereby represents and warrants to Agent that Owner shall receive on the Delivery Date of each Unit whatever title to such Unit as is then granted and conveyed pursuant to the relevant Purchase Agreement, free and clear of Lessor Liens and (b) Owner hereby represents and warrants to Agent that the Operative Documents to which it is a party have been duly authorized, and have been duly executed and delivered by one or more of its officers or attorneys-in-fact and, assuming each of the Operative Documents to which it is a party has been duly authorized, executed and delivered by the other parties thereto and constitutes the legal, valid and binding obligations of the other parties thereto, enforceable in each case against such parties in accordance with the respective terms thereof, each such Operative Document constitutes the legal, valid and binding obligation of Owner enforceable against it in accordance with the respective terms thereof, and it has the corporate authority or legal competency and capacity to enter into and perform its duties and obligations under each such Operative Document.

4.6 Lessor Liens. Owner shall comply with the provisions of Section 7.2(a) of the Participation Agreement concerning Lessor Liens.

4.7 Renewal of Powers of Attorney. At Agent's request, Owner shall take such actions as required to maintain the effectiveness of the appointments of Agent as Owner's attorney-in-fact in Sections 3.6 and 7.7, including, at Owner's sole cost and expense, filing any documents of renewal as may be required or permitted by any Governmental Body.

4.8 Payment of Moneys to Agent. Promptly on receipt thereof, Owner will transfer to Agent any and all moneys from time to time received by it and constituting part of the Collateral or otherwise assigned or pledged to Agent hereunder, in each case for application by Agent pursuant to this Agreement.

SECTION 5. Application of Proceeds from Collateral.

All amounts of money received or realized by Agent pursuant to any Operative Document shall be applied or distributed as follows:

5.1 Basic Rent Distribution. When no Loan Default or Loan Event of Default exists Agent shall distribute each installment of Basic Rent as well as any payment in respect of interest on any overdue installment of Basic Rent received by it in the following order:

(a) so much thereof as is required to pay in full the aggregate amount of the payment or payments of principal and interest then due on the Notes (including, to the extent Supplemental Rent was paid in respect thereof, any interest on overdue principal and, to the extent permitted by Applicable Law, interest then due on the Loan) shall be distributed to the Noteholders in accordance with Section 2.11; and

(b) the balance, if any, thereof remaining thereafter shall be distributed to Owner.

5.2 Distribution of Payments Upon an Event of Loss or Termination.

(a) When no Loan Default or Loan Event of Default exists, Agent shall distribute all payments it receives under the Lease in respect of an Event of Loss or in respect of early termination of the Lease, and any payment it receives directly or through Lessee or Owner for the account of Owner from any insurer, Governmental Body or any other Person with respect to an Event of Loss (other than a payment that under Section 9(d) of the Lease is payable to Lessee at such time as no Lease Default or Lease Event of Default exists) in the following order:

(1) so much of such amount as is required to pay in full the aggregate unpaid principal of the Loans made in connection with the Units with respect to which an Event of Loss occurred, plus the accrued but unpaid interest on such Loans on the date of distribution (including interest on overdue principal and Premium and, to the extent permitted by Applicable Law, overdue interest) shall be distributed to the Noteholders in accordance with Sections 2.6 and 2.11; and

(2) the balance, if any, of such payments and amounts remaining thereafter shall be distributed to Owner.

(b) Except as otherwise provided in Sections 5.2(c) and 5.3, if at the time Agent receives any payment referred to in Section 5.2(a), a Loan Default or Loan Event of Default exists of which a Responsible Officer of Agent has actual knowledge, Agent shall distribute to the Noteholders in accordance with Sections 2.6 and 2.11 so much of such payment amount as is referred to in Section 5.2(a)(1), and then shall retain the balance of such amount, if any, as part of the

Collateral; subject to any earlier distribution pursuant to Section 5.3, Agent shall distribute such amount so retained as provided in Section 5.2(a)(2) upon the earlier of (i) such time as there is not continuing any Loan Default or Loan Event of Default of which a Responsible Officer of Agent has actual knowledge, or (ii) 180 days after Agent's receipt of such payment.

(c) If Lessee has paid the full amount of Stipulated Loss Value for a Unit, and Agent thereafter receives any insurance proceeds with respect to such Unit which would otherwise be retained by Agent pursuant to Section 5.2(b), Agent shall instead distribute so much of such proceeds as does not exceed the amount of such Stipulated Loss Value to Lessee and shall distribute the balance to the Persons entitled thereto pursuant to Section 10(d) of the Lease.

5.3 Distribution of Payments after Declaration of Loan Event of Default or Lease Event of Default.

(a) Subject to Section 5.3(b) Agent shall apply (i) all moneys received and amounts realized by it (including any amounts realized by Agent pursuant to the exercise of any of the remedies pursuant to this Agreement or Section 14 of the Lease) after either (x) the Lease has been declared in default pursuant to Section 14 thereof or (y) the outstanding principal of the Loan has been declared due and payable immediately pursuant to Section 7 and (ii) all moneys then held or thereafter received by it under this Agreement or under any Assigned Document, as part of the Collateral, in the following order:

(1) so much of such payments or amounts as is required to pay the Noteholders the amounts payable to them pursuant to the Lease, the Participation Agreement or any other Operative Document (other than principal of and interest on the Loans) or any amount advanced by any Noteholder pursuant to Section 9.5 plus any late charges thereon shall be distributed to such Noteholders in payment of such amounts and in such order as a majority of Noteholders shall elect;

(2) so much of such payments and amounts remaining as is required to pay in full the aggregate unpaid principal amount of the Loans then outstanding plus any accrued but unpaid interest thereon to the date of distribution (including interest on overdue principal and, to the extent permitted by Applicable Law, overdue interest) shall be distributed to the Noteholders in accordance with Section 2.11; and

(3) the balance of such payments and amounts, if any, shall be distributed to Owner.

(b) When no Lease Default or Lease Event of Default exists, Lessee shall be entitled to receive amounts specifically payable to Lessee pursuant to the terms of any Operative Document.

5.4 Distribution of Other Amounts Held by Agent.

Except as otherwise provided in Section 5.3, if as a result of (a) any failure by Lessee to pay any installment of Rent on any day when due or (b) any default by Owner in the performance of any of its Obligations hereunder or under the Participation Agreement, there is not received on any Rent Payment Date the full amount otherwise permitted to be applied to amounts due the Noteholders pursuant to Section 5.1(a), Agent shall apply other payments of the character referred to in Section 5.7 then held by it or thereafter received by it to the Obligations secured by this Agreement to the extent necessary to make such applications pursuant to Section 5.1(a).

5.5 Retention of Amounts by Agent. Except as provided in Section 5.3, if at the time Agent receives any payment of Rent (whether or not then overdue), or any payment in respect of interest on any overdue installment of Rent or any payment otherwise distributable pursuant to this Section 5, a Loan Default or Loan Event of Default exists of which a Responsible Officer of Agent has actual knowledge, Agent shall distribute such payment (including any interest earned thereon pursuant to Section 9.9) to Noteholders to the extent necessary to make the payments then due to Noteholders pursuant to Section 5.1(a), and shall retain the remainder of such payment as part of the Collateral. Subject to any earlier distribution pursuant to Section 5.3, Agent shall distribute the amount so retained as provided in Section 5.1(b) upon the earlier of (i) such time as no Loan Default or Loan Event of Default exists of which a Responsible Officer of Agent has actual knowledge, or (ii) 180 days after Agent's receipt of such payment.

5.6 Distribution of Certain Other Payments. Except when a Loan Default or Loan Event of Default exists, any payment received by Agent for which provision as to the application thereof is made in any of the Operative Documents but not elsewhere in this Agreement, shall be applied to the purpose for which such payment was made in accordance with the terms of such Operative Document.

5.7 Distribution of Other Payments. Any moneys received and amounts realized by Agent for which no provision as to the distribution thereof is made in the Participation Agreement, the Lease, any other Operative Document or elsewhere

in this Section 5, shall be distributed by Agent in the following order of priority:

- (i) as provided in Section 5.1(a);
- (ii) as provided in Section 5.2(a)(1); and
- (iii) the balance of such payments, if any, shall be distributed to Owner.

5.8 Excepted Payments and Rights. Anything contained herein to the contrary notwithstanding, any Excepted Payments and Rights at any time received by Agent shall promptly be paid over to the Person entitled to such payment.

5.9 Ratable Distributions. Except as required by Section 2.7 or 5.6, each distribution to be made by Agent to Noteholders (except reimbursements of any amounts advanced by a Noteholder pursuant to Section 9.5) shall be made to such holders ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each such Note bears to the aggregate amount of payments then due under all Notes.

5.10 Method of Distribution. The principal of, and interest on each Note and the amounts payable to Owner pursuant to this Agreement will be payable at the Agent's Office, in immediately available funds. Notwithstanding the foregoing or any provision in any Note to the contrary, Agent will pay, if so requested by any Participant by written notice to Agent, all amounts payable by Agent hereunder to such Participant (including all amounts distributed pursuant to this Section 5) either by crediting, on a same day basis, to an account maintained by such Participant with Agent or by transferring on the day received (or on the next succeeding Business Day if the funds are received by Agent after 10:00 a.m. (San Francisco time), and Agent, using its best efforts, is not able to effect such transfer on such date of receipt, in which case advice to each such Participant shall be given concurrently with such disbursement to the effect that disbursement is not being timely made because the funds to be so disbursed were not received by Agent prior to 10:00 a.m. (San Francisco time) on the day the funds were to have been so distributed), by wire in immediately available federal funds to an account maintained by such Participant with any other bank located in the United States, the amount to be distributed to such Participant, in the case of a Lender, without any presentment or surrender of any Note. Agent acknowledges that the payment instructions given in Annex I to the Participation Agreement constitute the written notice required by the preceding sentence to make all payments as provided in such Annex, respectively.

5.11 Agent Expenses. Anything contained herein to the contrary notwithstanding, before distribution of any moneys pursuant to Sections 5.1, 5.2, 5.3, 5.4, 5.5, 5.6 or 5.7, Agent shall, if not previously reimbursed, first reimburse itself, to the extent it is entitled, from such moneys for any costs, expenses (including any attorneys' fees and disbursements which may include the allocated time charges of internal counsel), taxes, or other losses incurred in connection with its duties as Agent and shall reimburse Lenders for any of such items reimbursable to Lenders under any Operative Document.

SECTION 6. Loan Events of Default; Acceleration.

The occurrence of one or more of the following events shall be a "Loan Event of Default" (collectively "Loan Events of Default"), whether such occurrence is voluntary or involuntary, or comes about or is effected 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 Governmental Body or otherwise:

6.1 Principal and Interest Default. Owner fails to make any payment of the principal of or interest on any Note when the same becomes due (whether at maturity or on a date fixed for any installment payment of principal and/or interest or a date fixed for any prepayment or by acceleration, declaration, demand or otherwise) and such failure continues unremedied for five days after notice;

6.2 Other Payment Default. Owner defaults in the due and punctual payment of any amount (other than principal of or interest on any Loan), payable by Owner hereunder and such default continues unremedied for at least 10 days after notice thereof;

6.3 Covenant Default. Owner defaults in the due performance or observance of any term of this Agreement (other than those terms referred to in the foregoing Section 6.1 or 6.2) or of any provision of any other Operative Document and such default continues unremedied for at least 30 calendar days after Agent gives Owner notice of such default (except that no such notice or time period shall be necessary for a Loan Event of Default to exist with respect to the provisions of the second sentence of Section 4.2 or of Section 12(c));

6.4 Lease Event of Default. Subject to Owner's cure rights under Section 16.1, a Lease Event of Default (other than one arising from the failure to make any payment in respect of any Excepted Payments and Rights when due) exists;

6.5 Representation or Warranty False. Any representation or warranty made by Owner herein or in the Participation Agreement or any other Operative Document (or any certificate issued confirming any such representation or warranty) proves to have been false or incorrect in any material respect on the date as of which made and, if curable, is not cured within 30 days after written notice thereof to Owner;

6.6 Appointment of Receiver, Etc. Owner consents to the appointment of, or the taking of possession by, a receiver, trustee, custodian or liquidator of itself or of a substantial part of its property, or Owner fails to pay its debts generally as they become due, or makes a general assignment for the benefit of creditors;

6.7 Bankruptcy Petition. Owner files a voluntary petition in bankruptcy or a case or petition or an answer seeking reorganization in a proceeding under any applicable bankruptcy or insolvency law (as now or hereafter in effect) or an answer admitting the material allegations of a case or petition filed against such Person in any such proceeding, or Owner, by case or petition, answers or consents, or seeks relief under the provision of any now existing or future bankruptcy, insolvency or other similar law providing for the liquidation, reorganization or winding up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors, or take any action in furtherance of any of the foregoing; or

6.8 Certain Court Orders. A receiver, trustee, liquidator or custodian of Owner or of a substantial part of its property is appointed by court order and such order remains in effect for more than 90 calendar days; or any substantial part of the property of Owner is sequestered by court order and such order remains in effect for more than 90 calendar days; or a petition is filed against Owner under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 90 calendar days after such filing.

Upon the occurrence of any Loan Event of Default and at any time thereafter so long as the same continues, Agent may, subject to Owner's cure rights under Section 16.1, declare the unpaid principal amount of the Loan then outstanding and accrued interest thereon to be due and payable, and at any time thereafter, so long as Owner has not remedied each outstanding Loan Event of Default to the extent permitted by Section 16, Agent may exercise, and Owner shall comply with, one or more of the remedies referred to in Section 7. In addition, if Agent

at any time elects to foreclose or otherwise enforce this Agreement, or declares the Lease to be in default pursuant to Section 14 thereof, the unpaid principal amount of all Loans then outstanding and accrued interest thereon shall immediately be accelerated and become due and payable without further act or notice of any kind.

SECTION 7. Remedies, etc.

7.1 Action Upon Lease Event of Default. Subject to Owner's cure rights under Section 16.1, at any time after a Lease Event of Default (other than failure of Lessee to pay any payment in respect of Excepted Payments and Rights) exists, Agent, as assignee hereunder of the Lease, may declare the Lease in default pursuant to Section 14 thereof. Upon such declaration or, if such declaration is prohibited by law or court order, upon such event, Agent, as assignee hereunder of the Lease or as secured party hereunder of the Units or otherwise, may, to the exclusion of Owner (notwithstanding Section 16.4 but subject to Section 7.6(c), exercise any right and power and pursue any remedy under Section 14 of the Lease, to the extent not prohibited by law or court order, or under this Section 7. Subject to Owner's cure rights under Section 16.1, if Agent at any time declares any Loan to be in default causing the unpaid principal amount of all Loans then outstanding and accrued interest thereon to become immediately due and payable as a consequence of a Loan Event of Default which is also a Lease Event of Default, then Agent shall also declare the Lease to be in default pursuant to Section 14 thereof unless such declaration is prohibited by law or court order.

7.2 Action Upon Loan Event of Default not also a Lease Event of Default. If a Loan Event of Default exists that is not also a Lease Event of Default, Agent may declare the principal of all Loans due and payable immediately by giving notice to Owner (except that in the case of Loan Events of Default under Sections 6.6, 6.7 and 6.8 the principal of all Loans shall be deemed to have become automatically due and payable) and upon such acceleration, such principal and accrued interest thereon shall become due and payable immediately without further act or notice of any kind. Upon such acceleration, Agent, as assignee hereunder of the Lease or as mortgagee and secured party hereunder, or otherwise, may exercise any or all the rights and powers and pursue any or all of the remedies permitted by this Section 7 or otherwise available to it; provided, however, that nothing in this Agreement shall permit or require Agent to take any action contrary to, or disturb, Lessee's rights under the Lease, except in accordance with the provisions of the Lease.

7.3 Legal Proceedings. If any one or more Loan Events of Default exists, Agent or any Lender may proceed to protect and enforce the rights of any Noteholder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein, or for an injunction against the violation of any of the terms hereof, or in aid of the exercise of any power granted hereby or by law.

7.4 Costs of Collection. If Owner fails to pay any principal of or interest on any Loan or any other amount payable by it hereunder or under any Note, or to pay or perform any other Obligation, Owner shall, so far as may be lawful, pay to Agent further amounts sufficient to reimburse Agent for the cost and expense of collection, including, without limitation, legal fees, costs and expenses, as set forth in Section 2.7, including allocated time charges of internal counsel. Agent shall distribute any amounts received pursuant to this Section 7.4 in accordance with Section 5.

7.5 No Waiver. Neither failure nor delay on the part of Agent to exercise any right, remedy, power or privilege provided for herein or in the Notes or by statute or at law or in equity or otherwise shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

7.6 Foreclosure; Power of Sale. If any Loan Event of Default occurs and any Loan is accelerated pursuant to this Section 7 or the last paragraph of Section 6, Agent may, at its option, at any time:

(a) proceed at law or in equity or otherwise (i) to enforce the payment of the principal of the Loan at the time outstanding in accordance with the terms hereof and of the Notes, and (ii) if the outstanding principal amounts of the Loans become due and payable immediately pursuant to this Section 7 or the last paragraph of Section 6 (or if the final installment of any Loan is not paid when due), to foreclose the Lien of the Loan Agreement in one or more proceedings to the extent permitted in law or in one or more public or private, judicial or nonjudicial sales of all or any part of the Collateral, or any interest therein, or proceed to take any of such actions; or

(b) sell, assign, transfer and deliver from time to time any part of the Collateral or any interest therein, at private sale or public auction, with or without demand, ... advertisement or notice (except as expressly provided for below

in this Section 7.6), for cash or credit or for other property, for immediate or future delivery, and for such price or prices and on such terms as Agent in its sole discretion may determine, or as may be required by law; provided, however, that Agent shall not exercise any remedy of foreclosure on or otherwise dispose of Owner's interest in any part of the Collateral unless and until (i) 30 days after Agent accelerates the Loans in accordance with Section 6 and (ii) Agent gives Owner not less than

(x) 30 days (which may be coterminous with the 30 day period under clause (i) above) prior written notice of Agent's intent to exercise such remedy;

(y) 10 days (which may be coterminous with the 30 day periods under clauses (i) and (ii) (x) above) prior written notice of the date, time and place of any proposed public sale of any part of the Owner's interest in the Collateral; and

(z) If Agent intends to bid all or any portion of the Obligations (a "Credit Bid") at a private sale of Owner's interest in the Collateral, 10 days prior written notice of the date, time and place of any such private sale.

At any sale referred to in clauses (ii)(y) and (ii)(z) of the proviso to Section 7.6(b), Owner shall be entitled to bid, and any cash bid by Owner equal to the amount of the Credit Bid by Agent shall be given preference. Owner agrees that the foregoing notice periods, which are in excess of the time periods specified in the Uniform Commercial Code, are sufficient to allow Owner sufficient time in which to determine whether and how much to bid at such sale and therefore any such sale following notices given in compliance with Section 7.6(b) shall, as between Owner and Agent (on behalf of Lenders) be conclusively deemed to satisfy any legal requirements of commercial reasonableness. Any public sale shall be held at such time or times within ordinary business hours as Agent shall fix in the notice of sale. At any such sale the Collateral may be sold in one lot as an entirety or in separate parcels. Agent shall not be obligated to make any sale pursuant to any such notice. Agent shall keep Owner reasonably informed of Agent's progress in foreclosure on and disposition of the Collateral. Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for such sale, and any such sale may be made at any time or place to which the same may be so adjourned.

(c) Notwithstanding any provision of this Agreement to the contrary, if a Loan Default exists resulting solely from

the occurrence of a Lease Event of Default and no other Loan Default then exists, neither Agent nor any Lender shall have the right or power to exercise any right to foreclose on, or otherwise dispose of Owner's interest in, any of the Collateral unless and until Agent (i) accelerates the Loans in accordance with Section 6 and (ii) to the extent not prohibited by law or court order, sends Lessee a notice of its election to terminate the Lease and demand return of the Units; provided, however, that if at such time there is pending a bankruptcy proceeding against or by Lessee, and if, within 30 days after Owner receives notice of the filing of the petition in such proceeding, Owner has filed and served or files and serves a motion seeking a determination that 11 U.S.C. §1168 ("Section 1168") applies to the lease of the Units to Lessee under the Lease or the court has agreed to such applicability, then neither Agent nor any Lender shall exercise any right of foreclosure on or otherwise sell or dispose of any interests of Owner in any of the Units until the earlier of:

(a) the later of:

(i) if such applicability of Section 1168 is disputed by Lessee or any bankruptcy trustee, the earlier of:

(w) the date of determination by the bankruptcy court that Section 1168 is not so applicable, or

(x) if the bankruptcy court determines that Section 1168 is so applicable, the expiration of the period set forth in Section 1168, or

(y) the date Owner ceases to seek a determination of such applicability or concedes the inapplicability of Section 1168, or

(z) 120 days following the filing of Owner's motion for a determination of such applicability of Section 1168, or

(ii) if such applicability of Section 1168 is not disputed by Lessee or any bankruptcy trustee, the period set forth in Section 1168; or

(b) the lifting of the automatic stay under 11 U.S.C. §362 as to the Units.

Owner shall take no action or join in or concur in any action

to extend the period set forth in 11 U.S.C. §1168(a)(1) and if it breaches this covenant or fails to object to any such actions the period determined under clauses (a)(i)(x) or (ii) of the proviso to this Section 7.6(c) shall (unless any Lender has taken or joined or concurred in any such action) be 60 days or such other period as may then be provided in 11 U.S.C. §1168(a)(1), without regard to 11 U.S.C. §1168(b).

7.7 Agent Authorized to Execute Deeds, etc. Owner hereby unconditionally and irrevocably appoints Agent as its true and lawful attorney-in-fact, to the extent permitted by Applicable Law, in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery hereunder, if a Loan Event of Default exists, whether pursuant to foreclosure or power of sale or otherwise, to execute and deliver all such deeds, bills of sale, assignments, releases (including releases of the Lease on the records of any Governmental Body) and other proper instruments as Agent may reasonably consider necessary or appropriate, with full power of substitution, Owner hereby ratifying and confirming all that such attorney or any substitute shall lawfully do by virtue hereof. If so requested by Agent or any purchaser, Owner shall ratify and confirm any such lawful sale, assignment, transfer or delivery by executing and delivering to Agent or such purchaser, without representation or warranty (express or implied) by Owner (except as to the absence of Lessor Liens), and without recourse, all deeds, bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

7.8 Purchase of Collateral by Agent or Lender. Agent or any Lender may be a purchaser of the Collateral or of any part thereof or of any interest therein at any sale thereof, whether pursuant to foreclosure or power of sale or otherwise hereunder, and may apply upon the purchase price the indebtedness secured hereby owing to such purchaser, to the extent of such purchaser's distributive share of the purchase price. Any such purchaser shall, upon any such purchase, acquire title to the properties so purchased, free of the Lien of the Loan Agreement.

7.9 Receipt a Sufficient Discharge to Purchaser. Upon any sale of the Collateral or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, the receipt of the officer making the sale under judicial proceedings or of Agent shall be sufficient discharge to the purchaser for the purchase money, and the purchaser shall not be obliged to see to the application thereof.

7.10 Waiver of Appraisalment, Valuation, etc. Owner waives, to the extent it may lawfully do so, the benefit of all appraisalment, valuation, stay, extension and redemption laws now or hereafter in force and all rights of marshalling if the Collateral or any part thereof or any interest therein is sold.

7.11 Sale a Bar. Any sale of the Collateral or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, shall be a perpetual bar against Owner after the expiration of the period, if any, during which Owner shall have the benefit of any redemption laws not waived pursuant to Section 7.10.

7.12 Application of Proceeds of Sale. The proceeds of any sale of the Collateral or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise, together with any moneys at the time held by Agent as part of the Collateral, shall be applied in the order of priority set forth in Section 5.

7.13 Appointment of Receiver. If a Loan Event of Default exists, Agent shall, to the extent permitted by law, be entitled to the appointment of a receiver for all or any part of the Collateral, whether such receivership be incidental to a proposed sale of the Collateral or otherwise. Owner consents to the appointment of such receiver and agrees not to oppose any such appointment.

7.14 Possession, Management and Income. If a Loan Event of Default exists, Agent may take possession of the Collateral or any part thereof without judicial process, by summary proceedings or otherwise, and may remove Owner and all other Persons claiming under or through Owner and any and all property therefrom, and may hold, operate and manage the same and receive all earnings, income, rents, issues and proceeds accruing with respect thereto or any part thereof. At the request of Agent, Owner shall promptly execute and deliver to Agent such instruments of title and other documents as Agent may deem necessary or advisable to enable Agent or an agent or representative designated by Agent, at such time or times and place or places as Agent may specify, to obtain possession of all or any part of the Collateral. If Owner fails for any reason to execute and deliver such instruments and documents after such demand by Agent, Agent may obtain a judgment conferring on Agent the right to immediate possession and requiring Owner to deliver such instruments and documents to Agent, to the entry of which judgment Owner hereby specifically consents. Except as expressly provided in any Operative Document, Agent shall be under no liability for or by reason of any such taking of possession, removal or holding, operation or management, except that any amounts so received by Agent shall be applied to pay:

(a) all costs and expenses of so taking possession of, holding, operating and managing the Collateral or any part thereof, all other fees and expenses of Agent hereunder, and any taxes, assessments or other charges, prior to the Lien of this Agreement that Agent may consider it necessary or desirable to pay; and

(b) thereafter as provided in the order of priorities set forth in Section 5.

7.15 Right of Agent to Perform Covenants, etc. If Owner fails to make any payment or perform any act required to be made or performed hereunder by it and not by Lessee under any Assigned Document or if Owner fails to release any Lien affecting the Collateral that it is required to release under this Agreement or the Participation Agreement, Agent without notice to or demand upon Owner and without waiving or releasing any obligation or default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Owner and may take all such action with respect thereto as, in Agent's opinion, may be necessary or appropriate therefor. All sums so paid by Agent and all costs and expenses (including, without limitation, legal fees, costs and expenses, including, without limitation, the allocated time charges of Agent's or any Lender's internal counsel) so incurred together with interest thereon at the Post-Default Rate from the date of payment or incurrence, shall constitute additional indebtedness secured by this Agreement and shall be paid by Owner to Agent.

7.16 Remedies, etc., Cumulative. Each right, power and remedy of Agent provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Agent of any one or more of the rights, powers or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise of any such right, power or remedy with respect to any part of the Collateral, shall not preclude the simultaneous or later exercise by Agent of any or all such other rights, powers or remedies, or the simultaneous or later exercise by Agent of any such right, power or remedy with respect to any other part of the Collateral.

SECTION 8. No Assumption of Obligations
Under Assigned Documents.

Neither this Agreement nor any action or inaction on

the part of Agent or any Noteholder shall constitute an assumption on the part of Agent or such holder of any obligation under the Lease or any other Operative Document assigned hereunder to Agent until such time as Agent and Lender actually become the owner of the Collateral or lessor under the Lease after a foreclosure or acceptance of a bill of sale in lieu of a foreclosure and then only to the extent of Owner's obligations and liabilities as such owner or lessor under any Assigned Document. No action or inaction on the part of Owner shall adversely affect or limit in any way the rights of Agent or any Noteholder under this Agreement or under the Lease or any other Assigned Document.

SECTION 9. Agent.

9.1 Appointment; Powers and Indemnities; Compensation.

(a) Each Lender hereby irrevocably appoints and authorizes Agent to act as agent hereunder and in respect of the other Operative Documents, with such powers as are specifically delegated to Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Agent accepts such appointment and agrees to receive and disburse in accordance with Section 5 all moneys constituting part of the Collateral. Except with respect to any representation, warranty or covenant expressly made by Agent in any Operative Document, Agent shall have no duties or responsibilities except those expressly set forth in this Agreement, and shall not, by reason of this Agreement or any other Operative Document, be a trustee for any Lender. Agent shall not be responsible to any Lender (or to any other party) for any recitals, statements, representations or warranties of any other party contained in this Agreement or any other Operative Document, or in any certificate or other document referred to or provided for in, or received by any of them under, this Agreement or any other Operative Document, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Operative Document, or any other document referred to or provided for herein or therein or for any failure by Owner, Lessee or any other third party to perform any of its obligations hereunder or thereunder. Agent may employ agents, trustees and attorneys-in-fact, may vest any such agent, trustee or attorney in fact with any property, title, right or power deemed necessary for the purposes of such appointment and shall not be responsible for the negligence or misconduct of any such agents, trustees or attorneys-in-fact selected by it with reasonable care. Agent shall exercise the same degree of care and skill as is customarily exercised by similar institutions in the receipt and disbursement of money in similar

transactions. Neither Agent nor any of its directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by it or them hereunder or under any other Operative Document, or in connection herewith or therewith, except for its or their own gross negligence or willful misconduct, and for the inaccuracy of any representation or warranty in Section 6.5 of the Participation Agreement or breach of any covenant in Section 7.6 of the Participation Agreement.

(b) Agent shall not be obligated to take any action or refrain from taking any action under any Operative Document that might in its reasonable judgment involve it in any expense or liability unless it is indemnified, in form and substance satisfactory to Agent, which indemnity may be furnished by any Lender.

(c) Agent shall not have any duty or obligation to manage, control, use, operate, store, lease, sell, dispose of or otherwise deal with any Unit or any part of the Collateral, or to otherwise take or refrain from taking any action under, or in connection with, any Operative Document to which Agent is a party except as expressly provided by the terms hereof or any other Operative Document, and no implied duties of any kind shall be read into this Agreement against Agent.

9.2 Reliance by Agent. Agent may rely upon, and shall not be bound or obligated to make any investigation into the facts or matters stated in, any certificate, notice or other communication (including any thereof by telephone, telex, telegram or cable) believed by it to be genuine and correct and to have been made, signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Agent. As to any matters not expressly provided for by this Agreement, Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by a Majority in Interest of Noteholders and such instructions of a Majority in Interest of Noteholders and any action taken or failure to act pursuant thereto shall be binding on all the Lenders.

9.3 Actions Upon Instructions; Defaults. Except as otherwise provided in Sections 9.5 and 9.7 and this Section 9.3, upon written instructions of a Majority in Interest of Noteholders, Agent shall give such notice or direction, exercise such right, remedy or power hereunder or under the Lease or in respect of any part of the Collateral, and give such consent or enter into such amendment to any Operative Document to which it is a party as Agent as may be specified in such instructions. Agent shall not be deemed to have knowledge

of the occurrence of a Loan Default or Loan Event of Default unless Agent has received actual notice from a Lender, Owner or Lessee specifying such Default and stating that such notice is a "Notice of Default." If Agent receives actual notice of the occurrence of a Loan Default or Loan Event of Default, Agent shall give prompt notice thereof to Lenders, Owner, and Lessee. Agent shall (subject to Sections 7 and 9.7) take action or refrain from taking action with respect to such Loan Default or Loan Event of Default as directed by a Majority in Interest of Noteholders; provided; however, that, unless and until Agent receives such directions, Agent may take such action, or refrain from taking such action, with respect to such Loan Default or Loan Event of Default as it deems advisable in the best interest of the Lenders.

9.4 Rights as Lender. With respect to its Commitment and the Loans made by it, Bank of America National Trust and Savings Association in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include Bank of America National Trust and Savings Association, and Bank of America National Trust and Savings Association and its Affiliates may (without having to account therefor to any Lender) accept deposits from, lend money (on a secured or unsecured basis) to and generally engage in any kind of banking, trust or other business with Owner and Lessee (and any of their respective Affiliates) as if it were not acting as Agent, and Agent may accept fees and other consideration from Owner or Lessee (or any of their respective Affiliates) for services in connection with this Agreement or otherwise without having to account for same to any Lender.

9.5 Indemnification. Each Lender agrees to indemnify Agent (to the extent not reimbursed under Sections 8 and 9 of the Participation Agreement or under Section 2.7 hereof but without limiting the obligations under any of said Sections), ratably in accordance with the aggregate principal amount of the Loan made by such Lender, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against Agent in any way relating to or arising out of this Agreement or any other document contemplated by or referred to herein or the transactions contemplated hereby or pursuant to instructions from a Majority in Interest of Noteholders (including, without limitation, the costs and expenses that Lessee or Owner is obligated to pay under Section 2.7 hereof or Sections 8 and 9 of the Participation Agreement, respectively, but excluding normal administrative costs and expenses incident

to the performance of its agency duties hereunder other than materially increased administrative costs and expenses incurred as a result of a Loan Default or an Event of Loan Default) or the enforcement of any of the terms hereof or of any such other documents; provided, however, that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or wilful misconduct of the party to be indemnified.

9.6 Nonreliance on Agent or Other Lenders. Each Lender agrees that it has, independently and without reliance on Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis of Owner and Lessee and its own decision to enter into this Agreement and the Operative Documents, to which it is a party and that it will, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking action under this Agreement and the Operative Documents to which it is a party. Agent shall not be required to keep itself informed as to the performance or observance by Owner or Lessee of any other document referred to (directly or indirectly) or provided for herein or therein or to inspect the properties or books of any such entity. Except for notices, reports and other documents and information expressly required to be furnished to Agent alone (and not also to Lenders) under any Operative Document, Agent shall not have any duty or responsibility to provide any Lender with copies of notices or with any credit or other information concerning the affairs, financial condition or business of Owner or Lessee (or any of their respective Affiliates) that may come into the possession of Agent or any of its Affiliates. Notwithstanding any other provisions hereof, Agent shall not be required to forward to any Lender any notices, reports and other documents and information otherwise required to be forwarded to such Lender by any other party to the Operative Documents except upon the reasonable request of such Lender.

9.7 Failure to Act. Except for action expressly required of Agent hereunder, Agent shall in all cases be fully justified in failing or refusing to act unless (a) it is indemnified to its satisfaction by Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action and (b) it is reasonably satisfied that such action is not contrary to any Operative Document or to Applicable Law.

9.8 Resignation of Agent. Subject to the appointment and acceptance of a successor Agent as provided below, Agent may resign at any time by giving notice thereof to Lenders.

Upon any such resignation, the Majority in Interest of Noteholders shall have the right to appoint a successor Agent which, unless it is one of the Lenders, shall be a bank having a combined capital surplus and undivided profits of not less than \$100,000,000 and having its principal office in the United States of America. If, within 30 calendar days after the retiring Agent's giving of notice of resignation, a successor Agent is not so appointed and does not accept such appointment, then the retiring Agent may, on behalf of Lenders, appoint a successor Agent, and transfer to such successor Agent all rights and obligations of the retiring Agent. The successor Agent shall be a bank having combined capital, surplus and undivided profits of not less than \$100,000,000 and having its principal office in the United States of America. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and the retiring Agent shall be discharged from its duties and obligations hereunder.

9.9 Investment of Funds. Any moneys held by Agent hereunder as part of the Collateral need not be segregated, except to the extent set forth below, in any manner from other moneys and shall, until paid out by Agent as herein provided, be held by Agent for the purposes for which held and Agent shall not have any liability for interest upon any such moneys, and such moneys need not be invested or reinvested except as provided in the following paragraph; provided, however, that all moneys received and disbursed hereunder by Agent shall be identified by Agent so that the source and application thereof is identifiable.

Any amounts held by Agent pursuant to this Section 9.9 shall be invested by Agent from time to time (unless the costs of the investment would exceed the gains reasonably anticipated therefrom) in obligations of, or fully secured by, the full faith and credit of the United States Government maturing in not more than 30 calendar days; provided, however, that if Owner so requests Agent in writing and the Loans have not become due and payable as contemplated by Section 7, and no Loan Default or Loan Event of Default exists, Agent shall invest such amounts, to the extent such investments are available, in (i) marketable direct obligations of the United States of America or marketable obligations directly guaranteed by the United States Government maturing, in each case, not later than 30 days from the date of acquisition thereof, (ii) repurchase obligations maturing not later than 30 days from the date of acquisition thereof collateralized by obligations of the nature referred to in clause (i) of this paragraph issued by any Lender, or any other commercial bank organized and existing under the laws of the United States of America or any

state thereof, in either case having combined capital, surplus and undivided profits of not less than \$100,000,000; provided, that Agent holds such obligations, or has written evidence from the holder of such obligations, that such obligations are held by a Federal Reserve Bank or a commercial bank with combined capital, surplus and undivided profits of not less than \$100,000,000 and a perfected security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 305.0 et seq. in such obligations, is created for the benefit of Agent; (iii) certificates of deposit and bankers' acceptances issued by any Lender, or by any commercial bank organized and existing under the laws of the United States of America or any state thereof, in either case having combined capital, surplus and undivided profits of not less than \$100,000,000 or commercial paper rated A-1 by Standard & Poor's Corporation and P-1 by Moody's Investors Service, Inc. of any corporation incorporated under the laws of the United States or any state thereof, other than Owner, Lessee, or any of their respective Affiliates, if (in any such case specified above in this clause) Agent receives a written agreement of Owner satisfactory to Agent that Owner will be liable for and will pay to Agent on demand an amount equal to any expense or loss (including any loss on such investment after taking into account any gain) incurred in connection with any investment of funds pursuant to this clause; and provided, that so long as a Loan Default exists, Agent may invest such amounts only in investments described in clause (i) of this Section 9.9. Agent shall have no liability for any loss resulting from any such investment. Agent may sell any such investment (without regard to maturity date) whenever necessary to make any distribution required by any provision of Section 5. Agent shall hold and apply any income, other than income realized as a result of any investment of any security deposit required to be maintained by Lessee pursuant to the Lease, realized as a result of any investment pursuant to this Section 9.9 in the same manner as the payments held by Agent pursuant to Section 5.1. Subject to Section 5.3, Agent shall apply such income in the same manner as the payments held by Agent pursuant to Section 5.1, including subsections (a) and (b).

9.10 Representations and Warranties. NEITHER ANY LENDER NOR AGENT IS A MANUFACTURER OF ANY UNIT OR A DEALER IN SIMILAR UNITS AND NEITHER OF THEM HAS INSPECTED ANY UNIT PRIOR TO DELIVERY TO AND ACCEPTANCE BY LESSEE. THE UNITS ARE BEING DELIVERED BY LESSOR TO LESSEE "AS IS" AND "WHERE IS" AND NO WARRANTY OR REPRESENTATION OF ANY KIND WHATSOEVER HAS BEEN OR IS GIVEN BY OR IS TO BE IMPLIED ON THE PART OF AGENT OR ANY LENDER IN RELATION TO THE UNITS, OR RELATING TO THE CAPACITY, AGE, QUALITY, DESCRIPTION, STATE, CONDITION, TITLE, VALUE, WORKMANSHIP, DESIGN, CONSTRUCTION, USE, OPERATION OR

PERFORMANCE OF SUCH UNIT OR THE LEASING THEREOF BY OWNER, OR TO THE MERCHANTABILITY OR SUITABILITY OF THE UNITS OR ITS FITNESS FOR ANY USE OR PURPOSE OR AS TO THEIR COMPLIANCE WITH SPECIFICATIONS OR AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, IT BEING AGREED BETWEEN OWNER, LENDERS AND AGENT THAT NEITHER AGENT NOR ANY LENDER SHALL HAVE ANY LIABILITY OR RESPONSIBILITY WITH RESPECT THERETO. Neither any Lender nor Agent makes any representation or warranty as to the sufficiency, validity, legality or enforceability of any Operative Document, or as to the correctness of any statement contained in any thereof, except as expressly set forth in the Participation Agreement. Neither any Lender nor Agent makes any representation as to the value or condition of the Collateral or any part thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any security at any time pledged and deposited with Agent hereunder.

9.11 No Claims Against Agent, etc. Nothing contained in this Agreement shall constitute any consent or request by Agent or any Lender, express or implied, for the performance of any labor or services or the furnishing of any materials or other property, nor be deemed to give Owner or Lessee any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Agent or any Lender in respect thereof or any claim that any Lien (other than any Permitted Lien that is not a Lien resulting from an action of Agent or a Lender for which it is not entitled to be indemnified under any Operative Document) based on the performance of any such labor or services or the furnishing of any such materials or other property is prior to the Lien of this Agreement, except as expressly permitted in the Operative Documents. If any such claim is made against Agent or Lender, Owner shall obtain the release of such claim within 30 calendar days after the same is made.

SECTION 10. Termination of Agreement.

This Agreement and the Lien created hereby shall terminate and this Agreement shall be of no further force or effect upon the earlier of the receipt of (a) payment in full of the principal of and interest on the Loans, and all other amounts payable to Agent and each Noteholder hereunder, under the Notes and under any other Operative Document, and (b) the sale or other final disposition by Agent or Owner, as the case

may be, of the Collateral and the final distribution by Agent of all moneys or other property or proceeds constituting the Collateral in accordance with the terms of Section 5; provided, however, that if at the time of any such sale or disposition as provided in clause (b) of this Section 10, (i) Lessee has not fully complied with the Participation Agreement or the Lease or (ii) a Loan Default or Loan Event of Default exists, then this Agreement and the Lien created hereby shall continue in full force and effect in accordance with the terms hereof until Lessee has fully complied with such terms or such Loan Default or Loan Event of Default is remedied or waived.

Agent shall release any Unit from the Lien of this Agreement upon the occurrence of a prepayment in compliance with Section 2.6 with respect to such Unit or a sale of such Unit pursuant to Section 14 of the Lease provided that all amounts due and payable to Agent hereunder or under any other Operative Document reasonably allocable to such Unit are paid in full.

Upon the payment and performance of all Obligations and termination of this Agreement, Agent shall promptly execute and deliver, at Owner's expense, the Agent's Release Notice to Owner and Agent and Owner shall promptly execute and deliver, at Owner's expense, such other releases, notices or other documents as the other party may reasonably request for the purpose of evidencing such termination.

SECTION 11. Additional Security.

Without notice to or consent of Owner, and without impairment of the Lien and rights created by this Agreement, Agent may accept (but Owner shall not be obligated to furnish or cause to be furnished) additional security for the Loans at the time outstanding. Neither the execution of this Agreement nor the acceptance of any such additional security nor the invalidity or ineffectiveness of any security shall prevent Agent from resorting, first, to such additional security, and, second, to the security created by this Agreement, in any case without affecting the Lien of this Agreement or rights of Agent and Lenders hereunder.

SECTION 12. Assigned Documents.

Owner shall, subject to the rights of Lessee in respect thereof as expressly provided or required herein or in any other Assigned Document:

- (a) diligently perform and observe all of the express

terms, conditions and covenants (if any) of the Assigned Documents required to be performed and observed by it, to the end that all things necessary to keep unimpaired the rights under the Assigned Documents assigned hereby shall be done;

(b) immediately notify Agent in writing of any default or the giving of any notice of any default in the performance and observance of any of the terms, conditions or covenants to be performed or observed under any Assigned Document of which Owner has actual notice; and

(c) maintain in full force and effect and not, except as otherwise expressly permitted by the terms hereof, (i) cancel or terminate or consent to any cancellation, termination or surrender of any of, (ii) amend or modify any of, (iii) waive any default under or breach of any of, (iv) consent to any prepayment or discount of Rent under any of, or (v) give any consent, waiver or approval under any of, the Assigned Documents or take any other action in connection with any provision thereof or rights thereunder which constitute part of the Collateral.

SECTION 13. Amendments.

Any provision of this Agreement may be modified or waived by an instrument or instruments in writing signed by Owner, Agent and a Majority in Interest of Noteholders; provided, however, that without the consent of each holder of a Note then outstanding, no such modification or waiver shall (i) modify any of the provisions of this Section 13 or of Section 4.1, 4.2, 6 or 7 or the definitions of the terms "Lease Default," "Lease Event of Default," "Loan Default" (except to add additional Loan Defaults), "Loan Event of Default" (except to add additional Loan Events of Default), "Event of Loss" (except to add additional Events of Loss), or "Majority in Interest of Noteholders" contained herein or in Annex II or the percentage of Noteholders required to take or approve any action hereunder, (ii) except as expressly provided herein, change the amount or the time of payment of any amount owing on any Loan, or reduce the rate of interest payable on any Loan, (iii) alter or modify the provisions of Sections 2 or 5 with respect to the manner of payment or the order of priorities in which applications or distributions thereunder shall be made, (iv) reduce, modify or amend any indemnities in favor of any Lender, the Collateral, Owner or Agent (unless consented to by such Person), (v) except as expressly provided herein and in Section 3(h) of the Lease, reduce the amount or change the time of payment of Basic Rent, Supplemental Rent, Stipulated Loss Value, or any other payments in respect of the Units (other than Excepted Payments and Rights), (vi) except as expressly

provided herein, modify, amend or supplement the Lease, or except as provided herein and in Section 7.1(g) of the Participation Agreement in strict accordance with the terms thereof, consent to any assignment of the Lease so as to release Lessee from any of its obligations in respect of the payment of Basic Rent, Supplemental Rent, or Stipulated Loss Value or any other payments in respect of the Units (other than Excepted Payments and Rights), (vii) agree to change the absolute and unconditional character of such obligations as set forth in the Lease, (viii) agree to permit the creation of any Lien on the Collateral or any part thereof, except as herein expressly permitted, or deprive the holder of any Note then outstanding of the benefit of the Lien of this Agreement on the Collateral enjoyed by such holder immediately prior thereto, or (ix) except as expressly provided in Section 10, release any of the Collateral except in connection with the exercise of the remedies of Agent with respect thereto. Except as expressly provided herein and in Section 3 of the Lease, no modification, amendment or Supplement to the Lease or consent to any assignment of the Lease shall be made without Agent's consent.

SECTION 14. Notices, etc.

All notices and other communications hereunder shall be in writing and shall be deemed to have been given when delivered by hand or by telex, telegram, cable or telecopy or when mailed by first-class registered, certified or express mail, postage prepaid or by commercial courier, addressed, (a) if to Lessee, Owner or Agent, at the address for notices and communications listed on Annex I, or at such other address as Lessee, Owner or Agent shall have furnished to Lessee, Owner and Agent in writing, and (b) if to any Lender, at such address as such Lender shall have furnished to Owner and Agent in writing, or, until an address is so furnished, to such Lender at the address of the last holder of such Lender's Note so furnishing an address to Owner and Agent. The notice specified in Section 6.1 hereof shall be given in conjunction with the notice specified in Section 13(a) of the Lease.

SECTION 15. After-Acquired Property.

All property acquired by Owner after the date hereof, which by the terms hereof is required or intended to be required to be subjected to the Lien of this Agreement, shall, immediately upon the acquisition thereof by Owner and without further mortgage, conveyance or assignment, become subject to the Lien of this Agreement as fully as though now owned by Owner and specifically described herein. Nevertheless, Owner will do all such further acts and execute, acknowledge,

deliver, record and file Supplements, and all such further conveyances, financing statements and assurances as Agent may deem necessary effectively to confirm that such after-acquired property is subject to the Lien of this Agreement.

SECTION 16. Rights of Owner to Cure Certain Lease Events of Default, etc.

16.1 Cure Rights. (a) If a Lease Event of Default in respect of Basic Rent occurs, so long as no other Loan Event of Default not resulting from a Lease Default exists, Agent shall so notify Owner and Owner may (but need not) pay to Agent at any time prior to the expiration of 15 Business Days after the due date of such payment of Basic Rent, an amount equal to the full amount of any such payment of Basic Rent, together with any interest due thereon on account of the delayed payment thereof, and such payment by Owner shall be deemed to cure any Loan Event of Default which arose or would have arisen from such failure of Lessee; provided, however, that anything herein or in the Lease or any other Operative Document to the contrary notwithstanding, if Lessee fails to pay Basic Rent when due, Owner shall not be permitted to cure more than four consecutive such failures nor more than a total of eight such failures.

(b) If Lessee fails to make any payment of Supplemental Rent (other than in respect of Excepted Payments and Rights) when the same becomes due, or if any other Lease Default or Lease Event of Default exists, Owner may (but need not), at any time prior to the expiration of 30 days after such notice, pay to Agent an amount equal to such payment of Supplemental Rent (including interest, if any, on any overdue payment of Supplemental Rent) or, in the case of any other Lease Default or Lease Event of Default, effect a cure thereof at its own expense, and such payment or cure by Owner, shall be deemed to have cured any Loan Event of Default based on such failure of Lessee.

16.2 No Impairment of Collateral; Subrogation. Owner, upon exercising its rights under Section 16.1 to cure Lessee's failure to pay Rent or to perform any of Lessee's obligations under the Lease, shall obtain no Lien on any part of the Collateral on account of such payment or performance or the costs and expenses incurred in connection therewith, nor shall any claims of Owner against Lessee or any other party for the repayment thereof be made prior to such time as the Lien created by this Agreement is terminated upon the payment in full of the principal of, interest on, or other amounts payable to Agent and all Lenders hereunder, under the Notes and under any other Operative Document. At such time Owner is entitled to receive the amount of such payment and the costs and

expenses incurred in connection with such payment and performance thereof together with interest thereon from Lessee or, if paid by Lessee to Agent and not theretofore applied under this Agreement, from Agent; provided, however, that Lessee is not rendered insolvent thereby; and provided further, that no such payment shall be paid out of or shall otherwise reduce the Collateral except to the extent such earlier payment has been paid by Lessee to Agent. If Agent receives any such payment or if Owner receives such payment at a time when a Loan Default, or Loan Event of Default exists, the amount thereof shall be retained by or turned over to Agent, which shall hold such amount and apply it in accordance with this Agreement, or if not so applied by the time the Lien created by this Agreement is terminated upon payment in full of the principal of and interest on the Loans and of all other amounts payable to Agent and Lenders hereunder, under the Notes and under any other Operative Document, Agent shall then remit such payment to Owner; provided, however, that if the Lease has theretofore been declared in default pursuant to Section 14 thereof or if the outstanding principal amount of the Notes has theretofore been declared due and payable immediately pursuant to Section 6 (or if the final installment of the Loan has not been paid when due), such amount shall not be remitted to Owner but shall be distributed by Agent in the order of priority set forth in Section 5.

16.3 Lease Not to Be Declared in Default. Upon the occurrence of any Event of Default that may be cured by Owner under Section 16.1, neither Agent nor any Lender will declare the Lease or this Agreement to be in default or accelerate the unpaid principal amount of any Loan solely as a result thereof or otherwise exercise any remedies hereunder or under Section 14 of the Loan as a result thereof, except to demand and take legal action to enforce payment and performance by Lessee, until the period in which such cure may be effected under Section 16.1 expires. If one or more but less than all such Events of Default are cured prior to such expiration, Agent shall have all rights with respect to such uncured Events of Default conferred hereby and by the Lease.

16.4 Certain Other Rights of Owner. Notwithstanding any provision to the contrary in this Agreement (other than Section 7.1):

(a) Owner may (A) to the exclusion of Agent, so long as no Loan Default or Loan Event of Default exists, (i) exercise the rights of Owner relating to the Independent Appraisal pursuant to the definition thereof and consent to or make any determination of Fair Market Sale Value or Fair Market Rental Value, residual value and estimated remaining economic useful life with respect to the Units, (ii) exercise the rights

of Owner upon the return of any Unit under Section 5 of the Lease, and exercise judgment and give or withhold consent whenever Owner is given such rights in the Lease (but not to the exclusion of Agent if Agent is also given such right in the Lease), (iii) exercise the rights of Lessor under Section 5 of the Lease with respect to Lessee's renewal options and purchase options, (iv) adjust Rent and Stipulated Loss Values as provided in the Lease, (v) accept delivery of the Units pursuant to the Participation Agreement and other documents pursuant thereto, subject to satisfaction of the conditions set forth in the Participation Agreement, and (B) not to the exclusion of Agent (i) receive from Lessee or such other Person all notices, financial statements, certificates, opinions of counsel and other documents and all information which Lessee, or such other Person, as the case may be, is permitted or required to give or furnish to "Lessor" pursuant to the Lease or to Owner pursuant to any other Operative Document, (ii) inspect any Unit and the books and records of Lessee and obtain other information relating to the condition of the Units pursuant to Sections 7 and 11 of the Lease, (iii) provide any insurance Lessee has failed to maintain as required pursuant to Section 10 of the Lease, (iv) exercise "Lessor's" right to cause Lessee to take any action and execute and deliver such documents and assurances as "Lessor" may from time to time reasonably request pursuant to Section 16 of the Lease, (v) exercise the rights of "Lessor" under Section 5 of the Lease and Section 7.1(c) of the Participation Agreement, (vi) exercise its rights to perform for Lessee under Section 22 of the Lease, and (vii) join in any amendment, modification, waiver or consent in respect of any of the provisions of the Lease or any other Assigned Documents;

(b) Owner may, to the exclusion of Agent, demand and receive payment of, and commence an action at law to obtain payment of, Excepted Payments and Rights; provided, however, that Owner shall not have any remedy or right with respect thereto against the Collateral; and

(c) Owner may retain, to the exclusion of Agent, all rights with respect to separate liability insurance maintained by it that Section 10(f) of the Lease specifically confers upon the "Lessor."

16.5 Purchase of Notes by Owner After Declaration of Default, Etc. At any time after Agent declares the Lease in default pursuant to Section 14 thereof (unless such declaration is rescinded) or the outstanding principal amounts of all the Loans are declared due and payable immediately pursuant to Section 7 (unless such declaration is rescinded), (but prior to any foreclosure on or other disposition of Owner's interest in the Collateral at which Lenders bid in all the Obligations,

then upon the written offer of Owner to purchase all the Notes then outstanding (for the amount hereinafter set forth) addressed to Agent and each Lender and upon receipt from Owner of cash in an amount equal to the aggregate unpaid principal amount of all Notes together with accrued interest thereon (including, to the extent permitted under law, interest accrued at the Post-Default Rate as required hereby) to the date of payment, plus all other sums then due and payable to Agent and Lenders hereunder or under the Participation Agreement or such Notes or any other Operative Document, Agent and Lenders will forthwith sell, assign, transfer and convey to Owner (without recourse and without warranty, express or implied of any kind) all right, title and interest of Agent and Lenders to and in the Collateral, this Agreement, the Participation Agreement, each other Operative Document to which they are a party, and the Notes (but only if such sale, assignment, transfer and conveyance are not in violation of any Applicable Law, judgment or order), and Owner shall assume all of Agent's and Lenders' obligations under the Participation Agreement, this Agreement, each Operative Document to which they are a party and the Notes. In connection with the foregoing and simultaneously therewith, each of Owner shall indemnify Agent and Lenders against any liability for any violation of any Applicable Law, judgment or order resulting from any such sale pursuant to this Section 16.5. Unless Owner expressly provides to the contrary, the right, title and interest so acquired shall remain existing, separate and distinct from, and shall not merge into or with, any other right, title or interest Owner may have in, under or pursuant to the Lease, notwithstanding any ownership by Owner that might be deemed to be coincident in one or more of such rights, titles or interests.

SECTION 17. Applicable Law; Governing Law.

All rights, powers and remedies provided herein may be exercised only to the extent the exercise thereof does not violate any Applicable Law, and are intended to be limited to the extent necessary so they will not render this Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under any Applicable Law, and the validity of other terms of this Agreement or any other application of such terms shall in no way be affected thereby. Where, however, the provisions of such Applicable Law may be waived, they are hereby waived by Owner, to the full extent permitted by law, to the end that this Agreement shall be a valid and binding agreement enforceable in accordance with its terms.

This Agreement shall be construed and enforced in accordance with and governed by the laws of California applicable to contracts made and to be performed entirely

within such State, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

SECTION 18. Miscellaneous.

18.1 Severability. Any provision of this Agreement prohibited or unenforceable in any jurisdiction which is not overridden by applicable Federal law shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or any provision in any other Operative Document, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The provisions of this Agreement shall remain valid and enforceable notwithstanding the invalidity, unenforceability, impossibility or illegality of performance of any other Operative Document.

18.2 Successors, etc. This Agreement shall be binding upon Owner and its successors and assigns, and all Persons claiming under or through it and their successors or assigns, and shall inure to the benefit of and be enforceable by Agent and each Lender and their respective successors and assigns. Any request, notice, direction, consent, waiver or other instrument or action by (or which, pursuant to the terms hereof, is made on behalf of) Agent or any Lender shall bind its successors and assigns and any request, notice, direction, consent, waiver or other instrument or action by Owner shall bind the successors and assigns of Owner. The headings in this Agreement are for purposes of reference only and shall not limit or define the meaning hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

18.3 Lender Transfers. Each Lender may assign and transfer its Notes and its rights and obligations thereunder and under the Operative Documents or grant participations in its Notes as and to the extent permitted under Section 13.13 of the Participation Agreement.

F

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written by their respective officers thereunto duly authorized.

SIGNAL CAPITAL CORPORATION,

By S.P. Smith
Title: V.P. Credit

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as a
Lender and as Agent

By _____
Title: _____

By _____
Title: _____

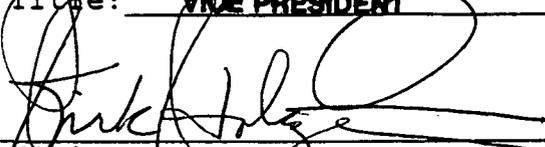
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written by their respective officers thereunto duly authorized.

SIGNAL CAPITAL CORPORATION

By _____
Title: _____

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as a
Lender and as Agent

By  _____
Title: **VICE PRESIDENT**

By  _____
Title: **ASST. VICE PRESIDENT**

ANNEX II
TO
PARTICIPATION AGREEMENT;
LEASE AGREEMENT,
LOAN AND SECURITY AGREEMENT

DEFINITIONS

"AAR" - the Association of American Railroads, or any successor organization thereto.

"AAR Rules" - the rules and regulations and interpretations issued by the AAR.

"Acceptance Certificate" with respect to a Unit - an Acceptance Certificate for such Unit in the form of Annex 1 to Exhibit B to the Participation Agreement, executed and delivered by Owner and Lessee.

"Act" - the Interstate Commerce Act of 1887, as amended.

"Affiliate" of any Person - any other Person directly or indirectly controlling, controlled by, or under common control with such Person.

"Agent" - Bank of America National Trust and Savings Association, and its successors and assigns, in its capacity as agent under the Loan Agreement.

"Agent Liens" - Liens arising as a result of (i) claims or judgments against or affecting Agent not related to the transactions contemplated or expressly permitted by the Operative Documents; or (ii) acts or omissions of Agent not related to the transactions contemplated or expressly permitted by the Operative Documents; or (iii) Taxes imposed against Agent not indemnified against by Lessee pursuant to the Participation Agreement; or (iv) claims against Agent arising out of the voluntary transfer by Agent of its interest in a Unit, other than claims indemnified against by Lessee pursuant to the Participation Agreement and other than the Lien of the Loan Agreement or as a result of, or arising after the occurrence of, a Lease Event of Default or a Loan Event of Default; or (v) breaches by Agent of any of its duties and obligations under any Operative Documents.

"Agent's Office" - Agent's office at Two Embarcadero Center, 10th Floor, San Francisco, CA 94111, Attn: Contract Administration #5816, until notice of a change of address of such office is given by Agent.

"Agent's Release Notice" - the notice by Agent pursuant to Section 10 of the Loan Agreement that all amounts and all other Obligations owing under the Loan Agreement, under the Notes and under all other Operative Documents to Lender

have been paid and performed in full and the Lien of the Loan Agreement has been released.

"Amortization Schedule" - as defined in Section 2.2 of the Loan Agreement.

"Applicable Date" - (i) during the Interim Term, the first Rent Payment Date and (ii) thereafter, the Rent Payment Date preceding the date of the occurrence of a Lease Event of Default on which Basic Rent shall have been paid in full.

"Applicable Laws" - all applicable laws, rules and regulations, orders or judgments of the AAR or any Governmental Body.

"Appointment of Authorized Representative" - an Appointment of Authorized Representative substantially in the form of Exhibit B to the Participation Agreement, executed and delivered by Owner and consented by Lessee.

"Assigned Documents" - as defined in Section 3.1(b) of the Loan Agreement.

"Authorized Representative" - as defined in Section 2.4(b) of the Participation Agreement.

"Basic Rent" for each Unit - the rent therefor payable pursuant to Section 3(c) of the Lease.

"Basic Term" for each Unit - the period for which such Unit is leased pursuant to Section 3(a)(ii) of the Lease.

"Bill of Sale" with respect to a Unit - a Bill of Sale for such Unit in the form of Exhibit B to the Lease, executed and delivered by Lessee.

"Business Day" - any day (other than a Saturday or Sunday) on which commercial banking institutions in New York, New York and San Francisco, California, are generally open for business.

"Claim" - as defined in Section 8.1 of the Participation Agreement.

"Closing" - as defined in Section 2.4(a) of the Participation Agreement.

"Code" - the Internal Revenue Code of 1986, as amended.

"Collateral" - as defined in Section 3.1 of the Loan Agreement.

"Commercial Operation" - with respect to each Unit the operation of such Unit in continuous commercial operation at its design capacity and 3600 rated continuous engine horsepower, in compliance with manufacturer recommendations and operating requirements of Applicable Law, and in continuous (except for routine maintenance recommended by the manufacturer thereof) operation in Lessee's business.

"Commitment" of Lenders (as a group), and Owner, with respect to each Unit - the lesser of the percentages of Lessor's Cost therefor or the Dollar amounts set forth below:

Lenders	80.0%	\$493,200.00
Owner	20.0	123,300.00

"Covered Tax Law Change" - all amendments, modifications, deletions or changes in or to the Code, the issuance of any proposed, temporary or final regulations pursuant thereto, the issuance of any administrative pronouncements of the Internal Revenue Service (including, without limitation, Revenue Rulings and Revenue Procedures), or any judicial decision.

"Delivery Date" for each Unit - the date of the Acceptance Certificate describing such Unit, which date shall be the date such Unit is delivered to, and purchased by Owner under the Participation Agreement and delivered to and Leased by Lessee under the Lease, as such date is set forth in such Acceptance Certificate.

"Delivery Notice" - as defined in Section 2.3(a) of the Participation Agreement.

"Delivery Site" of a Unit - the place at which Lessee tenders physical delivery to Owner, as set forth in the Delivery Notice.

"Disbursement Agreement" - the Agreement between Owner and Disbursing Bank, substantially in the form of Exhibit A to the Participation Agreement.

"Disbursing Bank" - the bank, designated in Lessee's notice pursuant to Section 2.3(a) of the Participation Agreement, which agrees to hold Owner's funds pending authorization by Owner (a) to disburse such funds to Lessee pursuant to Section 2.3(c) of the Participation Agreement or (b) to invest or return the funds as provided in Section 2.6 of the Participation Agreement.

"Dollars" and "\$" - dollars in lawful money of the United States of America.

"Effective Rate" - with respect to each Loan, a rate per annum equal to 1.5% in excess of the rate for six-year United States Treasury obligations in effect at the close of business on the Business Day preceding the date the Loan is made.

"ERISA" - the Employment Retirement Income Security Act of 1974, as amended.

"Event of Loss" - any of the following events with respect to any property leased under the Lease: (i) loss of such property or the use thereof due to theft or disappearance for more than 45 days; (ii) loss of such property or the use thereof due to destruction, damage beyond repair or rendition of such property permanently unfit for normal use by Lessee for any reason whatsoever; (iii) any damage to such property which should or does result in the receipt of insurance proceeds with respect to such property on the basis of a total loss or constructive total loss; (iv) the condemnation, taking, confiscation or seizure of, or requisition of title to such property, (v) the condemnation, taking, confiscation or seizure of the use of such property for a period in excess of 90 days other than a temporary requisition for use by the United States Government that does not continue beyond the end of the Term provided that pursuant to such requisition the United States Government agrees to make payments sufficient in amount for the discharge of the obligations of Lessee under the Lease to pay Rent, or Lessee provides other security reasonably acceptable to Owner and Agent if the United States Government does not so agree to make such payments; (vi) as a result of any rule, regulation, order or other action (generally applicable to equipment of the same type as the Units) by any Governmental Body (including any court) having jurisdiction, the use of the Unit in the normal course of Lessee's Commercial Operation thereof is prohibited for a period of six consecutive months, notwithstanding Lessee's diligent and continuous undertaking of all steps necessary or desirable to permit the normal Commercial Operation of such Unit and compliance with all of the other provisions of this Lease, including Sections 7 and 8; (vii) requisition of such property by any Governmental Body other than the United States, or (viii) with respect to any Unit, the operation or location thereof, while under requisition for use by a United States Governmental Body, in any area excluded from coverage by any insurance policy in effect with respect thereto required by Section 10 of the Lease if Lessee is unable to obtain indemnity or insurance in lieu thereof from the Governmental Body.

"Excepted Payments and Rights" - all of Owner's right, title and interest in and to any of the following described payments, rights, property and privileges: (i) all rights to or payments in respect of any Indemnity in favor of Owner or its officers, employees, successors and assigns, under Sections 8.1 and 8.2 of the Participation Agreement or under the Tax Indemnity Agreement; (ii) all rights to or proceeds of third party public liability and property damage insurance payable as a result of insurance claims made, or losses suffered, by Owner; (iii) proceeds of insurance maintained with respect to any Unit by Owner and not required to be maintained by Lessee under the Lease; (iv) payments of Supplemental Rent in respect of Transaction Costs and certain fees and expenses as provided in Section 9 of the Participation Agreement payable to Owner; (v) Lessor's reserved rights in respect of the Collateral and the Assigned Documents under Section 16.4 of the Loan Agreement; and (vi) to the extent not prohibited under Sections 4.2 and 16.2 of the Loan Agreement, the rights of Owner to demand, collect, sue for or otherwise enforce or exercise their rights in respect of any of the foregoing against Lessee or any other Person.

"Fair Market Rental Value" - for each Unit, the fair market rental value, as determined by agreement between Owner and Lessee, or if Owner and Lessee cannot agree, as determined by an Independent Appraisal, except that if a determination is being made for the purpose of Section 14 of the Lease, the Independent Appraisal shall be made solely by the nationally recognized independent appraiser appointed by Owner.

"Fair Market Sale Value" - for each Unit, the fair market sale value, as determined by agreement between Owner and Lessee, or if Owner and Lessee cannot agree, as determined by an Independent Appraisal, except that if a determination is being made for the purpose of Section 14 of the Lease, the Independent Appraisal shall be made solely by the nationally recognized independent appraiser appointed by Owner.

"Federal Reserve Board" - the Board of Governors of the Federal Reserve System of the United States of America or any successor agency or board at the relevant time performing the functions of the Federal Reserve Board.

"FRA" - the Federal Railroad Administration of the United States, and any successor agency thereto.

"Governmental Body" - the FRA and any other federal, state, municipal or other government or governmental subdivision, department, commission, board, bureau, court, legislature, agency, instrumentality or authority, of any country, including, without limitation, the United States of

America, domestic or, to the extent binding under federal law on any Person or any Unit, international or transnational.

"ICC" - the Interstate Commerce Commission of the United States, or any successor agency thereto.

"Indemnified Person" - each of Agent, each Lender and Owner and their respective successors, assigns, directors, servants, employees and agents and any Affiliate of any of the foregoing.

"Indemnity Payment" - all obligations of Lessee to indemnify any Person pursuant to Section 8.1 or 8.2 of the Participation Agreement or the Tax Indemnity Agreement.

"Independent Appraisal" - an appraisal mutually agreed to by two nationally recognized independent appraisers, one of which shall be chosen by Owner and one by Lessee, or, if such appraisers cannot agree on the amount of such appraisal, an appraisal arrived at by the appointment of a third nationally recognized independent appraiser and the averaging of appraisals as set forth in this paragraph. The third appraiser shall be chosen by the mutual consent of such two appraisers; provided that, if either party fails to appoint an appraiser within 30 days after a written request to do so by the other party, or if the two appraisers cannot agree on the amount of such appraisal and fail to appoint a third appraiser within 30 days after the date of the appointment of the second of such appraisers, then either party may apply to any court having jurisdiction to make such appointment. An "Independent Appraisal" of the fair market sale value or fair market rental value of the property being appraised shall mean an appraisal which assumes that such property is unencumbered by the Lease or any renewal option or purchase option, which assumes that such property has been maintained in all respects in accordance with the Lease (whether or not it is in fact in such condition) and which disregards the actual condition if not so maintained, which would be obtained in an arm's-length transaction between an informed and willing lessor or seller, as the case may be, and an informed and willing lessee or purchaser, as the case may be, both under no compulsion to lease or sell and purchase, as the case may be. The appraisal determined by each of the three appraisers shall be averaged and the appraisal furthest from the average of the three appraisals shall be disregarded. The appraisal determined by each of the two remaining appraisers shall be averaged and such average shall be the appraised fair market sale value or fair market rental value of such property. Lessee shall pay for all appraiser fees except in connection with a purchase or renewal at the end of the Term, in which case Owner and Lessee shall each bear the fees

of the appraiser it appoints, and shall share equally the fees of the third appraiser, if necessary.

"Interim Interest" - the first installment of interest on the Loans payable pursuant to Section 2.3 of the Loan Agreement.

"Interim Term" - for each Unit, the period for which such Unit is leased pursuant to Section 3(a)(i) of the Lease.

"Lease" - the Lease Agreement dated as of March 30, 1988, between Owner and Lessee (the "Lease Agreement"), as modified, amended or supplemented from time to time pursuant to the provisions thereof.

"Lease Default" - an event or condition which, with notice or lapse of time or both, would constitute a Lease Event of Default.

"Lease Event of Default" - as defined in Section 13 of the Lease.

"Lender" - Bank of America National Trust and Savings Association and its successors or assigns, as the initial Lender under, and any other Person becoming a Lender pursuant to, the Loan Agreement and its successor and assigns.

"Lender Liens" - Liens arising as a result of (i) claims or judgments against or affecting any Lender not related to the transactions contemplated or expressly permitted by the Operative Documents or (ii) acts or omissions of any Lender not related to the transactions contemplated or expressly permitted by the Operative Documents; or (iii) Taxes imposed against any Lender not indemnified against by Lessee pursuant to the Participation Agreement; or (iv) claims against any Lender arising out of the voluntary transfer by any Lender of any of its interest in a Unit, other than claims indemnified against by Lessee pursuant to the Participation Agreement and other than the Lien of the Loan Agreement, or as a result of or arising after the occurrence of a Lease Event of Default or a Loan Event of Default; or (v) breach by any Lender of any of its duties and obligations under any Operative Document.

"Lessee" - Southern Pacific Transportation Company, a Delaware corporation, and its permitted successors and assigns.

"Lessee Liens" - any Lien on or with respect to any Unit, Owner's title thereto or interest therein or in the Lease or any interest of Owner in any Rent, except Liens described in clauses (a), (b) and (d) of Section 6 of the Lease.

"Lessor" - Owner and its permitted successors and assigns, as Lessor under the Lease.

"Lessor Liens" - Liens arising as a result of (i) claims or judgments against or affecting Owner not related to the transactions contemplated or expressly permitted by the Operative Documents; or (ii) acts or omissions of Owner not related to the transactions contemplated or expressly permitted by the Operative Documents; or (iii) Taxes imposed against Owner not indemnified against by Lessee pursuant to the Participation Agreement; or (iv) claims against Owner arising out of the voluntary transfer by Owner of any of its interest in a Unit, other than claims indemnified against by Lessee pursuant to the Participation Agreement and other than the Lien of the Loan Agreement; or (v) breaches by Owner of any of its duties and obligations under any Operative Documents.

"Lessor's Cost" - for each Unit, the purchase price charged for such Unit by Lessee as specified by Lessee in the Delivery Notice, pursuant to Section 2.3(a) of the Participation Agreement, such sum not to be greater than \$616,500.00 for a Unit.

"Lien" - any mortgage, pledge, lien, charge, encumbrance, lease, exercise of rights, security interest or claim of any nature whatsoever.

"Loan" - any one of up to 20 loans made or to be made by each Lender to Owner under the Loan Agreement and the Participation Agreement. "Loans" means all such loans collectively.

"Loan Agreement" - the Loan and Security Agreement dated as of March 30, 1988, among Owner, Lender and Agent (the "Loan and Security Agreement"), as amended, modified or supplemented from time to time pursuant to the provisions thereof.

"Loan Default" - an event or condition which, with notice or lapse of time or both, would constitute a Loan Event of Default.

"Loan Event of Default" - as defined in Section 6 of the Loan Agreement.

"Loan Transfer Notice" - a notice substantially in the form of Exhibit E to the Participation Agreement executed by Agent and a Person becoming a Lender pursuant to the Loan Agreement.

"Majority in Interest of Noteholders" - as of a particular date of determination, the holder or holders of not less than 51% in aggregate principal amount of all Notes at the time outstanding (excluding any Notes then held by Lessee, Owner or an Affiliate of either thereof, unless Lessee, Owner or such Affiliate owns all of the outstanding Notes).

"Net Economic Return" - as defined in Exhibit F to the Participation Agreement.

"Note" - a note substantially in the form of Exhibit A to the Loan Agreement, delivered by Owner to Bank of America National Trust and Savings Association pursuant to Section 2.10 of the Loan Agreement, including any note delivered in exchange therefor or in replacement thereof pursuant to Section 2.10(c) or 2.10(d) of the Loan Agreement.

"Noteholder" - the holder of any Note.

"Obligations" - as defined in Section 3.1 of the Loan Agreement.

"Officer's Certificate" - with respect to any corporation, a certificate of a Responsible Officer of such corporation.

"Operative Documents" - the Participation Agreement, the Lease, the Tax Indemnity Agreement, the Loan Agreement, the Acceptance Certificates, the Bills of Sale, the Notes, the Support Agreement and all other documents, certificates and instruments executed and delivered pursuant thereto.

"Owner" - Signal Capital Corporation, a Delaware corporation, and its permitted successors and assigns.

"Participants" - Owner and each Lender.

"Participation Agreement" - the Participation Agreement dated as of March 30, 1988, among Lessee, Lender, Owner and Agent whereby, among other things, Owner and Lender agree to participate in the payment of specified portions of Lessor's Cost for each Unit as therein provided.

"Parts" - any and all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment constituting a part of a Unit, of whatever nature.

"Payment Date" - each of the Rent Payment Dates set forth in the schedule to Exhibit A to the Loan Agreement and the schedule to each Note.

"Permitted Liens" - those Liens permitted by the "except" clause of Section 6 of the Lease.

"Person" - any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or Governmental Body.

"Post Default Rate" - with respect to each Loan, a rate per annum equal to the lower (a) of 2.0% per annum in excess of the highest Effective Rate for any Loan or (b) the maximum rate of interest permitted by Applicable Law.

"Proposed Delivery Date" - as defined in Section 2.3 of the Participation Agreement.

"Renewal Term" - the term, if any, permitted by Section 3(a) of the Lease.

"Renewal Rent" - the rent payable during any Renewal Term pursuant to Section 3(d) of the Lease.

"Rent" - Basic Rent, Renewal Rent and Supplemental Rent.

"Rent Payment Date" - the last day of each of the first 17 full semi-annual periods during the Term, as more particularly set forth in Sections 3(b) and 3(c) of the Lease.

"Rent Adjustment" - any adjustment to Rent pursuant to Section 3(h) of the Lease.

"Responsible Officer" - in the case of any corporation or other entity, the Chairman of the Board of Directors, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary, or any person holding one or more of such offices.

"Specifications" for the Units - the written construction, component and performance specifications for such Units delivered to Lessor and Lender, and certified by Lessee as of the first Delivery Date.

"Stipulated Loss Value" for each Unit as of any date of computation - the greater of (i) Lessor's Cost for such Unit multiplied by the percentage specified in the table in Exhibit B to the Lease (the "Stipulated Loss Value Table") for the next preceding Basic Rent Payment Date or, during the Interim Term and the first semi-annual period of the Basic Term, the first Basic Rent Payment Date and other amounts outstanding under the Loan Agreement properly allocable thereto, or (ii) an amount sufficient to pay in full, as of the date of payment or

computation thereof, the aggregate unpaid principal amount of the Loans relating to such Unit and outstanding on such date of payment or computation, together with the accrued and unpaid interest thereon, and other amounts outstanding under the Loan Agreement properly allocable thereto, to the date of payment or computation, plus the difference between the amount in clause (i) and the aggregate unpaid principal amount of the Loans.

"Supplemental Rent" - all amounts, liabilities and obligations (other than Basic Rent, and Renewal Rent) which Lessee assumes or agrees to pay under the Lease or under any Operative Document to Owner, or any other Person including, without limitation, Stipulated Loss Value, indemnities, any interest payable with respect to payments pursuant to Section 3(g) of the Lease (to the extent permitted by Applicable Law), any insurance premium paid by any Participant in respect of insurance required to be carried by Lessee under the Lease and damages for breach of any covenants, representations, or warranties of Lessee under any Operative Document.

"Support Agreement" - that certain Support Agreement dated as of March 30, 1988 between Lessor and Lessee.

"Taxes" or "Tax" - as defined in Section 8.2 of the Participation Agreement.

"Tax Indemnity Agreement" - the Federal Income Tax Indemnity Agreement dated as of March 30, 1988, between Owner and Lessee.

"Term" - the term, in respect of each Unit, for which such Unit is leased pursuant to Section 3(a) of the Lease (including any Renewal Term).

"Transaction Costs" - the costs and expenses to be paid by Lessee pursuant to Section 9.1 of the Participation Agreement.

"Transferee" - as defined in Section 11.1 of the Participation Agreement.

"United States Government" - the government of the United States of America or any agency or instrumentality thereof.

"Units" - as defined in Paragraph A of the Introduction to the Participation Agreement.

PROMISSORY NOTE NO.

\$ _____, 19__

FOR VALUE RECEIVED, SIGNAL CAPITAL CORPORATION, ("Owner"), hereby promises to pay to Bank of America National Trust and Savings Association ("Lender"), or registered assigns, the principal sum of _____ and to pay interest on such principal amount from time to time outstanding hereunder at the rate of _____% per annum (computed on the basis of a 360 day year of 12 30 day months, in the manner and at the times specified in the Loan Agreement referred to below, in 17 consecutive semiannual installments, commencing June 30, 1989 and ending June 30, 1997, each installment consisting of accrued interest and an installment of principal in an amount equal to the principal amount set forth opposite the applicable date on the Amortization Schedule attached hereto, provided that the remaining unpaid principal amount of this Note, together with all accrued but unpaid interest, shall in any and all cases be due and payable on June 30, 1997. Both principal and interest are payable in lawful money of the United States of America in immediately available funds at Bank of America National Trust and Savings Association, Two Embarcadero Center, Tenth Floor, San Francisco, CA 94111, Attn: Contract Administration #5816, or at such other place as Bank of America National Trust and Savings Association acting in its capacity as agent for Lender ("Agent") shall designate.

This Note is one of the Notes referred to in, and is entitled to the Collateral and other benefits of, the Loan and Security Agreement, dated as of March 30, 1988 (the "Loan Agreement"), among Owner and Bank of America National Trust and Savings Association as a Lender and as Agent for other Lenders, which Loan Agreement, among other things, provides for acceleration of the maturity hereof upon the happening of certain stated events and for the obligation of Owner to make certain prepayments of principal (and application thereof) prior to the maturity hereof upon the terms and conditions therein specified.

All payments, including payments of principal, Premium, if any, and interest, to be made by Owner hereunder or under the Loan Agreement shall be made only from the income and proceeds from the Collateral (as defined in the Loan Agreement) (except as otherwise expressly provided in the Loan Agreement or any other Operative Document (as defined in the Loan

Agreement) and only to the extent that Owner shall at any time and from time to time have received sufficient income or proceeds from the Collateral to make such payments in accordance with the terms of the Loan Agreement; and each holder hereof, by its acceptance of this Note, agrees that (except as otherwise expressly provided in the Loan Agreement or any other Operative Document) insofar as Owner is concerned such holder will look solely to the income and proceeds from the Collateral and Owner is not personally liable to the holder hereof for any amounts payable under this Note. This limitation on liability of Owner is subject only to the provisions of Section 2.9 of the Loan Agreement.

Owner waives presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note and agrees to pay all costs of collection when incurred, including legal fees and expenses, as set forth in Section 2.7 of the Loan Agreement and to perform and comply with each of the covenants, conditions, provisions and agreements contained in every instrument executed in connection herewith.

This Note shall be construed and enforced in accordance with and governed by the laws of California.

SIGNAL CAPITAL CORPORATION

By _____
Title: _____

AMORTIZATION SCHEDULE

<u>Date</u>	<u>Principal Payment</u>	<u>Loan Balance</u>
1/1/1989	0.0000000	100.0000000
6/30/1989	0.0000000	100.0000000
12/31/1989	0.0000000	100.0000000
6/30/1990	0.0000000	100.0000000
12/31/1990	6.5790479	93.4209521
6/30/1991	0.0000000	93.4209521
12/31/1991	7.2945401	86.1264120
6/30/1992	0.0000000	86.1264120
12/31/1992	7.9729324	78.1534796
6/30/1993	12.8643143	65.2891653
12/31/1993	0.0000000	65.2891653
6/30/1994	14.1190403	51.1701250
12/31/1994	0.0000000	51.1701250
6/30/1995	15.4961465	35.6739785
12/31/1995	0.0000000	35.6739785
6/30/1996	17.0075693	18.6664093
12/31/1996	0.0000000	18.6664093
6/30/1997	18.6664093	0.0000000
 TOTALS	 100.0000000	

* Use dollar amounts in actual Notes.

DESCRIPTION OF UNITS

Forty high horsepower (3600 HP) 6-axle SD45-T2 General Motors (Electric Motive Division) diesel electric locomotives (AAR Mechanical Designation A Units (C-C) 3600 HP), together with all accessories, parts and appliances installed thereon or belonging thereto, and all logs, manuals and records relating thereto, and all substitutions, replacements and renewals for any and all thereof, which locomotives had and have the following reporting marks and road numbers:

1. OLD MARKS AND NUMBERS:

SP 9166	SSW 9162
SP 9175	SSW 9164
SP 9182	SSW 9261
SP 9185	SSW 9262
SP 9187	SSW 9264
SP 9188	SSW 9268
SP 9189	SSW 9272
SP 9190	SSW 9274
SP 9192	SSW 9281
SP 9209	SSW 9283
SP 9214	SSW 9284
SP 9225	SSW 9287
SP 9227	SSW 9389
SP 9230	SP 9350
SP 9236	SSW 9397
SP 9259	
SP 9320	
SP 9326	
SP 9352	
SP 9357	
SP 9369	
SP 9370	
SSW 9157	
SSW 9158	
SSW 9161	

2. NEW MARKS AND NUMBERS:

SP6829-SP6868, inclusive

ANNEX I
TO
PARTICIPATION AGREEMENT,
LEASE AGREEMENT,
LOAN AND SECURITY AGREEMENT

Addresses for Notices

LESSEE:

Southern Pacific Transportation
Company
Southern Pacific Building
One Market Plaza
San Francisco, CA 94105

Attention: Treasurer

OWNER and LESSOR:

Signal Capital Corporation
505 14th Street
Suite 480
Oakland, CA 94617
Attention: Diann Patton

With a copy to:

Signal Capital Corporation
Liberty Lane
Hampton, NH 03842
Attn: Controller

AGENT:

Bank of America National
Trust and Savings Association
BankAmeriLease Group
10th Floor
Two Embarcadero Center
San Francisco, CA 94111
Attention: Contract Administration
#5816

LENDER:

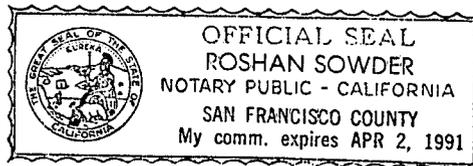
Bank of America National
Trust and Savings Association
BankAmeriLease Group
28th Floor
Two Embarcadero Center
San Francisco, CA 94111
Attention: Vice President,
Western Region #5830

STATE OF CALIFORNIA)
) ss:
CITY AND COUNTY OF SAN FRANCISCO)

On this 30th day of March, 1988, before me personally appeared John R. Presley and Kirk R. Holtze, to me personally known, who being by me duly sworn, say that they are Vice President and Assistant Vice President, respectively, of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association; that said instrument was signed on behalf of said association by authority of its Board of Directors; and they acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

[SEAL]


Notary Public



My commission expires April 2, 1991.

STATE OF NEW HAMPSHIRE)
)ss:
COUNTY OF ROCKINGHAM)

On this 29 day of March, 1988, before me personally appeared Stephen F. Smith, to me personally known, who being by me duly sworn, says that he is a Vice President of SIGNAL CAPITAL CORPORATION, a Delaware corporation; [redacted] the seal affixed to the foregoing instrument is the seal of said [redacted]; that said instrument was signed [redacted] 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.

[SEAL]



Notary Public

CHARLES W. CROSS, Notary Public
My Commission Expires April 9, 1991

My commission expires _____

STATE OF CALIFORNIA)
)ss:
CITY AND COUNTY OF SAN FRANCISCO)

On this _____ day of March, 1988, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association; [that the seal affixed to the foregoing instrument is the seal of said association;] that said instrument was signed [and sealed] on behalf of said association by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

[SEAL]

Notary Public

My commission expires _____