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January 4, 1984

14246
REGISTRATION NO. Filed 1425

No. 4-006A036

Mr. James H. Bayne
Acting Secretary
Interstate Commerce Commission
Washington, D.C. 20423

JAN 6 1984 - 11 15 AM Date
INTERSTATE COMMERCE COMMISSION \$ 50.00

ICC Washington, D. C.

Dear Mr. Bayne:

On behalf of First City Leasing Corporation, I submit for filing and recording under 49 U.S.C. § 11303(a) and the regulations promulgated thereunder the enclosed executed counterparts of a Security Agreement and Assignment, a primary document not previously filed with the Interstate Commerce Commission.

The parties to the enclosed document are:

First City Leasing Corporation - Secured Party
Suite 1000
1111 Fannin
Houston, Texas 77002

TXL Astra Corporation II - Debtor
Suite 3800
One Embarcadero Center
San Francisco, California 94111

RECEIVED
JAN 6 11 09 AM '84
I.C.C.
FEE OPERATION BR.

The said Security Agreement and Assignment covers a loan secured by fifteen 3600 H.P. Model SD-45 locomotives identified by Consolidated Rail Corporation numbers 6685 through 6699, both inclusive.

Enclosed is a check in the amount of \$50 in payment of the recording fee.

C. Quantz

Interstate Commerce Commission

Washington, D.C. 20423

1/6/84

OFFICE OF THE SECRETARY

John C. Ale
Vinson & Elkins
First City Tower
Houston, Texas 77002

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 **1/6/84** at **11:15am** and assigned re-
recording number(s). **14246**

Sincerely yours,


JAMES H. BAYNE

Secretary

Enclosure(s)

RECORDATION NO. **V4246** Filed 1425

JAN 6 1984 -11 15 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT AND ASSIGNMENT

Dated as of December 15, 1983

between

TXL ASTRA CORPORATION II

and

FIRST CITY LEASING CORPORATION

Financing
of

FIFTEEN LOCOMOTIVES

Leased

to

CONSOLIDATED RAIL CORPORATION

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SECURITY AGREEMENT
AND
ASSIGNMENT

THIS SECURITY AGREEMENT AND ASSIGNMENT is entered into as of December 15, 1983 by and between TXL ASTRA Corporation II, a California corporation (the "Lessor") and FIRST CITY LEASING CORPORATION, a Delaware corporation (the "Lender").

RECITALS

WHEREAS pursuant to a Trust Agreement dated as of July 15, 1970 (the "Trust Agreement") by and among John J. Prendergast and Jane S. Kubiak (the "Trustees") and the Girard Bank (the "Seller"). formerly named the Girard Trust Bank, in its individual capacity and as fiscal agent for the Trustees, the Seller is the beneficial owner of the quipment (as hereinafter defined);

WHEREAS pursuant to the provisions of a Lease of Railroad Equipment dated as of July 15, 1970 (the "Lease") by and among the Erie Lackawana Railway Company ("ELRC"), the Seller and the Trustees, the Trustees leased the Equipment to ELRC for a period of 15 years;

WHEREAS effective on April 1, 1976, the trustees in bankruptcy for ELRC assigned the Lease to Consolidated Rail Corporation (the "Lessee"), and, in connection therewith, the Lessee assumed all of the obligations of ELRC under the Lease;

WHEREAS the Seller has terminated the trust created by the Trust Agreement, pursuant to Section 9.02 thereof, and acquired from the Trustees all of the Trustees' rights, title and interests in and to the Equipment and in, to and under the Lease;

WHEREAS pursuant to an Agreement for the Purchase and Sale of Locomotives and Assignment of Lease dated as of December 15, 1983 (the "Sale and Assignment Agreement") by and between the Lessor and the Seller, the Seller has sold the Equipment to the Lessor and, subject to the rights of the Lessee thereunder, assigned the Lease to the Lessor;

WHEREAS pursuant to a Participation Agreement dated as of December 15, 1983 (the "Participation Agreement") by and among the Lessor, TXL Corporation and the Lender, the Lender has agreed to make a loan in the amount of \$1,967,308.52 to the Lessor (the "Loan"), which Loan is to be evidenced by a secured promissory note of the Lessor in the principal amount of \$1,967,308.52 (the "Note");

WHEREAS in order to induce the Lender to make the Loan, the Lessor has agreed to assign the Lease to the Lender and to grant a first perfected security interest in the Lease and the Equipment to the Lender as collateral security for the payment and performance of the indebtedness, obligations and liabilities of the Lessor arising out of the Participation Agreement, the Note and hereunder;

WHEREAS in order to further induce the Lender to make the Loan, International Capital Equipment Limited ("ICE") has entered into an Equipment Purchase Agreement

dated as of December 23, 1983 (the "EPA") with the Lender, pursuant to which ICE will guarantee the value of the Equipment on the Maturity Date in an amount equal to the then unamortized balance of the Loan, together with interest accrued thereon from September 3, 1985; and

WHEREAS a condition precedent, among others, to the obligation of the Lender to make the Loan is that the Lessor shall have executed and delivered to the Lender this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

Section 1. Defined Terms. Terms defined in the Participation Agreement shall have their defined meanings when used in this Agreement, unless such terms are otherwise defined herein, and the following terms shall have the following meanings (such terms to be equally applicable to both singular and plural forms of the terms defined):

"Collateral" shall have the meaning given to such term in Section 2.1 hereof.

"Delivery Date" shall have the meaning given to such term in Part I of Section 1.2 of the EPA.

"Equipment" shall have the meaning given such term in paragraph (b) of Section 2.1 hereof.

"Event of Default" shall mean any of the events specified in Section 6.1 hereof, provided that there has been satisfied any requirement in connection with such event for the giving of notice, the lapse of time, or the happening of any further condition, event or act; and "Default" shall mean any of such events, whether or not any such requirement has been satisfied and whether or not existing under this Agreement or otherwise.

"Liens" shall mean liens, mortgages, security interests, financing statements, pledges, title retentions, charges, options to purchase exercisable during the period the Obligations are outstanding, or other encumbrances of any kind whatsoever, but, to the extent pertaining to the Equipment or the Collateral, excluding the interests therein of the Lessee under the Lease and of the Lender as contemplated by this Agreement.

"Notice of Delivery" shall have the meaning given to such term in Section 1.2 of Part I of the EPA.

"Obligations" shall mean (i) the unpaid principal amount of, and accrued interest on, the Note, and (ii) all other obligations and liabilities of the Lessor to the Lender, now existing or hereafter incurred, arising under, out of or in connection with this Agreement or the Participation Agreement.

"Rent" shall have the meaning set forth in the first paragraph of Section 3 of the Lease.

Section 2. Grant of Security Interest.

2.1 As collateral security for the prompt and complete payment and performance when due of all the Obligations and in order to induce the Lender to make the Loan to the Lessor, the Lessor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to the Lender, and hereby grants to the Lender, a first priority security interest in all of the Lessor's rights, title and interests in, to and under the following (all of the following being herein collectively called the "Collateral"):

(a) the Lease and all Rents and other sums due and to become due thereunder, including, without limitation, all rights and claims of the Lessor, now or hereafter existing, (i) under any insurance, indemnities (other than any indemnity or other payment payable to the Lessor pursuant to Section 6 or Section 9 of the Lease), warranties and guarantees provided for or arising out of or in connection with the Lease, (ii) for any damages arising out of or for breach or default under or in connection with the Lease, (iii) to all other amounts from time to time paid or payable under or in connection with the Lease, and (iv) to terminate the Lease and to exercise or enforce any and all covenants, remedies, powers and privileges thereunder, and to grant any and all consents, approvals and waivers thereunder; and

(b) all 15 of the 3,600 horsepower model SD-45 locomotives with Lessee's road numbers 6685-6699 inclusive manufactured by General Motors, Electro-Motive Division, together with all replacements, substitutions, attachments modifications, additions, improvements, upgrades and accessions of, to or upon such locomotives, now owned or at any time hereafter acquired by the Lessor (collectively, the "Equipment") and all proceeds thereof;

subject, however, to all of the Lessee's rights under the Lease, including, without limitation, so long as no Event of Default (as defined in Section 10 of the Lease) shall have occurred and be continuing under the Lease, the right to the quiet enjoyment, possession and use of the Equipment in accordance with the terms of the Lease and the right to purchase the Equipment granted therein.

2.2 It is expressly agreed that, anything contained herein to the contrary notwithstanding, (a) the Lessor shall at all times remain liable to observe and perform all of its duties and obligations under the Lease to the same extent as if this Agreement had not been made, (b) the exercise by the Lender of any of the rights assigned hereunder shall not release the Lessor from any of its duties or obligations under the Lease and (c) the Lender shall not have any obligation or liability under the Lease by reason of this Agreement or the receipt by the Lender of any payment or property under the Lease or pursuant hereto; nor shall the Lender be obligated to perform or fulfill any of the duties or obligations of the Lessor under the Lease or to make any payment thereunder, or to make any inquiry as to the nature or sufficiency of any payment or property received by it thereunder, or as to the sufficiency of performance by any party thereunder, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts or the delivery of any property which may have been assigned to it or to which it may be entitled at any time or times.

2.3 (a) As more fully set forth in Section 2.1 hereof, the Lessor has assigned to the Lender, as collateral security for the Obligations, the Lease and all Rent and certain other amounts from time to time payable thereunder. All such assigned moneys shall be paid directly to the Lender by the Lessee, and the Lender acknowledges that the Lessor has so notified the Lessee. If the Lessor shall at any time receive any such moneys, it shall hold such moneys in trust for the benefit of the Lender and shall promptly deliver such moneys to the Lender.

(b) the Lender shall hold all moneys received by it as part of the Collateral and shall apply such moneys as provided in this Agreement. If any default occurs in the making of any payment or performance hereunder or under the Lease, the Lender may take such action as it may deem appropriate to enforce such payment or performance, including the institution and prosecution of appropriate proceedings. Any such action shall be without prejudice to any right to claim an Event of Default hereunder and to proceed thereafter as provided in Section 7 hereof.

2.4 In any suit, proceeding or action brought by the Lender under the Lease for any sum owing thereunder, or to enforce any provision of the Lease, the Lessor will save, indemnify and keep the Lender harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the Lessee under the Lease arising out of a breach by the Lessor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of the Lessee or its successors from the Lessor. All such obligations of the Lessor shall be and remain enforceable against and only against the Lessor, and shall not be enforceable against the Lender.

2.5 (a) The Lessor hereby irrevocably constitutes and appoints the Lender, and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact, with full irrevocable power and authority in the place and stead of the Lessor and in the name of the Lessor in its own name, from time to time in the Lender's discretion, for the purpose of carrying out the terms of this Agreement or the Lease, to take any all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and the Lease, without assent by the Lessor; provided, however, that, so long as there is no Event of Default hereunder, the Lender shall give the Lessor notice of any such action or execution. The Lessor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) The powers, conferred on the Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. The Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Lessor for any act or failure to act. Beyond the safe custody thereof, the Lender shall not have any duty as to any of the Collateral in its possession or control or in the possession or control of its agents or nominees, or any income thereon, or as to the preservation of rights against prior parties or any other rights pertaining thereto.

(c) The Lessor authorizes the Lender, at any time and from time to time, to execute, in connection with the sale provided for in Section 7.1 hereof, any endorsements, assignments, bills of sale or other instruments of conveyance or transfer with respect to the Collateral.

2.6 Except as expressly provided in Section 8.3 hereof, the security interest created hereunder shall terminate when the Obligations shall have been paid and performed in full. The Lender, at the request of the Lessor, will at such time

execute such documents for recordation with the Interstate Commerce Commission and such termination statements and other documents (without recourse to, or representation or warranty by, the Lender) as may be necessary to evidence the termination of such security interest.

Section 3. Distribution of Moneys. All amounts received by the Lender with respect to the Collateral shall be applied as follows:

3.1 The Lender shall hold all Rent paid pursuant to the first paragraph of Section 3 of the Lease (including all interest paid on overdue installments of Rent) and shall apply such moneys, except as otherwise provided in this Section 3, first, to the payment of the installments of principal and interest (including any overdue penalty interest) under the Note which shall have become due or which shall become due on or before the day on which such installment of Rent is due from the Lessee, second, to the payment of any other Obligations which are then due and payable, and third, the balance, if any, of such moneys, at the Lender's option, may be held by the Lender as part of the Collateral.

3.2 Except as otherwise provided in Section 3.3 hereof, all other moneys from time to time received by the Lender as part of the Collateral (other than amounts specified in Section 3.1 hereof) shall, (a) if due to the Lender pursuant to the terms of this Agreement or the Lease or the EPA, be applied by the Lender for the purpose for which such payment was made, (b) if specific provision as to the application thereof is made herein or in the Lease, be applied by the Lender for the purpose for which it was made, and (c) if no provision as to its application is made herein or in the Lease, or if due to the Lessor or the Lessee, be distributed in accordance with the terms of the Lease.

3.3 Notwithstanding anything to the contrary contained in this Agreement, all amounts received by the Lender after a Default shall have occurred and be continuing hereunder shall, at the sole option of the Lender, (a) be applied pursuant to Section 3.1 or 3.2 hereof, as the case may be, or (b) be held by the Lender as part of the Collateral or (c) after the occurrence of an Event of Default, be applied to the payment of the Obligations as provided in Section 7 hereof.

Section 4. Prepayment of Note. Except in the event of a Casualty Occurrence (as defined in Section 7 of the Lease) the Note may not be prepaid in whole or in part without the written consent of the Lender.

Section 5. Covenants and Agreements of the Lessor. The Lessor hereby covenants and agrees that:

5.1 The Lessor will (a) duly observe and conform to all valid requirements of any governmental authorities which are required with respect to the performance of its obligations under the Basic Documents, (b) obtain and keep in full force and effect all franchises that are required with respect to the performance of its obligations under the Basic Documents and (c) obtain, or cause to be obtained, as promptly as possible any governmental, administrative or agency approval and make any filing or registration therewith which at the time shall be required with respect to the performance of its obligations under the Basic Documents.

5.2 The Lessor will (a) duly observe and perform all covenants and obligations to be performed by it under the Basic Documents and (b) upon the request

of the Lender, promptly take any and all action as may be necessary to enforce its rights under the Basic Documents or to secure the performance by the other parties thereto of their respective obligations thereunder.

5.3 The Lessor shall furnish to the Lender:

(a) within 90 days after the close of each fiscal year of the Lessor occurring after the date hereof, an unaudited balance sheet and statement of income of the Lessor at and as of the end of such fiscal year, certified by the chief financial officer of TXL Corporation;

(b) within 45 days after the close of each of the first three quarters of each fiscal year of the Lessor, an unaudited balance sheet and statement of income of the Lessor for such quarter, certified by the chief financial officer of the Lessor; and

(c) from time to time, such other information with respect to the Lessor as the Lender may reasonably request.

5.4 Upon execution and delivery by the Seller of the Bill of Sale, the Lessor shall acquire good and marketable title to the Equipment, free and clear of all Liens except as may have arisen by, through or under the Lessee in violation of the terms of the Lease, and the Lessor will retain such title throughout the remaining term of the Lease and thereafter until payment of all Obligations. The Lessor will not create, assume or suffer to exist any Lessor's Lien on the Equipment or any of the other Collateral. The Lessor will not assign, sell, convey, transfer or otherwise dispose of any of the Collateral, or any interest therein, other than pursuant to the Lease or this Agreement.

5.5 The Lessor (a) has not undertaken, and will not undertake, any obligation or liability other than pursuant to the Lease, this Agreement and the documents and agreements contemplated thereby or hereby, (b) has not engaged in, and will not engage in, any business other than the ownership and leasing of the Equipment pursuant to the Lease and (c) shall maintain its corporate existence and not enter into any transaction of merger or consolidation, or liquidate or dissolve itself (or suffer any liquidation or dissolution) during the term of the Lease.

5.6 The Lessor will promptly, at any time and from time to time, at no expense to the Lender, execute and deliver to the Lender such further instruments and documents, and take such further action, as the Lender may from time to time reasonably request in order to further carry out the intent and purpose of this Agreement and the other Basic Documents to which it is a party and to establish and protect the rights, interest and remedies created, or intended to be created, in favor of the Lender hereby and thereby, including, without limitation, instruments, documents and filings relating to the Lender's security interest granted herein in the Collateral.

5.7 The Lessor will pay (but only out of the Collateral), or reimburse the Lender for (but only out of the Collateral), any and all fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation and protection of the Lender's security interest in the Collateral, including, without limitation, all fees and taxes in connection with the recording or filing of instruments

and documents in public offices, payment or discharge of any taxes or Liens (other than Lessor's Liens) upon or in respect of the Collateral, premiums for insurance with respect to the Collateral and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and the Lender's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or related to the Collateral; and all such amounts that are paid by the Lender shall, until reimbursed by the Lessor, constitute Obligations of the Lessor secured by the Collateral.

5.8 Without the prior written consent of the Lender, the Lessor will not declare a default under, or exercise any remedies under, the Lease, or enter into or permit any cancellation, termination, amendment, supplement or modification of, or waiver with respect to, the Lease, or give any consent or approval as to any matter arising out of the Lease, and any such attempted declaration, exercise, cancellation, termination, amendment, supplement, modification, waiver, consent or approval shall be void and of no effect unless the Lessor shall have received the prior written consent thereto from the Lender.

5.9 The Lessor shall not change the location of its principal place of business and its chief executive office and the office where the records relating to the Collateral are kept, as set forth in paragraph (f) of Section 4.1 of the Participation Agreement, or change its name, unless it has given the Lender at least 30 days prior written notice thereof.

5.10 Upon obtaining knowledge thereof, the Lessor will promptly give written notice to the Lender of (i) the occurrence of any Default or Event of Default under this Agreement and any default or Event of Default (as defined in Section 10 of the Lease) under the Lease, and (ii) the commencement or threat of any litigation or proceedings against or affecting the Lessor or any part of the Collateral. The Lessor will promptly deliver to the Lender a copy of each communication received from the Lessee pursuant to the Lease or with respect to the transactions contemplated hereby, unless such communication states that it has also been delivered to the Lender.

Section 6. Default. The occurrence of any of the following events shall constitute an Event of Default hereunder:

6.1 (a) payment of any part of the principal of, or interest on, the Note shall not be made when due (whether at the stated maturity, by acceleration or otherwise), and such default shall continue unremedied for a period of 10 days; or

(b) the Lessor shall default in the observance or performance of any agreement contained in Section 5.4, 5.5 or 5.8 hereof; or

(c) the Lessor shall default in the due observance or performance of any other covenant or provision contained herein or in the Participation Agreement, or TXL shall default in the due observance or performance of any covenant or provision contained in the Participation Agreement, and such default by the Lessor or TXL, as the case may be, shall continue unremedied for more than 30 days after notice thereof from the Lender; or

(d) any representation or warranty made by the Lessor in this Agreement or made by the Lessor or TXL in the Participation Agreement, or in any document, certificate or financial or other statement furnished by the Lessor or TXL pursuant to this Agreement or the Participation Agreement, shall at any time prove to be untrue in any material respect as of the time when made, and the effect thereof shall be materially adverse to the Lender; or

(e) at any time the Lender shall not have a legal and valid first perfected lien on, and security interest in, the Collateral, prior and superior to all Liens, or if at any time prior to the Maturity Date, the EPA shall cease to be in full force and effect; or

(f) (i) the Lessor or TXL shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Lessor or TXL shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Lessor or TXL any case, proceeding or other action of a nature referred to in clause (i) of this paragraph (f) which (A) results in the entry of an order for relief of any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the Lessor or TXL any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Lessor or TXL shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) of this paragraph (f); or (v) the Lessor or TXL shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) an "Event of Default" (as defined in Section 10 of the Lease) shall occur under the Lease.

6.2 Upon (a) the occurrence of any Event of Default specified in paragraph (f) of Section 6.1 hereof, the principal amount of the Note, together all accrued interest thereon and all other amounts owing to the Lender, shall become immediately due and payable without any action by the Lender and (b) the occurrence and continuance of any other Event of Default, the Lender may declare the Note to be forthwith due and payable, whereupon the principal amount of the Note, together with all accrued interest thereon, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Note to the contrary notwithstanding. During the continuance of any Event of Default hereunder, the Lender shall have the right to pursue and enforce any of its rights and remedies under Section 7 hereof; subject,

however, to the rights of the Lessee under the Lease, including without limitation, so long as no Event of Default (as defined in Section 10 of the Lease) shall have occurred and be continuing under the Lease, the right to the quiet enjoyment, possession and use of the Equipment in accordance with the terms of the Lease and the right to purchase the Equipment granted therein.

7. Remedies.

7.1 If an Event of Default shall occur and be continuing, the Lender may exercise, as the Lender shall deem best, in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of secured parties under the Interstate Commerce Act or the Uniform Commercial Code in any state having jurisdiction or under any other applicable law and all rights and powers of the Lessor relating to the Collateral, including the remedies available to the Lessor as lessor under the Lease. Without limiting the generality of the foregoing, the Lessor agrees that in any such event, the Lender, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Lessor or any other person (all and each of which demands, advertisements and notices are hereby expressly waived), may forthwith take possession of and collect, receive, appropriate and realize upon the Collateral, or any part thereof, and may forthwith exclude the Lessor, and all persons claiming under it and may forthwith use, operate, store, control, manage and sell, lease, assign, give option or options to purchase or otherwise dispose of and deliver the Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of the Lender's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase all or any of the Collateral so sold, free of any right or equity or redemption of the Lessor, which right or equity is hereby expressly released. The Lender shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale (after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safekeeping or otherwise of any or all of the Collateral, or in any way relating to the rights of the Lender hereunder, including maintenance, repairs, replacements, alterations, additions and improvements as the Lender may deem proper, and any and all payments which the Lender may be required or may elect to make, if any, for taxes, assessments, insurance, or other proper charges upon the Collateral or any part thereof, including attorneys' fees and legal expenses) to the payment in whole or in part of the Obligations in such order as the Lender may elect, and only after so applying such net proceeds and after the payment by the Lender of any other amount required by any provisions of law, need the Lender account for surplus, if any, to the Lessor. To the extent permitted by applicable law, the Lessor waives all claims, damages, and demands against the Lender arising out of the repossession, retention or sale of the Collateral. The Lessor agrees that the Lender need not give more than 10 days' notice (which notification shall be deemed given when mailed, first class postage prepaid, addressed to the Lessor at its address set forth in Section 9.2 hereof) of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters.

7.2 The Lessor also agrees to pay (but only out of the Collateral) all costs of the Lender, including reasonable attorneys' fees, incurred with respect to the collection of any of the Obligations and the enforcement of any of its respective rights hereunder.

7.3 The Lessor hereby waives presentment, demand, protest and, except as provided in Section 7.1 hereof, any notice of any kind in connection with this Agreement or any of the Collateral.

7.4 In case the Lender shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, reentry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Lender, then and in every such case the Lender shall, subject to any determination in such proceeding, be restored to its former position and rights hereunder with respect to the Collateral, and all rights, powers and remedies of the Lender shall continue as if no such proceeding had been instituted. The Lender may, at its election, waive any Event of Default and its consequences and rescind and annul any notice relating thereto by notice to the Lessor to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such Event of Default had occurred and no such notice relating thereto had been made or given.

7.5 Notwithstanding anything to the contrary contained herein, the exercise of all rights and remedies of the Lender under this Section 7 shall at all times be subject to the rights of the Lessee under the Lease, including, without limitation, so long as no Event of Default (as defined in Section 10 of the Lease) shall have occurred and be continuing under the Lease, the right to the quiet enjoyment, possession and use of the Equipment in accordance with the terms of the Lease and the right to purchase the Equipment granted therein.

Section 8. Non-Recourse Nature of Obligations and Covenants of the Lender.

8.1 Non-Recourse. Except for the \$19,673.09 (as adjusted, if necessary, on the Closing Date) in interest payable on the Closing Date, no recourse shall be had against the Lessor personally or against any incorporator, shareholder, officer or director of the Lessor with respect to this Agreement or the Note, it being understood that except for such interest payable on the Closing Date, the Lessor's obligations under the Note and hereunder are enforceable only against the Collateral and the Lessor's interest therein; provided, however, that, the Lessor shall be personally liable for any and all damages to the Lender caused by any breach of any covenant or agreement of the Lessor contained herein (except any covenant or agreement contained in Sections 5.7, 7.2 or 9.4 hereof, in clause (a) of Section 5.2 hereof to the extent that the Lessor is obligated thereby to make a cash payment, or in Section 2.4 hereof to the extent that the underlying obligation of the Lessor giving rise to the Lessor's liability under such Section is non-recourse to the Lessor), or caused by willful misconduct on the part of the Lessor.

8.2 Equitable Relief. Nothing contained in Section 8.1 hereof shall limit the right of the Lender to seek injunctive or other equitable relief with respect to any of the Lessor's obligations, covenants, representations or warranties, provided, however, that obligations to make cash payments are not specifically enforceable against the Lessor except as may be specifically provided in Section 8.1 hereof.

8.3 Covenants of the Lender. Notwithstanding anything contained in this Agreement, the Participation Agreement or any instrument of document executed and delivered in connection herewith or therewith, the Lender covenants as follows:

(a) In no event will the Lender send or deliver a Notice of Delivery to ICE pursuant to the EPA earlier than 195 days prior to the Delivery Date without

the Lessor's prior written consent.

(b) If the Lessor delivers to the Lender no later than 195 days prior to the Delivery Date an irrevocable letter of credit of a banking institution having net assets equal to or greater than those of the First City National Bank of Houston, or \$1,000,000,000, whichever is less, in the full amount of the payment due under the Note on the Maturity Date, or stands ready to provide other credit support satisfactory to the Lender for payment of the full amount of the payment due under the Note on the Maturity Date, then the Lender (i) will not send or deliver a Notice of Delivery under the EPA to ICE and (ii) will terminate and release its security interest in the Equipment (but not in the Lease) and whatever other interests in the Equipment that it may have acquired hereunder.

(c) The Lessor shall be entitled to all amounts, if any, received by the Lender from ICE under the EPA in excess of that which is necessary to repay and otherwise satisfy all Obligations, and Lender shall promptly deliver such amounts, if any, to the Lessor.

(d) If the Lessee exercises its purchase option under the Lease, the Lessor, in order to assure that the purchase price paid by the Lessee is no less than the then fair market value of the Equipment, may, on behalf of, and as agent for, the Lender, exercise all rights as lessor under Section 13 of the Lease, which rights have been assigned hereunder to the Lender and constitute part of the Collateral.

(e) If the Lender gives ICE Notice of Delivery under the EPA, the Lender will not prevent the Lessee from, or otherwise interfere with the Lessee in, delivering the Equipment to ICE.

Section 9. Miscellaneous.

9.1 No Waiver; Cumulative Remedies. No failure or delay on the part of the Lender in exercising any right, power or privilege hereunder or under the Note shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein and therein provided are cumulative and not exclusive of any rights or remedies provided by law.

9.2 Notices. All notices, requests and demand to or upon any party hereto shall be deemed to have been duly given or made when personally delivered or three days after being deposited in the mail, first class postage prepaid, addressed to such party as follows, or to such other address as may be hereafter designated in writing by such party to the other party hereto:

Lessor: TXL ASTRA Corporation II
One Embarcadero Center
Suite 3800
San Francisco, California 94111
Attention: President

(with a copy to its General Counsel at the same address)

Lender: First City Leasing Corporation
1111 Fannin, Suite 1000
Houston, Texas 77002
Attention: Brad C. McDonald
Vice President

9.3 Performance by Lender of Lessor's Obligations. If the Lessor fails to perform or comply with any of its agreements contained herein or in the Lease and the Lender shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Lender incurred in connection with such performance or compliance, together with interest thereon at the rate provided for in respect of the Note, shall be payable by the Lessor to the Lender on demand, and, until such payment, such expenses shall constitute Obligations secured hereby.

9.4 Payment of Expenses. To the extent not paid by the Lessee, the Lessor agrees to pay (but only out of the Collateral) all costs and expenses of the Lender in connection with the enforcement of this Agreement, including all legal fees and disbursements arising in connection therewith.

9.5 Survival of Certain Agreements. The agreements contained in Sections 9.3 and 9.4 hereof shall survive payment of the Note and any other Obligations.

9.6 Amendments. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

9.7 Counterparts. This Agreement may be executed by the parties hereto in any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

9.8 Headings. The headings of the sections and paragraphs are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

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

9.10 Construction. This Agreement and the Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of California.

TXL ASTRA CORPORATION II

By: Harry J. Schuss
Title: Vice President

FIRST CITY LEASING CORPORATION

By: Bruce J. O'Connell
Title: _____

State of California)
) ss.
County of San Francisco)

On December 30, 1983, before me the undersigned, a Notary Public for the State of California, personally appeared Harry J. Stevens, proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he executed it.

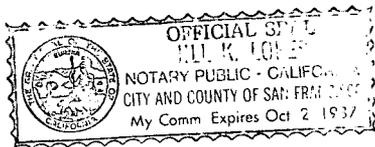
Harry J. Stevens
Harry J. Stevens

Witness my hand and official seal.

Signature: Jill K. Lopes

Printed Name: Jill K. Lopes

My Commission expires:
October 2, 1987



State of Texas)
) ss.
County of Harris)

On December 30, 1983, before me the undersigned, a Notary Public for the State of Texas, personally appeared BRAD C. McDonald, proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he executed it.

Witness my hand and official seal.

Brad McDonald

Signature: Mary Webb

Printed Name: Mary Webb

My Commission expires:

MARY WEBB
Notary Public, State of Texas
My Commission Expires July 13, 1986