

FIRST SECURITY LEASING COMPANY

P.O. BOX 30006 · SALT LAKE CITY, UTAH 84125 · TELEPHONE: (801) 350-5270

RECORDATION NO.

12242
Filed 1425

SEP 30 1980-10 55 AM

September 26, 1980

Secretary
INTERSTATE COMMERCE COMMISSION
Interstate Commerce Commission
Washington, D.C. 20423

0-2744073
SEP 30 1980
50.00
ICC Washington, D. C.

LETTER OF TRANSMITTAL

Dear Secretary:

This Letter of Transmittal is for the purpose of requesting that the attached Security Agreement be recorded pursuant to the provisions of 49 U.S.C. § 11303 (1976 and Supp). Enclosed in this packet also please find a separate Letter of Transmittal and a Financing Statement evidencing the Security Agreement, which is to be recorded in connection with this Security Agreement.

The parties to the Security Agreement are as follows:

- DEBTOR - First Security Leasing Company
P.O. Box 30006
Salt Lake City, Utah 84125
- SECURED - First Security Bank of Idaho, N.A.
PARTY P.O. Box 7069
Boise, Idaho 83730

RECEIVED
SEP 30 10 53 AM '80
I. C. C.
OPERATION BR.

A general description of the equipment covered by the document is as follows:

<u>Quantity</u>	<u>Description</u>
7	General Motors EMD Model GP39-2, 2,300 horsepower, four axle diesel-electric locomotives in accordance with General Motors Locomotive Specification 8075, as modified, Road Numbers 705 through 711, inclusive.

Secretary
Interstate Commerce Commission
September 26, 1980
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Attached hereto is a check in the amount of \$50.00,
payable to the Secretary, Interstate Commerce Commission, to
cover the cost of recording.

When recorded please return the original document to:

Douglas Matsumori
Attorney at Law
Ray, Quinney & Nebeker
400 Deseret Building
Salt Lake City, Utah 84111

Respectfully submitted,

FIRST SECURITY LEASING COMPANY

By



Its

Asst. Vice Pres.

12242
REGISTRATION NO. Filed 1425

SEP 30 1980-10 55 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of September 15, 1980 (the "Security Agreement") between First Security Bank of Idaho, N.A. (the "Secured Party"), whose address is 119 North Ninth Street, Boise, Idaho 83730, and First Security Leasing Company (the "Debtor"), whose address is 79 South Main Street, Salt Lake City, Utah, 84111.

RECITALS:

A. The defined terms used in this Security Agreement shall have the respective meanings indicated in Section 1 unless elsewhere defined or the context shall otherwise require.

B. The Debtor has entered into a Participation Agreement dated as of September 15, 1980 (the "Participation Agreement") with the Lessee and Secured Party which, among other things, provides for the commitment of the Secured Party to make and advance to the Debtor on each Closing Date under the Participation Agreement sums not exceeding an aggregate of \$3,340,400, to be evidenced by the Secured Notes (the "Notes") of the Debtor to be dated the date of their issuance, to bear interest prior to maturity at the rate of 13-1/8% per annum, to be expressed to be payable in installments as described in Schedule 1 to the Participation Agreement and to otherwise be substantially in the form attached as Exhibit A to this Agreement.

C. The proceeds of the Notes are to be applied by the Debtor to finance a portion of the Purchase Price of Equipment leased to the Lessee under the Lease.

D. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument to secure the Indebtedness Hereby Secured have been done and performed.

NOW THEREFORE, in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of all principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other Indebtedness Hereby Secured and the performance and observance of the covenants and conditions contained in the Notes, this Security Agreement and the Participation Agreement, the Debtor hereby grants the Secured Party, its successors and assigns, a security interest in the following described property (all of which property is hereinafter collectively referred to as the "Collateral"):

DIVISION I

The equipment described in Annex A to this Security Agreement (the "Equipment") constituting the Equipment leased and delivered under the Lease (the "Leased Equipment"), together with all renewals and restorations of, and all accessions to, any and all of said Leased Equipment which become the property of Debtor, together with all the rents, issues, proceeds, insurance proceeds, income, profits and avails therefrom (but excepting and reserving, however, any amounts due or to become due Lessor, either directly or indirectly, under Sections 16 or 9(d) of the Lease and any insurance or other indemnity payable to Lessor under the terms of the Lease (the "Excepted Rights")); and

DIVISION II

(a) All right, title and interest of the Debtor, as lessor, in, under and to the Lease and all rents and other sums due and to become due thereunder including any and all extensions or renewals thereof (but excepting and reserving, however, any Excepted Rights); it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rents and other sums due and to become due under the Lease shall be effective and operative immediately and shall continue in full force and effect and the Secured Party shall have the right to collect and receive said rents and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the Indebtedness Hereby Secured has been fully paid and discharged; and

(b) All right, title and interest of the Lessor, as assignee, in, under and to the Purchase Order Assignment.

SUBJECT, HOWEVER, to Permitted Encumbrances referred to in Section 1.1 hereof.

SECTION 1. DEFINITIONS:

The following terms shall have the following meanings for all purposes of this Security Agreement:

1.1. Terms Specifically Defined Herein.

"Basic Rent" for the purpose of this agreement shall mean the rent specified in Section 3(b) of Lease.

"Default" shall mean any event which would constitute an Event of Default if any requirement in connection therewith for the giving of notice, or the lapse of time, or the happening of any further condition, event or act had been satisfied.

"Event of Default" shall mean any of the events referred to in Section 5.1 hereof.

"Indebtedness Hereby Secured" shall mean the Notes and all principal thereof (and premium, if any) and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Notes, this Security Agreement or the Participation Agreement.

"Lease" shall mean the Equipment Lease dated as of September 15, 1980 between the Debtor, as lessor, and the Lessee, as lessee, including each and every Certificate of Acceptance thereto, as such Lease may from time to time be supplemented or amended.

"Lessee" shall mean Kennecott Corporation, a New York corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof.

"Permitted Encumbrances" shall mean the interest of the Lessee under the Lease and Liens for taxes either not yet due or being contested in good faith with due diligence and by appropriate proceedings, inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of business and not delinquent, and any judgment Lien if execution on such judgment shall have been stayed.

1.2. Terms Defined in the Lease or Participation Agreement Incorporated Herein by Reference. "Basic Rent Dates" "Casualty Value" "Interim Rent Date" "Item of Leased Equipment", "Liens" and "Termination Value" shall have the meanings assigned thereto in the Lease. "Purchase Price" shall have the meaning assigned thereto in the Participation Agreement.

SECTION 2. COVENANTS AND WARRANTIES:

The Debtor covenants, warrants and agrees as follows:

2.1. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements binding upon it under the Participation Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Participation Agreement were fully set out in an amendment or supplement to this Security Agreement.

2.2. Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only Permitted Encumbrances). Without limiting the foregoing, to the Debtor's knowledge there is no financing statement in which the Debtor is named as, or which the Debtor has signed as, debtor now on file in any public office covering any of the Collateral excepting any such financing statements which may be filed in respect of and for the security interest provided for herein.

2.3. Further Assurances. The Debtor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the better assuring, conveying, assigning and confirming unto the Secured Party all of the Collateral, or property intended so to be, whether now owned or hereafter acquired. Without limiting the foregoing, but in furtherance of the assignment of certain rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of such assignment.

2.4. After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5. Recordation and Filing. The Debtor will cause this Security Agreement and the Lease and all supplements hereto or thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at the expense of the Lessee in such manner and in such places as may be required in order fully to preserve and protect the rights of the Secured Party hereunder.

2.6. Right of Secured Party to Perform Certain Covenants. If Lessee shall fail to comply with the covenants in the Lease with respect to procuring insurance or maintaining the Leased Equipment in repair and free of liens, the Secured Party may make advances to perform the same to the extent permitted under Section 26 of the Lease, and Debtor agrees that the Secured Party may exercise the rights of Debtor as Lessor under the Lease to collect all sums so advanced.

2.7. Modifications of the Lease and Disposition of the Leased Equipment. The Debtor will not:

(a) without the prior written consent of Secured Party, declare a default or exercise the remedies of the Lessor under, or terminate, modify or accept a surrender of, or offer or permit any termination, modification or surrender of, the Lease (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any mortgage or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof; or

(b) receive or collect or permit the receipt or collection of any Basic Rent payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party) any Basic Rent payment assigned hereunder then due or to accrue in the future under the Lease in respect of the Leased Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party) its interest in the Leased Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Leased Equipment.

2.8. Power of Attorney in Respect of the Lease. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound, and give acquittance for any and all rents, income and other sums which are assigned under Division II of the granting clause hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor, or otherwise, which the Secured Party may deem necessary or appropriate to collect any and all sums which may be or become due or payable under the Lease or which may be necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY:

3.1. While the Debtor is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Leased Equipment and to manage, operate and use the same and each part thereof with the right and franchises appertaining thereto; provided, always, that the possession, enjoyment, control and use of the Leased Equipment

shall at all times be subject to the observance and performance of the terms of this Security Agreement.

It is expressly understood that the use and possession of the Leased Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1 or any other provision of this Security Agreement.

3.2. So long as no Event of Default referred to in the Lease has occurred and is continuing, the Secured Party shall execute a release in respect of the Leased Equipment designated by the Lessee for settlement pursuant to the provisions of Sections 11 and 23 of the Lease upon receipt of (i) written notice from the Lessee and (ii) settlement by the Lessee for such part of the Leased Equipment in compliance with Sections 11 and 23 of the Lease, respectively.

SECTION 4. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY:

4.1. Except to the extent provided for in this Section 4, the Notes shall not be subject to prepayment or redemption in whole or in part at the option of the Debtor prior to the expressed maturity date thereof.

4.2. As more fully set forth in Division II of the granting clauses hereof the Debtor has granted the Secured Party a security interest in certain of the rents and other sums due and to become due under the Lease as security for the Notes. So long as no Event of Default has occurred and is continuing:

(a) Basic Rent. The amounts from time to time received by the Secured Party which constitute payment of the installments of Basic Rent under the Lease shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the Notes which have matured or will mature on or before the due date of such installments of Basic Rent which are received by the Secured Party and second, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor on such due date.

(b) Supplemental Payments and Indemnities. The amounts, if any, from time to time received by the Secured Party which constitute payments under the Lease other than any payments of Basic Rent described in Section 4.2(a) hereof, Casualty Value under Section 11 of the Lease, Termination Value under Section 23 of the Lease and any such amounts which under the terms of the Lease are payable directly to the Secured Party, shall be paid to or upon the order of the Debtor or such other person to whom such amounts are payable.

(c) Casualty Value and Termination Payments. The amounts received by the Secured Party which constitute payment by the Lessee of the Casualty Value or Termination Value with respect to any Item of Leased Equipment pursuant to Sections 11 or 23 of the Lease shall be applied as follows:

(i) First, the payment of an amount equal to the accrued and unpaid interest on that portion of the Notes to be prepaid pursuant to the following subparagraph;

(ii) Second, an amount equal to the Loan Value of the Item of Leased Equipment for which settlement is then being made shall be applied to the prepayment of the Notes so that each of the remaining installments of each Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment; and

(iii) Third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (i) and (ii) shall be released to or upon the order of the Debtor on the date of payment of the amounts provided in the preceding clauses (i) and (ii).

For purposes of this Section 4.2(c), the "Loan Value" in respect of any Item of Leased Equipment, shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Purchase Price of such Item of Leased Equipment for which settlement is then being made and the denominator of which is the aggregate Purchase Price of all Items of Leased Equipment then subject to the Lease (including the Purchase Price of such Item of Leased Equipment for which settlement is then being made), times (B) the unpaid principal amount of Notes immediately prior to the prepayment provided for in this Section 4.2(c) (after giving effect to all payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.2(c)).

4.3. Multiple Notes. If more than one Note is outstanding at the time any such application is made, such application shall be made on all outstanding Notes ratably in accordance with the aggregate principal amount remaining unpaid thereon.

4.4. Default. If an Event of Default referred to in Section 5.1 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Division II of the granting clauses hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5. DEFAULTS AND OTHER PROVISIONS:

5.1. The term "Event of Default" for the purpose hereof shall mean any one or more of the following:

(a) Default for a period of 10 days in the payment of any installment of the principal of, or interest on, the Notes when and as the same shall become due and payable, at a date fixed for prepayment, or by acceleration or otherwise; or

(b) The levy or imposition upon the Leased Equipment, or any part of the Leased Equipment, of any Lien (other than a Permitted Encumbrance or the interest of the Secured Party hereunder) which (i) arises by, through, or under the Debtor, other than Liens which the Lessee is obligated to discharge under the Lease, (ii) is prior to or on a parity with the security interest granted hereunder, and (iii) is not discharged or subordinated within forty-five (45) days; or

(c) Default in the due observance or performance by the Debtor of any other covenant or condition required to be performed or observed by the Debtor by the terms of the Notes, the Participation Agreement or this Security Agreement and such default shall continue for forty-five (45) days after written notice thereof to the Debtor by the Secured Party; or

(d) An Event of Default, as that term is used in Section 18 of the Lease, shall have occurred and be continuing and shall have been declared by written notice to the Lessee; or

(e) Any material representation or warranty made by the Debtor in writing herein or in any statement or certificate furnished by the Debtor to the Secured Party pursuant to any provision of this Security Agreement or in connection with the purchase of the Notes proves untrue in any material respect as of the date of the issuance or making thereof.

5.2. Subject to the provisions of Section 6 hereof and the then existing rights, if any, of the Lessee under the Lease, when any such Event of Default has happened and is continuing, the Secured Party shall have the rights, options and remedies of a secured party and the Debtor shall have the duties of a debtor under the Uniform Commercial Code of Utah (regardless of whether such Code or law similar thereto has been enacted in the jurisdiction wherein the rights or remedies are asserted), and without limiting the foregoing the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Secured Party may, by notice in writing to the Debtor, declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party personally or by agents or attorneys shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor or the Lessee with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holders of the Notes, or of any interest therein, may bid and become the purchaser at any such sale;

(d) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the Indebtedness Hereby Secured subject to the provisions of Section 7 hereof, or for the enforcement of any other proper legal or equitable remedy available under applicable law; and

(e) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may proceed to exercise all rights, privileges and remedies of the Lessor under the Lease, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

5.3. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also, in case of any such sale, the purchaser or purchasers for the purpose of making settlement for or payment of the purchase price shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

5.4. The Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

5.5. The purchase money proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

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

(b) To the payment to the holders of the Notes of the amount then owing or unpaid on the Notes for the principal and interest; and in case any such proceeds shall be insufficient to pay the whole amount so due upon the Notes then to the payment of the principal and interest then owing and unpaid on the Notes (and in each case, with application on each Note to be first to interest and then to principal), without preference or priority of any installment of interest or principal over any other installment of interest or principal, ratably in proportion to the aggregate of such principal and accrued and unpaid interest; and

(c) To the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

5.6. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Secured Party and the holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest granted by this Security Agreement.

5.7. No delay or omission of the Secured Party or of any holder of the Notes to exercise any right or power arising from any default on the part of the Debtor shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party or any holder of the Notes of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided herein. Nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Indebtedness Hereby Secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies

hereunder, nor shall the Secured Party or the holder of any of the Indebtedness Hereby Secured be required to first look to, enforce or exhaust such other or additional security, collateral or guarantees.

5.8. The Secured Party may not sell any of the Collateral subject to the Lessee's rights under the Lease if the Event of Default which permits the Secured Party to sell such Collateral results from the Lessee's default under the Lease.

SECTION 6. CERTAIN RIGHTS OF THE DEBTOR:

6.1. Right to Cure. Secured Party shall give the Debtor prompt written notice of any Default or Event of Default of which the Secured Party has knowledge and shall give the Debtor not less than ten days' prior telephone and written notice of the date (the "Enforcement Date") on which the Secured Party will exercise any remedy or remedies pursuant to Section 5.2 hereof. If a Default or Event of Default shall have occurred and be continuing, the Debtor shall have the following cure rights hereunder:

(a) In the event that as a result of the occurrence of a Default or an Event of Default in respect of the payment of Basic Rent or Casualty Value under the Lease, there shall be insufficient funds to pay any payment of principal and interest on any Note on the day it becomes due and payable (unless there shall have occurred and be continuing a Default or an Event of Default of the character referred to in subparagraphs (c) through (e) of Section 18 of the Lease), the Debtor may, but shall not be obligated to, pay to the Secured Party, on behalf of the Debtor, prior to the Enforcement Date, an amount equal to any principal and interest (including interest, if any, on overdue payments of principal and interest) then due and payable on the Notes, and such payment by the Debtor or other action shall be deemed to cure any Default or Event of Default which would otherwise have arisen on account of the non-payment by the Lessee of such Basic Rent under the Lease; provided, however, that the Debtor may in no event exercise such right on more than two consecutive Basic Rent Dates or exercise such right more than a total of six times throughout the term of the Lease.

(b) Upon the occurrence of a Default or an Event of Default of the character referred to in subparagraph (b) of Section 18 of the Lease, the Debtor may (unless there shall have occurred or be continuing a Default or Event of Default of the character referred to in subparagraphs (c) through (e) of Section 18 of the Lease), but shall not be obligated to, remedy such Default or Event of Default prior to the Enforcement Date.

Except as hereinafter in this Section 6 provided, by exercising the right to remedy any such Default or Event of Default the Debtor shall not obtain any lien, charge or encumbrance of any kind on any of the Leased Equipment or any Basic Rent or other amounts payable under the Lease for or on account of costs or expenses incurred in connection with the exercise of such right nor

shall any claims of the Debtor against the Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Secured Party in and to the Collateral.

If the Debtor elects pursuant to subparagraph (a) of this Section 6 to pay the amount of principal and interest then due and payable on the Notes, the Debtor shall be subrogated to the rights of the Secured Party and the holders of the Notes in respect of the Basic Rent which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue, and therefore, if no other Default or Event of Default shall have occurred and be continuing and if all principal and interest payments due on the Notes have been paid at the time of receipt by the Secured Party of such Basic Rent, the Debtor shall be entitled to receive such Basic Rent and such interest upon receipt thereof by the Secured Party; provided that the Debtor shall not be entitled to seek to recover any such payment (or any payment in lieu thereof) except pursuant to the foregoing right of subrogation.

6.2. Option to Prepay Notes. Whether or not the Debtor shall then have the right to cure an Event of Default under the Lease pursuant to Section 6.1 above, upon the occurrence of an Event of Default under the Lease and while the same is continuing, the Debtor may at its option prepay the Notes, without premium or penalty, by payment of the entire unpaid principal amount thereof together with accrued interest thereon to the date of prepayment.

If the Debtor shall elect to prepay the Notes pursuant to this Section 6.2, the Debtor shall give written notice of such prepayment not less than 60 days prior to the date fixed for the prepayment to Secured Party in the manner provided in Section 8.3 hereof, specifying the prepayment date and the amount to be prepaid. Upon notice of prepayment, the Debtor shall be obligated to prepay the Notes on the date specified in the manner set forth in the Notes for payment of principal and interest.

SECTION 7. LIMITATIONS OF LIABILITY:

Except as otherwise provided in Section 2.2 hereof, anything in this Security Agreement to the contrary notwithstanding, neither the Secured Party nor the holder of any Note nor the successors or assigns of any of said persons, shall have any claims, remedy or right to proceed against the Debtor in its individual corporate capacity or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Notes or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever in this Security Agreement, from any source other than the Collateral, including the sums due and to become due under the Lease; and the Secured Party by

the execution of this Security Agreement and the holders of the Notes by acceptance thereof, waive and release any personal liability of the Debtor in its individual corporate capacity and any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor for and on account of such indebtedness or such liability, and the Secured Party and the holders of the Notes agree to look solely to the Collateral, including the sums due and to become due under the Lease, for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the holders of the Notes to accelerate the maturity of the Notes upon a default under this Security Agreement, to bring suit and obtain a judgment against the Debtor on the Notes or to exercise all rights and remedies provided under this Security Agreement or otherwise realize upon the Collateral.

SECTION 8. MISCELLANEOUS:

8.1. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements contained in this Security Agreement by or on behalf of the Debtor or the Secured Party shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

8.2. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

8.3. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provision hereof in respect of any matter) when delivered personally or on the fourth business day after deposit in the United States mail, registered or certified, postage prepaid, addressed as follows:

If to the Debtor:

FIRST SECURITY LEASING COMPANY
79 South Main Street
Salt Lake City, Utah 84111
Attention: President

If to Secured Party:

FIRST SECURITY BANK OF IDAHO, N.A.
Head Office Credit Administration
P.O. Box 7069
Boise, Idaho 83730
Attention: James Phelps, Executive Vice President

or to any such party at such other address as such party may designate by notice duly given in accordance with this Section to the other parties.

8.4. The Secured Party shall release this Security Agreement and the security interest herein provided for by proper instrument or instruments upon presentation of satisfactory evidence that all Indebtedness Secured Hereby has been fully paid or discharged.

8.5. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

8.6. This Security Agreement shall be governed by and construed in accordance with the laws of Utah.

IN WITNESS WHEREOF, the Debtor and the Secured Party have caused this instrument to be executed by their duly authorized officers, all as of the day and year first above written.

FIRST SECURITY LEASING COMPANY
("Debtor")

By *E. L. Cunningham*
Its *President*

FIRST SECURITY BANK OF IDAHO, N.A.
("Secured Party")

By *George S. Deuland*
Its *Vice Pres.*

STATE OF Utah)
)
)
COUNTY OF Salt Lake)

On this 26 day of September, 1980, before me, personally appeared George S. Denton Jr. to me personally known, who, being by me duly sworn, says that he is the Vice President of First Security Bank of Idaho, N.A., the signer of the foregoing instrument, and he acknowledges the same to be his free act and deed as such before me.

Karla Hendry
Notary Public
Residing

at: Davis County
My Commission Expires:

March 12, 1983

STATE OF Utah)
)
)
COUNTY OF Salt Lake)

On this 26 day of September, 1980, before me, personally appeared C.S. Cummings to me personally known, who, being by me duly sworn, says that he is the President of First Security Leasing Company, the signer of the foregoing instrument, and he acknowledges the same to be his free act and deed as such before me.

Karla Hendry
Notary Public
Residing

at: Davis County
My Commission Expires:

March 12, 1983

Annex A TO SECURITY AGREEMENT

Equipment

- 7 General Motors EMD Model GP39-2, 2,300 Horsepower, four axle diesel-electric locomotives in accordance with General Motors Locomotive Specification 8075; as modified, Road Numbers 705 through 711, inclusive.

Exhibit A to Security Agreement

FIRST SECURITY LEASING COMPANY

13-1/8% SECURED NOTE

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAW OF ANY STATE, AND MAY BE OFFERED OR SOLD ONLY IF SO REGISTERED OR IF AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

No.

Dated _____

\$ _____

FOR VALUE RECEIVED, the undersigned, First Security Leasing Company (the "Debtor"), promises to pay to the order of First Security Bank of Idaho, N.A. or registered assigns, the principal sum of _____ Dollars (\$ _____) together with interest from the date hereof at the rate of 13-1/8% per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months) in installments as follows:

(i) an installment of interest only on January 15, 1981;

(ii) twenty-nine semi-annual installments, including both principal and interest, each in the amount of \$ _____, on July 15, 1981 and on each January 15 and July 15 thereafter to and including July 15, 1995; and

(iii) a final installment on January 15, 1996 in an amount equal to the entire principal and interest remaining unpaid as of said date.

The Debtor further promises to pay interest at the rate of 14-5/8% per annum on each overdue installment of principal and (to the extent legally enforceable) upon each overdue installment of interest in each case from and after the maturity of each such installment thereof until paid.

All payments of principal of and interest on this Note shall be made at First Security Bank of Idaho, N.A. in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the Debtor's 13-1/8% Secured Notes (herein together with certain other notes of the Debtor called the "Notes") which are issued under and equally and ratably secured by that certain Participation Agreement dated as of September 15, 1980 among Kennecott Corporation, the Debtor and First Security Bank of Idaho (the "Secured Party") and that certain Security Agreement

dated as of September 15, 1980 (the "Security Agreement") between the Debtor and the Secured Party. The Notes are limited to \$3,340,400 in aggregate principal amount. Reference is made to the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights and obligations of the Secured Party, the holder or holders of the Notes and of the Debtor in respect thereof.

This Note and said other Notes may be declared due prior to their expressed maturity date and certain prepayments (which are required to be applied ratably on all outstanding Notes of the same series) are required to be made thereon, all in the events, on the terms and in the manner provided for in the Security Agreement.

The terms and provisions of the Security Agreement and the rights and obligations of the Debtor and the rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

Anything in this Note to the contrary notwithstanding, neither the Secured Party nor any holder hereof, nor their respective successors or assigns shall have any claim, remedy or right to proceed against the Debtor in its individual corporate capacity or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer, or director of the Debtor for the payment of any deficiency or any other sum owing on account of the Indebtedness evidenced by this Note or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever, from any source other than the collateral under the Security Agreement (the "Collateral"); and the Secured Party and the holder of this Note by its acceptance hereof waive and release any personal liability of the Debtor in its individual corporate capacity, and any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor for and on account of such indebtedness or such liability, and the Secured Party and the holder of this Note agree to look solely to the Collateral for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the Secured Party to accelerate the maturity of this Note upon a default thereunder, to bring suit and obtain a judgment against the Debtor of this Note or to exercise all rights and remedies provided under the Security Agreement or otherwise realize upon the Collateral; provided, further, that nothing in this paragraph shall be construed to limit in scope or substance those representations and warranties of the Debtor in its individual capacity set forth in the Participation Agreement or the Security Agreement.

FIRST SECURITY LEASING COMPANY

By _____
Title _____