

RECORDATION NO. 19237-A FILED 1425
FEB 14 1995 - 12 15 PM
UNIVERSITY OF UTAH COMMERCE COMMISSION

SECURITY AGREEMENT-TRUST DEED

Dated as of January 31, 1995

From

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
not individually but solely as Owner Trustee,

as Debtor

To

WILMINGTON TRUST COMPANY,

as Security Trustee

TABLE OF CONTENTS

SECTION	HEADING	PAGE
SECTION 1.	DEFINITIONS.....	5
SECTION 2.	REGISTRATION OF NOTES.....	5
Section 2.1.	Registration and Execution.....	5
Section 2.2.	Payment of the Notes.....	5
Section 2.3.	Registered Notes; The Register.....	7
Section 2.4.	Transfers and Exchanges of Notes; Lost or Mutilated Notes.....	7
Section 2.5.	The New Notes.....	8
Section 2.6.	Cancellation of Notes.....	9
Section 2.7.	Security Trustee as Agent.....	9
Section 2.8.	Ownership.....	9
SECTION 3.	COVENANTS AND WARRANTIES OF THE DEBTOR.....	10
Section 3.1.	Debtor's Duties.....	10
Section 3.2.	Authorization under Trust Agreement, Discharge of Liens.....	10
Section 3.3.	Further Assurances.....	10
Section 3.4.	After-Acquired Property.....	10
Section 3.5.	Recordation and Filing.....	11
Section 3.6.	Actions of the Debtor in Respect of the Lease.....	11
Section 3.7.	Power of Attorney in Respect of the Lease.....	11
Section 3.8.	Notice of Default.....	12
Section 3.9.	Revised Schedules Prior to Adjustment of Rentals and Stipulated Loss Value and Termination Value Payments.....	12
SECTION 4.	POSSESSION, USE AND RELEASE OF PROPERTY.....	12
Section 4.1.	Possession of Equipment.....	12
Section 4.2.	Release of Equipment — Casualty Occurrence.....	12
Section 4.3.	Release of Equipment — Early Termination.....	13
Section 4.4.	Release of Equipment — Consent of Noteholders.....	13
Section 4.5.	Protection of Purchaser.....	13
SECTION 5.	APPLICATION OF ASSIGNED RENT AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURITY TRUSTEE.....	13
Section 5.1.	Application of Moneys.....	13
Section 5.2.	Multiple Notes.....	17
Section 5.3.	Default.....	17
SECTION 6.	PREPAYMENT OF NOTES; NOTICES.....	18
Section 6.1.	Prepayments.....	18

Section 6.2.	Prepayment Pursuant to Section 27 of the Lease, Section 29 of the Lease or Section 2.7 of the Participation Agreement	18
Section 6.3.	Prepayment Pursuant to Section 15 of the Lease.....	18
Section 6.4.	Notice of Prepayment; Partial Prepayment; Deposit of Moneys.....	18
Section 6.5.	Reoptimization	19
Section 6.6.	Amortization Schedules.....	20
SECTION 7.	DEFAULTS AND REMEDIES	20
Section 7.1.	Events of Default.....	20
Section 7.2.	Security Trustee's Rights.....	22
Section 7.3.	Certain Rights of the Debtor and Owner Participant.....	24
Section 7.4.	Acceleration Clause	26
Section 7.5.	Waiver by Debtor.....	26
Section 7.6.	Effect of Sale	26
Section 7.7.	Application of Sale Proceeds.....	27
Section 7.8.	Discontinuance of Remedies.....	27
Section 7.9.	Cumulative Remedies.....	27
Section 7.10.	Recourse Liability of Owner Participant.....	28
SECTION 8.	THE SECURITY TRUSTEE	28
Section 8.1.	Duties of Security Trustee	28
Section 8.2.	Security Trustee's Liability.....	29
Section 8.3.	No Responsibility of Security Trustee for Recitals	30
Section 8.4.	Certain Limitations on Security Trustee's Rights to Compensation and Indemnification	31
Section 8.5.	Status of Moneys Received.....	31
Section 8.6.	Security Trustee May Hold Notes	31
Section 8.7.	Resignation of Security Trustee.....	31
Section 8.8.	Removal of Security Trustee.....	31
Section 8.9.	Appointment of Successor Security Trustee.....	32
Section 8.10.	Succession of Successor Security Trustee	32
Section 8.11.	Eligibility of Security Trustee.....	32
Section 8.12.	Successor Security Trustee by Merger.....	33
Section 8.13.	Co-Trustees	33
SECTION 9.	LIMITATIONS OF LIABILITY.....	33
SECTION 10.	SUPPLEMENTAL SECURITY AGREEMENTS; WAIVERS	34
Section 10.1.	Supplemental Agreements without Noteholders' Consent	34
Section 10.2.	Waivers and Consents by Noteholders; Supplemental Agreements with Noteholders' Consent.....	35
Section 10.3.	Notice of Supplemental Security Agreements.....	35
Section 10.4.	Opinion of Counsel Conclusive as to Supplemental Security Agreements.....	35

SECTION 11.	INDEMNIFICATION OF SECURITY TRUSTEE AND NOTEHOLDERS	36
SECTION 12.	MISCELLANEOUS	36
Section 12.1.	Successors and Assigns.....	36
Section 12.2.	Partial Invalidity	37
Section 12.3.	Communications.....	37
Section 12.4.	Discharge of Lien.....	38
Section 12.5.	Counterparts.....	38
Section 12.6.	Governing Law	38
Section 12.7.	Headings.....	38
Signatures		39

ATTACHMENTS TO SECURITY AGREEMENT-TRUST DEED:

- Exhibit A — Form of Note
- Exhibit B — Security Agreement Supplement
- Annex 1 — Definitions
- Annex 2 — Amortization Schedule

SECURITY AGREEMENT-TRUST DEED

SECURITY AGREEMENT-TRUST DEED ("*Security Agreement*") dated as of January 31, 1995 between FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, not individually but solely as Owner Trustee (the "*Debtor*") under the Trust Agreement dated as of January 31, 1995 (the "*Trust Agreement*") for the benefit of SHAWMUT BANK, NATIONAL ASSOCIATION, a national banking association (the "*Owner Participant*"), Debtor's post office address being 79 South Main Street, Salt Lake City, Utah 84111, Attention: Corporate Trust Department, and WILMINGTON TRUST COMPANY, a Delaware corporation (the "*Security Trustee*"), whose post office address is Rodney Square North, Wilmington, Delaware 19890, Attention: Corporate Trust Administration.

RECITALS

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

B. The Debtor and the Security Trustee have entered into a Participation Agreement dated as of January 31, 1995 (the "*Participation Agreement*") with Kansas City Power & Light Company, a Missouri corporation (the "*Lessee*"), the Owner Participant and the Note Purchasers listed in Schedule 2 thereto (the "*Note Purchasers*"), providing for the commitment of the Note Purchasers to purchase the 8.55% Secured Notes, due 2014 (the "*Notes*") of the Debtor in an aggregate principal amount not to exceed \$24,826,708, to be dated the date of issue, to bear interest on the unpaid principal amount thereof at the rate of 8.55% per annum prior to maturity, to be payable in one installment of interest only payable on August 13, 1995 followed by thirty-seven (37) consecutive semi-annual installments, including principal and/or interest, payable in accordance with the amortization schedule set forth in Annex 2 hereto, payable on February 13, 1996 and on the thirteenth day of each August and February thereafter to and including February 13, 2014, and to be otherwise substantially in the form of the Note attached hereto as Exhibit A.

C. The proceeds of the Notes are to be applied by the Debtor to finance a portion of the Purchase Price of the Equipment which will be delivered and leased to the Lessee under the Lease referred to in Division I hereof.

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.

E. Following the execution and delivery of this Security Agreement, the Debtor and the Security Trustee will from time to time, including without limitation on each Closing Date under the Participation Agreement, enter into security agreement supplements substantially in the form of Exhibit B attached hereto (individually, "*Security Agreement Supplement*" and collectively "*Security Agreement Supplements*") for the purpose of more

fully describing the Items of Equipment which are or are to become subject to the lien hereof.

NOW, THEREFORE, the Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Security Trustee and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure (i) the payment of the principal of and premium, if any, and interest on the Notes according to their tenor and effect, and to secure the payment of all other Indebtedness Hereby Secured, and (ii) the performance and observance by the Debtor of all the covenants and conditions contained in the Notes, this Security Agreement and the Participation Agreement (insofar as such covenants and conditions are for the benefit of the Note Purchasers or the Security Trustee), hereby grants to the Security Trustee, its successors in trust and assigns, forever, a security interest in, all and singular, the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "*Collateral*"):

DIVISION I

Collateral includes the Items of Equipment from time to time specifically described in a Security Agreement Supplement in substantially the form attached hereto as Exhibit B and made a part hereof (collectively the "*Equipment*"), constituting the Equipment leased and delivered under the Railcar Lease dated as of January 31, 1995 (the "*Lease*") between the Debtor, as lessor, and the Lessee, as lessee, together with all accessories, equipment, parts and appurtenances appertaining or attached to the Equipment, whether now owned or hereafter acquired by the Debtor, except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements of, and additions, improvements, accessions and accumulations to the Equipment, except such thereof as remain the property of the Lessee, together with all the rents, issues, income, profits and avails therefrom and the proceeds thereof, *subject, however*, to Permitted Encumbrances.

DIVISION II

Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under the Lease, including, without limitation, but subject always to the exceptions, reservations and limitations contained in the following section entitled "EXCEPTED RIGHTS IN COLLATERAL":

- (1) the immediate and continuing right to receive and collect all Rent, including without limitation Stipulated Loss Value payments, Termination Value payments, insurance proceeds, condemnation awards, payments by the Seller in respect of warranty claims, and other payments, tenders and security now or hereafter payable to or receivable by the lessor under the Lease pursuant thereto,

(2) the right to make all waivers and agreements and to enter into any amendments relating to the Lease and to give and receive duplicate copies of all notices and other instruments or communications, and

(3) the right to take such action upon the occurrence of an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, to give all notices of Default under the Lease, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease.

DIVISION III

Collateral also includes all right, title, interest, claims and demands of the Debtor in, to and under the Acquisition Agreement dated the First Closing Date between the Lessee and the Debtor and any and all other contracts and agreements relating to the Equipment or any rights or interests therein to which the Debtor is now or may hereafter be a party, together with all rights, powers, privileges, options and other benefits of the Debtor under the Acquisition Agreement referred to above and each and every other such contract and agreement (hereinafter collectively referred to as the "*Assigned Agreements*").

It being the intent and purpose hereof that, subject always to the exceptions, reservations and limitations contained in the following section entitled "EXCEPTED RIGHTS IN COLLATERAL", the assignment and transfer to the Security Trustee of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Security Trustee shall have the right to collect and receive said Rent, and other sums for application in accordance with the provisions of Section 5 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.

EXCEPTED RIGHTS IN COLLATERAL

There are expressly excepted and reserved from the security interest and operation of this Security Agreement the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "*Excepted Rights in Collateral*") and nothing herein or in any other agreement contained shall constitute an assignment of said Excepted Rights in Collateral to the Security Trustee:

(1) all rights to and payments of any indemnity whether paid as Supplemental Rent or otherwise under Sections 6 and 7 of the Participation Agreement and all rights and payments under the Trust Agreement (except Sections 3.11, 4.1, 5.2 and 5.8 which also inure to the benefit of the Noteholders and the Security Trustee) which by the terms of the Participation Agreement or the Trust Agreement are payable to or for the benefit of the Debtor or the Owner Participant and their successors, assigns, agents, servants, officers, directors and employees for their respective accounts;

(2) any proceeds payable in respect of insurance policies maintained by the Lessee pursuant to Section 16 of the Lease which by the terms of such policies or the terms of the Lease are payable to or for the benefit of the Debtor or the Owner Participant for its own account and any proceeds payable in respect of insurance policies maintained by the Owner Participant separately for its own account;

(3) all rights of the Debtor and the Owner Participant under Section 20 of the Lease, including the right to receive repayments of advances made by the Debtor or the Owner Participant;

(4) whether or not an Event of Default under this Security Agreement has occurred and is continuing, the right at all times to receive all notices, certificates, opinions of counsel and other documents and information to be furnished to the Debtor or the Owner Participant under any of the Operative Agreements;

(5) any fees, disbursements or expenses payable to the Debtor in its individual capacity whether paid as Supplemental Rent or otherwise and all amounts of interest or late charges due and payable with respect to any of the Excepted Rights in Collateral;

(6) all rights of the Owner Participant under the Tax Indemnification Agreement dated as of January 31, 1995 (the "*Tax Indemnification Agreement*") between the Owner Participant and the Lessee, and all rights to receive any payments whatsoever under the Tax Indemnification Agreement whether paid as Supplemental Rent or otherwise;

(7) any amount paid to the Owner Participant as the purchase price for the Beneficial Interest;

(8) so long as no Event of Default under the Lease or under this Security Agreement shall have occurred and be continuing, (x) all rights of the Debtor, to the exclusion of the Security Trustee, as lessor under the Lease, to adjust Stipulated Loss Values and Termination Values in accordance with the Operative Agreements and all rights of the Debtor relating to the Appraisal Procedure and determination of Fair Market Sales Value and Fair Market Rental Value; and (y) all rights of the Debtor, together with the Security Trustee, as lessor under the Lease, to enter into, execute and deliver any other amendments, modifications, waivers or consents in respect of any provision of the Lease;

(9) all rights of the Debtor and the Owner Participant under the Lease or the Trust Agreement to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor or the Owner Participant, respectively, on account of any Excepted Rights in Collateral *provided* that the rights excepted and reserved by this paragraph (9) shall not be deemed to include the exercise of any remedies provided for in Section 19 of the Lease, except that the Debtor and the Owner Participant may proceed by appropriate court action or actions, either at law or in equity, to enforce

performance by the Lessee of the applicable covenants and terms of Excepted Rights in Collateral or to recover damages for the breach thereof but not to terminate the Lease.

TO HAVE AND TO HOLD the Collateral unto the Security Trustee, its successors and assigns, forever, IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of all present and future holders of the Notes without preference, priority or distinction of any Note over any other Note by reason of priority at the time of issue, sale, negotiation, date of maturity thereof or otherwise for any cause whatsoever; *provided always, however*, that these presents are upon the express condition that if (i) the Debtor shall pay or cause to be paid all the Indebtedness Hereby Secured, and (ii) the Debtor shall observe, keep and perform all the terms and conditions, covenants and agreements contained herein and in the Participation Agreement (insofar as such covenants and agreements are for the benefit of the Note Purchasers or the Security Trustee) and the Notes, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise, this Security Agreement shall, subject to Section 12.4, remain in full force and effect.

SECTION 1. DEFINITIONS.

The defined terms used in this Security Agreement shall have the respective meanings indicated in Annex 1 attached hereto unless otherwise defined or the context shall otherwise require.

SECTION 2. REGISTRATION OF NOTES.

Section 2.1. Registration and Execution. The Notes shall be signed on behalf of the Debtor by any person who, at the date of the actual execution of such Note, shall be a proper officer of the Debtor. Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto shall be entitled to the benefits of this Security Agreement or be valid or obligatory for any purpose. Such certificate by the Security Trustee upon any Note executed by the Debtor shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Security Agreement. The authentication by the Security Trustee of any Note issued hereunder shall not be construed as a representation or warranty by the Security Trustee as to the validity or security of this Security Agreement or of such Note, and the Security Trustee shall in no respect be liable or answerable for the use made of such Note or the proceeds thereof. The Security Trustee shall, upon presentation to it of Notes duly executed on behalf of the Debtor, authenticate such Notes upon the written request of the Debtor so to do and shall thereupon deliver such Notes to or upon the written order of the Debtor.

Section 2.2. Payment of the Notes. (a) The principal of, premium, if any, and interest on the Notes shall be payable at the principal corporate trust office of the Security Trustee, in lawful money of the United States of America. Payment of principal and interest

on the Notes shall be made only upon presentment or surrender of the Notes to the Security Trustee for notation thereon of the amount of such payment. Final payment of any Note shall be made only against surrender of such Note to the Security Trustee at the principal office of the Security Trustee. Any payment or prepayment of amounts due on the Notes in accordance with the terms thereof and hereof which is due on a date which is not a Business Day shall be payable, without any additional interest or late charges on such payment or prepayment, on the next succeeding Business Day.

(b) Notwithstanding the foregoing provisions of paragraph (a) of this Section 2.2, if any Note is held by any Note Purchaser, any Affiliate of any Note Purchaser, or any other institutional investor, or a nominee of any thereof, the Security Trustee shall, if so requested in writing by such holder (and Section 5 of the Participation Agreement shall constitute such written request in the case of the Note Purchasers), make payment of interest on such Notes and shall make payments or prepayments (except in the case of a payment or prepayment which will discharge all indebtedness of the Debtor evidenced by such Note) of the principal thereof, and any premium, by check, duly mailed, by first-class mail, postage prepaid, or delivered to such holder at its address appearing on the Register as defined in Section 2.3 hereof and such holder (or the person for whom such holder is a nominee) will, before selling, transferring or otherwise disposing of such Note, make a notation on such Note of the date to which interest has been paid thereon and of the amount of any prepayments made on account of the principal thereof and will present such Note to the Security Trustee for transfer and notation as provided in Sections 2.4 and 2.5 hereof. All payments so made shall be valid and effective to satisfy and discharge the liability upon such Note to the extent of the sums so paid. The Security Trustee will keep an accurate record of all payments made to the holders of the Notes, whether such payments are made in person, by check or by wire transfer. The Security Trustee is authorized to act in accordance with the foregoing provisions and shall not be liable or responsible to any such holder or to the Debtor or to any other person for any act or omission on the part of the Debtor or such holder in connection therewith.

(c) So long as any Note is held by the Note Purchasers or a nominee thereof, the Security Trustee will, upon written notice from any Note Purchaser or its nominee given not less than 20 days prior to the payment or prepayment of the Notes (and the instructions set forth in Schedule 2 to the Participation Agreement shall constitute such notice with respect to the Note Purchasers) cause all subsequent payments and prepayments of the principal of, and interest and premium, if any, on the Notes held by such Note Purchaser or its nominee to be made to any bank in the continental United States as shall be specified in such notice by wire transfer in immediately available Federal Reserve funds to such bank, on each such date such payment or prepayment is due, provided that such bank has facilities for the receipt of a wire transfer. The Security Trustee will transmit any such wire transfer, together with any and all amounts received by the Security Trustee and payable to the Owner Trustee or the Owner Participant, as the case may be, pursuant to the terms hereof from its offices not later than 1:00 P.M., Wilmington, Delaware time, on each such date payment or prepayment is due, *provided* that the Security Trustee has received Federal Reserve or other funds current and immediately available on such date prior to 11:00 A.M., Wilmington, Delaware time on such date. In the event that by reason of its negligence the Security Trustee does not

transmit any such payment or prepayment to such holder, the Owner Trustee or the Owner Participant in immediately available funds on such date (or, if such date is not a Business Day, on the next succeeding Business Day without any additional interest or late charges on such payment or prepayment) by 1:00 P.M., Wilmington, Delaware time, the Security Trustee shall pay interest on such payment or prepayment at the Late Rate.

(d) The Security Trustee agrees, to the extent required by applicable law, to withhold from each payment due hereunder or under any Note United States withholding taxes at the appropriate rate, and, on a timely basis, to deposit such amounts with an authorized depository and make such reports, filings and other reports in connection therewith, and in the manner, required under applicable law. The Security Trustee shall promptly furnish to each Noteholder (but in no event later than the date 30 days after the due date thereof) a U.S. Treasury Form 10428 and Form 8109-B (or similar forms as at any relevant time in effect), if applicable, indicating payment in full of any Taxes withheld from any payments by the Security Trustee to such persons together with all such other information and documents reasonably requested by the Noteholder and necessary or appropriate to enable each Noteholder to substantiate a claim for credit or deduction with respect thereto for income tax purposes in the country where each Noteholder is located. Each Noteholder which is a Non-U.S. Person shall provide to the Security Trustee such information or documents as may be necessary to establish its exemption from withholding upon acquisition of a Note and thereafter as may be required by applicable law. If any Noteholder has notified the Security Trustee that any of the foregoing Forms or certificates is withdrawn or inaccurate, or if the Internal Revenue Code or the regulations thereunder or the administrative interpretation thereof are at any time after the date hereof amended to require such withholding of United States federal income taxes from payments under the Notes held by such Noteholder, or if such withholding is otherwise required, the Security Trustee agrees to withhold from each payment due to the relevant Noteholder withholding taxes at the appropriate rate under applicable law, and will, as more fully provided above, on a timely basis, deposit such amounts with an authorized depository and make such reports, filings and other reports in connection therewith, and in the manner required under applicable law.

Section 2.3. Registered Notes; The Register. The Notes shall be issuable only as fully registered Notes in the form attached hereto as Exhibit A. The Debtor shall cause to be kept at the principal office of the Security Trustee a register for the registration and transfer of the Notes (herein called the "Register"). The names and addresses of the holders of the Notes, the transfers of the Notes and the names and addresses of the transferees of all Notes shall be registered in the Register.

Section 2.4. Transfers and Exchanges of Notes; Lost or Mutilated Notes. (a) The holder of any Note may transfer such Note upon the surrender thereof at the principal office of the Security Trustee. Thereupon, the Debtor shall execute in the name of the transferee a new Note or Notes in an aggregate principal amount equal to the original principal amount of the Note so surrendered, and the Security Trustee shall authenticate and deliver such new Note or Notes to such transferee.

(b) All Notes presented or surrendered for exchange or transfer shall be accompanied (if so required by the Debtor or by the Security Trustee) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Security Trustee and the Debtor, duly executed by the registered holder or by its attorney duly authorized in writing. The Debtor and the Security Trustee shall not be required to make a transfer or an exchange of any Note for a period of ten days preceding any installment payment date with respect thereto.

(c) Unless specifically required by law, no notarial act shall be necessary for the transfer or exchange of any Note pursuant to this Section 2.4, and the holder of any Note issued as provided in this Section 2.4 shall be entitled to any and all rights and privileges granted under this Security Agreement to a holder of a Note.

(d) In case any Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Note in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Debtor and to the Security Trustee such security or indemnity as may be required by them to save each of them harmless from all risks, and the applicant shall also furnish to the Debtor and to the Security Trustee evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substituted Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note), if the applicant for such payment shall furnish to the Debtor and to the Security Trustee such security or indemnity as they may require to save them harmless, and shall evidence to the satisfaction of the Debtor and the Security Trustee the mutilation, destruction, loss or theft of such Note and the ownership thereof. If any Note Purchaser, any affiliate of any Note Purchaser, or any other institutional investor, or a nominee of any thereof is the owner of any such lost, stolen or destroyed Note, then the affidavit of the president, vice president, treasurer or assistant treasurer of such holder setting forth the fact of loss, theft or destruction and of its ownership of the Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no security or indemnity shall be required as a condition to execution and delivery of a new Note other than the written agreement of such holder to indemnify the Debtor and the Security Trustee (including their attorneys' fees) for any claims or actions against them resulting from the issuance of such new Note.

Section 2.5. The New Notes. (a) Each new Note (herein, in this Section 2.5, called a "New Note") issued pursuant to Section 2.4(a) or (d) hereof in exchange for or in substitution or in lieu of an outstanding Note (herein, in this Section 2.5, called an "Old Note") shall be dated the date of such Old Note. The Security Trustee shall mark on each New Note (i) the date to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) the amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear

the same proportion to the installment payment payable on such Old Note on such date as the original principal amount of such New Note bears to the original principal amount of such Old Note. Interest shall be deemed to have been paid on such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) Upon the issuance of a New Note pursuant to Section 2.4(a) or (d) hereof, the Debtor may require the payment from the transferring Noteholder of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge or any other charges and expenses connected therewith which are paid or payable by the Debtor.

(c) All New Notes issued pursuant to Section 2.4(a) or (d) hereof in exchange for or in substitution or in lieu of Old Notes shall be valid obligations of the Debtor evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as the Old Notes.

(d) Upon the issuance of any Note pursuant to this Security Agreement, the Debtor shall deliver to the Security Trustee two copies of an amortization schedule prepared by the Owner Participant with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of issuance thereof and the unpaid principal balance of such Note after each such installment payment. The Security Trustee shall deliver, or send by first-class mail, postage prepaid, one copy of the applicable schedule to the holder of such Note.

Section 2.6. Cancellation of Notes. All Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Security Trustee for cancellation and, if surrendered to the Security Trustee, shall be cancelled by it, and no Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Security Agreement. The Security Trustee shall deliver a certificate to the Debtor specifying any cancellation of Notes which has been made, and all such cancelled Notes shall be delivered to or disposed of as directed by the Debtor.

Section 2.7. Security Trustee as Agent. The Security Trustee is hereby appointed the agent of the Debtor for the payment, registration, transfer and exchange of Notes. Subject to the provisions of Section 2.2 hereof, Notes may be presented for payment at, and notices or demands with respect to the Notes or this Security Agreement may be served or made at, the principal corporate trust office of the Security Trustee.

Section 2.8. Ownership. The person in whose name any Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Security Agreement and neither the Debtor nor the Security Trustee shall be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor and the Security

Trustee may deem and treat the registered owner of any Note as the owner thereof without production of such Note.

SECTION 3. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees for the benefit of the Security Trustee and the holders of the Notes as follows:

Section 3.1. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and be governed and restricted by each and all of its covenants and agreements set forth in 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 its 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.

Section 3.2. Authorization under Trust Agreement, Discharge of Liens. The Debtor has the right, power and authority under the Trust Agreement to grant a security interest in the Collateral to the Security Trustee for the uses and purposes herein set forth. The Debtor agrees that it will, in its individual capacity and at its own cost and expense, without regard to the provisions of Section 9 hereof, promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral which result from claims against the Debtor in its individual capacity and not related to the transactions contemplated by the Operative Agreements, the ownership of the Equipment or the administration of the Trust Estate. Without limiting the foregoing, there is no financing statement or other filed or recorded instrument in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor, now on file in any public office covering any of the Collateral excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein.

Section 3.3. Further Assurances. The Debtor will, at no expense to the Security Trustee, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired, and requested in writing by the Security Trustee. Without limiting the foregoing but in furtherance of the security interest herein granted in the Rent and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of the assignment hereunder and direct the Lessee to make all payments of such Rent and other sums due and to become due under the Lease other than those relating to Excepted Rights in Collateral directly to the Security Trustee or as the Security Trustee may direct in writing.

Section 3.4. After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired by the Debtor and which is not owned by the Lessee pursuant to the terms of the Lease shall ipso facto, and without any

further conveyance, assignment or act on the part of the Debtor or the Security Trustee, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 3.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 3.3 hereof.

Section 3.5. Recordation and Filing. The Debtor will at the written request of the Security Trustee and at the Lessee's expense cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, the Assigned Agreements and all supplements thereto and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Security Trustee in such manner and in such place as may be requested in writing by the Security Trustee in order to fully preserve and protect the rights of the Security Trustee hereunder.

Section 3.6. Actions of the Debtor in Respect of the Lease. The Debtor will not:

(a) declare a default or exercise the remedies of the Lessor under the Lease, except in respect of Excepted Rights in Collateral (but with respect thereto only upon the terms and conditions expressly permitted in clause (8) of the section of the granting clauses of this Security Agreement entitled "EXCEPTED RIGHTS IN COLLATERAL"), or, except as specifically permitted as set forth in the definition of "Excepted Rights in Collateral," terminate, modify or accept a surrender of, or offer or agree to any termination, waiver, modification or surrender of, the Lease or by affirmative act consent to the creation or existence of any security interest 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 Rent payment under the Lease prior to the date for the payment thereof provided for by the Lease except in respect of Excepted Rights in Collateral, or assign, transfer or hypothecate (other than to the Security Trustee hereunder) any Rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) except as specifically permitted by Section 3.11 in the Trust Agreement to a successor trustee, sell, mortgage, transfer, assign or hypothecate (other than to the Security Trustee hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

Nothing contained in this Section 3.6 shall be deemed to modify, amend, waive, limit or otherwise affect Section 3.6(d) of the Participation Agreement.

Section 3.7. Power of Attorney in Respect of the Lease. The Debtor does hereby irrevocably constitute and appoint the Security Trustee, its true and lawful attorney with full power of substitution, for it and in its name, place and stead to, upon the occurrence of an Event of Default under the Lease and while the same is continuing, ask, demand, collect, receive and receipt for any and all Rent and other sums which are assigned under the

granting clauses hereof (it being understood and agreed that any Rent or other sums included within the definition of Excepted Rights in Collateral are not so assigned) and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and to sue for, compound and give acquittance for, to settle, adjust or compromise any claim for any and all such Rent and other sums (other than Rent and other sums included within the definition of Excepted Rights in Collateral) as fully as the Debtor could itself do, 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 Security Trustee may deem necessary or appropriate to protect and preserve the right, title and interest of the Security Trustee in and to such Rent and other sums and the security intended to be afforded hereby.

Section 3.8. Notice of Default. The Debtor further covenants and agrees that it will give the Security Trustee prompt written notice of any event or condition constituting an Event of Default under the Lease if a Responsible Officer of the Debtor has actual knowledge of such event or condition.

Section 3.9. Revised Schedules Prior to Adjustment of Rentals and Stipulated Loss Value and Termination Value Payments. At least ten (10) days prior to any adjustments of the Fixed Rent, Stipulated Loss Values and Termination Value pursuant to Section 6(f) of the Lease, the Debtor shall furnish to each holder of a Note and to the Security Trustee revised schedules of the Fixed Rent, Stipulated Loss Values and Termination Value, as so adjusted in such form as is provided to the Debtor by the Owner Participant. Promptly following any settlement of Stipulated Loss Value or Termination Value by the Lessee pursuant to Sections 15 or 27 of the Lease, the Debtor shall furnish to each holder of the Notes and to the Security Trustee revised schedules of the Fixed Rent in such form as is provided by the Lessee and acceptable to the Debtor.

SECTION 4. POSSESSION, USE AND RELEASE OF PROPERTY.

Section 4.1. Possession of Equipment. So long as no Security Agreement Event of Default shall have occurred and be continuing, the Debtor shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; *provided* always, that the possession, enjoyment, control and use thereof 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 Equipment by the Lessee under and subject to the Lease or by any sublessee under a sublease permitted by Section 13 of the Lease shall not constitute a violation of this Section 4.1.

Section 4.2. Release of Equipment — Casualty Occurrence. So long as no Default or Event of Default under the Lease shall have occurred and be continuing, the Security Trustee shall execute a release in respect of the Equipment when instructed in writing by the Lessee for settlement pursuant to Section 15 of the Lease by written notice and upon receipt from the Lessee of all sums payable for the Equipment in compliance with Section 15 of the Lease and Section 6.3 of this Security Agreement. Any such written notice from the Lessee shall be accompanied by an Officer's Certificate of the Lessee setting forth the basis for such

request and stating that the Lessee has complied with the applicable provisions of the Lease, together with such additional evidence of such compliance as the Security Trustee shall request. The Security Trustee agrees to execute such instruments as the Debtor shall reasonably request to evidence such release and consents to all appropriate filings to confirm such release of public record.

Section 4.3. Release of Equipment — Early Termination. So long as no Default or Event of Default under this Security Agreement shall have occurred and be continuing, the Security Trustee shall execute a release in respect of the Equipment when instructed in writing by the Lessee for settlement pursuant to Section 27 of the Lease by written notice and upon receipt from the Lessee of all sums payable for the Equipment in compliance with Section 27 of the Lease and Section 6.2(a) of this Security Agreement. Any such written notice from the Lessee shall be accompanied by an Officer's Certificate of the Lessee setting forth a basis for such request and stating that the Lessee has complied with the applicable provisions of the Lease, together with such additional evidence of such compliance as the Security Trustee shall request. The Security Trustee agrees to execute such instruments as the Debtor shall reasonably request to evidence such release and consents to all appropriate filings to confirm such release of public record.

Section 4.4. Release of Equipment — Consent of Noteholders. The Debtor may sell or otherwise dispose of the Equipment then subject to the security interest of this Security Agreement and the Security Trustee shall release the same from the security interest hereof, to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the holder or holders of all the Indebtedness Hereby Secured.

Section 4.5. Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Security Trustee to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of the Equipment be under obligation to ascertain or inquire into the condition upon which any such sale is hereby authorized.

SECTION 5. APPLICATION OF ASSIGNED RENT AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURITY TRUSTEE.

Section 5.1. Application of Moneys. As more fully set forth in the granting clauses hereof, the Debtor has hereby granted to the Security Trustee a security interest in Rent (other than Supplemental Rent constituting Excepted Rights in Collateral) due and to become due under the Lease in respect of the Equipment as security for the Notes. So long as no Event of Default under this Security Agreement has occurred and is continuing:

(a) *Interim Rent.* The amounts from time to time received by the Security Trustee which constitute payment of Interim Rent under the Lease or which constitute payment of the amounts due and payable pursuant to Section 2.1(b) of the Participation Agreement shall be applied *first*, to the ratable payment of the interest

on the Notes which are due and payable on the due date of the Interim Rent and *second*, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor immediately upon the receipt thereof.

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

(c) *Supplemental Rent.* The amounts, if any, from time to time received by the Security Trustee which constitute payments of Supplemental Rent (other than payments of Stipulated Loss Value, Termination Value and any such amounts which under the terms of the Lease are payable directly to the Security Trustee, the Note Purchasers or any other holder of the Notes) shall be paid to or upon the order of the Debtor.

(d) *Stipulated Loss Value Payments.* The amounts from time to time received by the Security Trustee which constitute payment by the Lessee of the Stipulated Loss Value of an Item of Equipment pursuant to Section 15 of the Lease shall be applied by the Security Trustee as follows:

(i) *First*, to the payment of an amount equal to the accrued and unpaid interest on that portion of the Notes to be prepaid pursuant to subparagraph (d)(ii) to the extent such interest is not paid by the payment of Fixed Rent due on such date;

(ii) *Second*, an amount equal to the Loan Value of such Item of Equipment for which settlement is then being made shall be applied to the prepayment of the principal amount 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 of principal 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 Security Trustee after making the payments 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).

The "*Loan Value*" in respect of any Item of 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 Equipment for which settlement is then being made and the denominator of which is the aggregate Purchase Price of all Items of

Equipment then subject to the Lease (including the Purchase Price of such Item of Equipment for which settlement is then being made), times (B) the unpaid principal amount of the Notes immediately prior to the prepayment provided for in this Section 5.1(d) (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 5.1(d)).

(e) *Termination Value Payments.* The amounts from time to time received by the Security Trustee which constitute payment by the Lessee of the Termination Value of an Item of Equipment pursuant to Section 27 of the Lease shall be applied by the Security Trustee as follows:

(i) *First*, to 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 to the extent such interest is not paid by the payment of Fixed Rent due on such date;

(ii) *Second*, an amount equal to the Loan Value of such Item of Equipment for which settlement is then being made shall be applied to the prepayment of the principal amount 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 of principal bears to the unpaid principal amount of the Notes immediately prior to the prepayment;

(iii) *Third*, to the payment of the Make Whole Premium due on that portion of the Notes to be prepaid pursuant to clause (ii) above in connection with the termination of the Lease under Section 27 thereof; and

(iv) *Fourth*, the balance, if any, of such amounts held by the Security Trustee after making the payments provided for by the preceding subparagraphs (i), (ii) and (iii) 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), (ii) and (iii).

(f) *Insurance Proceeds.* The amounts received by the Security Trustee in accordance with the terms of Section 15 of the Lease from time to time which constitute proceeds of insurance on account of or for any loss or damage in respect of the Equipment maintained pursuant to Section 16 of the Lease, shall be held by the Security Trustee as a part of the Collateral and shall be applied by the Security Trustee from time to time to any one or more of the following purposes:

(i) if the Equipment which was lost, damaged or destroyed is to be repaired or replaced, the insurance proceeds shall, so long as no Default or Event of Default under the Lease has occurred and is continuing be released to the Lessee to reimburse the Lessee for expenditures made for such repair, restoration or replacement of the Equipment upon receipt by the Security

Trustee of an Officer's Certificate of the Lessee pursuant to Section 15 of the Lease; or

(ii) if the Lease is terminated with respect to any Item or Items of Equipment in accordance with the provisions of Section 15 thereof and the Lessee has paid the Stipulated Loss Value of the subject Equipment, the insurance proceeds shall be released to the Lessee pursuant to Section 15 of the Lease.

(g) *Condemnation Awards.* So long as no Default or Event of Default shall have occurred and be continuing hereunder, any amounts received by or payable to the Security Trustee from time to time which constitute the award, compensation or damages payable for the condemnation or taking of any of the Items of Equipment for any public or quasi-public use (less the actual costs, fees and expenses incurred in the collection thereof) shall be released to or upon the order of the Debtor.

(h) *Proceeds of Refinancing.* The amounts received by the Security Trustee which constitute proceeds of a refinancing pursuant to Section 2.7 of the Participation Agreement shall be applied by the Security Trustee as follows:

(i) *First*, to the payment of an amount equal to the accrued and unpaid interest on the Notes;

(ii) *Second*, to the payment of an amount equal to the outstanding principal amount of the Notes;

(iii) *Third*, to the payment of the Make Whole Premium due on the Notes to be prepaid pursuant to clause (ii) above; and

(iv) *Fourth*, the balance, if any, of such amounts held by the Security Trustee after making the payments provided for by the preceding subparagraphs (i), (ii) and (iii) 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), (ii) and (iii).

(i) *Special Termination Payments.* The amounts received by the Security Trustee which constitute payment by the Lessee of the Termination Value or the Fair Market Sales Value, as the case may be, of the Equipment pursuant to Section 29 of the Lease shall be applied by the Security Trustee as follows:

(i) *First*, to the payment of an amount equal to the accrued and unpaid interest on the Notes;

(ii) *Second*, to the payment of an amount equal to the outstanding principal amount of the Notes;

(iii) *Third*, to the payment of the Make Whole Premium due on the Notes to be prepaid pursuant to clause (ii) above; and

(iv) *Fourth*, the balance, if any, of such amounts held by the Security Trustee after making the payments provided for by the preceding subparagraphs (i), (ii) and (iii) 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), (ii) and (iii).

Section 5.2. 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.

Section 5.3. Default. If an Event of Default under this Security Agreement has occurred and is continuing, all amounts received by the Security Trustee pursuant to Division II of the granting clauses hereof (other than any amounts received in respect of Excepted Rights in Collateral) or the Assigned Agreements shall be applied in the manner provided for in Section 7 hereof in respect of proceeds and avails of the Collateral; *provided, however*, that so long as no Security Agreement Event of Default (other than any such Event of Default resulting solely from an Event of Default under Section 18(a) of the Lease) shall have occurred and be continuing (i) for a period of 90 days after the receipt of such amounts by the Security Trustee and the Security Trustee shall not have declared the Lease to be in default, or (ii) for a period of 180 days after the receipt of such amounts by the Security Trustee and the Security Trustee shall not have accelerated the Notes, such amounts shall be distributed in accordance with the provisions of Section 5.1(b) hereof.

Any amounts held by the Security Trustee pursuant to this Section 5.3 shall be invested by the Security Trustee from time to time in Permitted Investments (as hereinafter defined) selected by the Security Trustee. Unless otherwise expressly provided in this Security Agreement, any income realized as a result of any such investment, net of the Security Trustee's reasonable fees and expenses in making such investment, shall be held and applied by the Security Trustee in the same manner as the principal amount of such investment is to be applied and any losses, net of earnings, shall be applied by the Security Trustee against the principal amount invested. The Security Trustee shall not be liable for any loss resulting from any investment required to be made by it under this Security Agreement other than by reason of its willful misconduct or negligence, and any such investment may be sold (without regard to its maturity) by the Security Trustee without instructions whenever the Security Trustee reasonably believes such sale is necessary to make a distribution required by this Security Agreement. Permitted Investments shall mean notes or securities maturing in one year or less issued by the U.S. Government or any agency thereof and in such event backed by the "full faith and credit" of the U.S. Government; *provided* that the Security Trustee shall use its best efforts to minimize possible break cost in selecting maturities for such investments.

SECTION 6. PREPAYMENT OF NOTES; NOTICES.

Section 6.1. Prepayments. Neither any prepayment of any Notes nor any purchase by the Debtor of any Notes may be made except to the extent and in the manner expressly permitted by this Security Agreement. Every prepayment of Notes required or permitted to be made pursuant to Section 5 or Section 7 shall be made in accordance with the provisions of this Section 6.

Section 6.2. Prepayment Pursuant to Section 27 of the Lease, Section 29 of the Lease or Section 2.7 of the Participation Agreement. (a) On or after August 13, 2002, all of the outstanding Notes shall be prepaid by the Lessor in connection with a termination of the Lease with respect to the Equipment by the Lessee pursuant to Section 27 of the Lease on the "termination date" (as defined in Section 27 of the Lease) by payment of an amount equal to the unpaid principal amount of Notes outstanding, together with all accrued interest thereon to the date of prepayment, plus a premium equal to the Make Whole Premium on the principal of the Notes to be prepaid, plus all other amounts then due to the holders of Notes hereunder or under the Participation Agreement.

(b) All of the outstanding Notes shall be prepaid by the Lessor in connection with a termination of the Lease with respect to the Equipment by the Lessee pursuant to Section 29 of the Lease on the "special termination date" (as defined in Section 29 of the Lease) by payment of an amount equal to the unpaid principal amount of Notes outstanding, together with all accrued interest thereon to the date of prepayment, plus a premium equal to the Make Whole Premium on the principal of the Notes to be prepaid, plus all other amounts then due to the holders of Notes hereunder or under the Participation Agreement.

(c) On the Refinancing Date (as defined in Section 2.7 of the Participation Agreement), all of the outstanding Notes shall be prepaid by the Owner Trustee in connection with a refinancing of the Notes pursuant to Section 2.7 of the Participation Agreement by payment of an amount equal to the unpaid principal amount of Notes outstanding, together with all accrued interest thereon to the date of prepayment, plus a premium equal to the Make Whole Premium on the principal of the Notes to be prepaid, plus all other amounts then due to the holders of Notes hereunder or under the Participation Agreement.

Section 6.3. Prepayment Pursuant to Section 15 of the Lease. All or a portion of the outstanding Notes shall be prepaid by the Lessor in connection with a termination of the Lease with respect to an Item(s) of Equipment by the Lessee pursuant to Section 15 of the Lease on the date provided therefor in Section 15(b) by payment of an amount equal to that portion of the unpaid principal amount of the Notes outstanding to be prepaid as calculated pursuant to and in accordance with Section 5.1(d) hereof, together with all accrued interest thereon to the date of prepayment, plus all other amounts then due to the holders of the Notes hereunder or under the Participation Agreement.

Section 6.4. Notice of Prepayment; Partial Prepayment; Deposit of Moneys. (a) In the case of any prepayment of the Notes, notice thereof in writing to the holders of the Notes

to be prepaid shall be sent by the Security Trustee as agent and attorney-in-fact of the Debtor by United States certified mail, postage prepaid, to the holder of each Note to be prepaid at its address set forth in the Register, at least thirty days prior to the date fixed for prepayment provided written notice to the Security Trustee of such prepayment has been received by the Security Trustee at least 45 days prior to the date fixed for prepayment; *provided* that no such notice shall be required of the Debtor in connection with any prepayment of the Notes pursuant to Section 5.1(d) or (e) or Section 7.3 hereof. Any notice so mailed shall be conclusively presumed to have been given to such holder whether or not such holder actually receives such notice. Such notice shall specify the date fixed for prepayment, the provision hereof under which such prepayment is being effected and that on the date fixed for prepayment there will become due and payable upon each Note or portion thereof so to be prepaid, at the place where the principal of the Notes to be prepaid is payable, the specified amount of principal thereof, together with the accrued interest to such date, with such premium, including the Make Whole Premium, if any, as is payable thereon and after such date interest thereon shall cease to accrue.

(b) In the event of any partial prepayment of the Notes, the aggregate principal amount of the Notes to be prepaid shall be prorated by the Security Trustee among the holders thereof in proportion to the unpaid principal amount of such Notes held by them, and the Security Trustee shall designate the portions of the Notes of each such holder to be prepaid.

(c) On or prior to the date fixed for any prepayment of Notes, the moneys required for such prepayment shall be deposited with the Security Trustee by the Debtor. Interest on any Note designated for prepayment or on any portion of the principal amount of any Note designated for prepayment shall cease upon the date fixed for prepayment unless default shall be made in the payment of the amount payable upon the prepayment thereof.

Section 6.5. Reoptimization. The Debtor shall have the right to modify the schedule of payments of principal of the Notes set forth in Annex 2 hereof and in each Note pursuant to Section 9.11 of the Participation Agreement; *provided, however*, that no such modification shall be permitted which would result in (i) the Notes having a maturity date other than the original stated maturity date on the Notes, (ii) the average life to maturity of the Notes determined as of the date of original issue, after giving effect to said modification, being increased or decreased by more than nine months, or (iii) a change in the principal amount of any Note outstanding, and in addition, in connection with any such modification (A) the amount of principal payable on each payment date under each new Note issued to each holder shall bear the same ratio to the aggregate principal payable on such payment date under all Notes as the principal amount of the Note held by such holder immediately prior to the date of reoptimization bears to the aggregate principal amount of the Notes held by all the holders of Notes immediately prior to such reoptimization date, and (B) the requirements of Section 6(f) of the Lease shall have been satisfied and be true and correct after giving effect to any such reoptimization. Such right shall be exercised by Debtor's giving written notice thereof to the Security Trustee and each holder of a Note, which notice shall set forth, in the same form as Annex 2 hereto, the revised schedule of amortization for the Notes of (1) principal payments for each payment date as provided above and (2) interest

payments for each payment date at the rate of interest set forth in the form of Notes after giving effect to such revised principal payments schedule. Upon giving of such notice in accordance with this Section 6.5 with respect to a reoptimization of the Notes pursuant to Section 9.11 of the Participation Agreement and satisfaction of the terms and conditions of said Section 9.11, the revised schedules of amortization shall be delivered to all holders of the Notes in accordance with the terms of Section 9.11 of the Participation Agreement.

Section 6.6. Amortization Schedules. On the date of the partial prepayment of any Note, the Debtor shall deliver to the Security Trustee two copies of an amortization schedule with respect to such Note in such form as is provided to the Debtor by the Owner Participant setting forth the amount of the installment payments to be made on such Note after the date of such partial prepayment and the unpaid principal balance of such Note after each such installment payment. The Security Trustee shall deliver, or send by first-class mail, postage prepaid, one such copy of the applicable schedule to the holder of such Note.

SECTION 7. DEFAULTS AND REMEDIES.

Section 7.1. Events of Default. Any of the following occurrences or acts shall constitute a "Security Agreement Event of Default" or an "Event of Default" under this Security Agreement:

- (a) Default in payment of an installment of the principal of, premium, if any, or interest on, any Note when and as the same shall become due and payable and any such default shall continue unremedied for ten Business Days;
- (b) An Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease, other than an Event of Default in respect of, but solely in respect of, Excepted Rights in Collateral;
- (c) Default on the part of the Debtor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor under this Security Agreement, and such Default shall continue unremedied for 30 days after the earlier of (i) written notice thereof from the Security Trustee or the holder or holders of at least a majority in aggregate principal amount of the outstanding Notes to the Debtor and (ii) the date on which a Responsible Officer of the Debtor or the Owner Participant shall have actual knowledge of such Default;
- (d) Default on the part of the Debtor or the Owner Participant in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor or the Owner Participant under any of the other Operative Agreements, and such default shall continue unremedied for 30 days after delivery of written notice thereof from the Security Trustee or the holder or holders of at least a majority in aggregate principal amount of the outstanding Notes to the Debtor and the Owner Participant;

(e) Any representation or warranty on the part of the Debtor or the Owner Participant made herein or in any of the other Operative Agreements or in any report, certificate, financial or other statement furnished in connection with this Security Agreement or any of the other Operative Agreements or the transactions contemplated herein or therein, shall prove to have been false or misleading in any material respect when made and such representation or warranty shall not have been corrected within 30 days after the earlier of (i) written notice thereof from the Security Trustee or the holder or holders of at least a majority in aggregate principal amount of the outstanding Notes to the Debtor and (ii) the date on which a Responsible Officer of the Debtor or the Owner Participant shall have actual knowledge of such inaccuracy or incorrectness;

(f) Any Lessor's Lien (other than Permitted Encumbrances) shall be asserted against or levied or imposed upon the Collateral and such Lessor's Lien shall not be discharged or removed within 30 days after written notice from the Security Trustee or the holder of any Note to the Debtor, the Owner Participant and the Lessee demanding such discharge or removal thereof; *provided, however*, that the existence of any such Lien shall not constitute an Event of Default so long as such Lien is being contested in good faith by appropriate proceedings diligently pursued if (i) the Owner Participant provides written notice to the Security Trustee that the Owner Participant intends to contest such Lien, (ii) neither the existence of such Lien nor such contest poses a material risk of the sale, forfeiture or loss of any of the Equipment or any interest of the Security Trustee therein and does not affect the priority or perfection of, or otherwise jeopardize, the Lien of this Security Agreement and (iv) neither the existence of such Lien nor such contest results in the actual interruption of the payment of Rent assigned to the Security Trustee for the benefit of the Note holders; provided further that in any event such Lien shall be discharged within 90 days after such notice to the Debtor and the Owner Participant.

(g) This Security Agreement shall cease to be in full force and effect for any reason whatsoever, including, without limitation, a determination by any governmental body or court that such agreement is invalid, void or unenforceable or the Debtor shall contest or deny in writing the validity or enforceability of any of its obligations under this Security Agreement or, except with respect to Permitted Encumbrances, the lien of this Security Agreement shall cease to constitute a first priority perfected lien of the Security Trustee for the benefit of the holders of the Notes on the Collateral;

(h) Debtor or the Owner Participant becomes insolvent or fails generally to pay its debts as such debts become due, or causes or suffers an order for relief to be entered against it under applicable Federal or state bankruptcy law, or makes an appointment for the benefit of creditors or applies for or consents to the appointment of a custodian, trustee or receiver for Debtor or the Owner Participant, as the case may be, or for the major part of its or their property;

(i) A custodian, trustee or receiver is appointed for Debtor or the Owner Participant or for the major part of its or their property and is not discharged within 90 days after such appointment; or

(j) Bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief of any bankruptcy law or similar law for the relief of debtors, are instituted by or against Debtor or the Owner Participant and, if instituted against Debtor or the Owner Participant, as the case may be, are consented to or are not dismissed within 90 days after such institution.

Section 7.2. Security Trustee's Rights. The Debtor agrees that when any Event of Default under this Security Agreement has occurred and is continuing, the Security Trustee shall, without limitation of all other rights and remedies available at law or in equity, have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of New York (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, 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) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee may, after notice to the Debtor and Owner Participant in accordance with Section 7.3, declare the Lease to be in default and may proceed to exercise all rights, privileges and remedies of the Debtor under the Lease and may exercise all such rights and remedies either in the name of the Security Trustee or in the name of the Debtor for the use and benefit of the Security Trustee;

(b) The Security Trustee may, and upon the written request of the holders of at least 51% in principal amount of the Notes then outstanding shall, after notice to the Debtor and Owner Participant in accordance with Section 7.3, 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;

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, provided the same is not then in default, the Security Trustee 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 Lessee or the Debtor 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 and may otherwise exercise any and all of the rights and powers of the Debtor in respect thereof;

(d) Subject always to the then existing rights, if any, of the Lessee under the Lease, provided the same is not then in default, the Security Trustee 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 and the Owner Participant once at least 20 days prior to the date of such sale, and any other notice which may be required by law if said notice is insufficient, sell and dispose of said 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 Security Trustee 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; *provided, however*, that any such sale shall be held in a commercially reasonable manner. 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 notice, and the Security Trustee or the holder or holders of any Notes, or of any interest therein, may bid and become the purchaser at any such sale; and

(e) Subject always to the then existing rights, if any, of the Lessee under the Lease, provided the same is not then in default, the Security Trustee may proceed to protect and enforce this Security Agreement and said Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for 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, subject to the provisions of Section 9 hereof, for the recovery of judgment for the Indebtedness Hereby Secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

So long as no Security Agreement Event of Default has occurred and is continuing (other than a Security Agreement Event of Default resulting from an Event of Default under the Lease), it is understood and agreed that the Security Trustee shall not be entitled to proceed to foreclose the Lien of this Security Agreement unless it shall, to the extent that it is then entitled to do so hereunder and under the Lease, have exercised or be exercising one or more comparable remedies referred to in Section 19 of the Lease; *provided, however*, that if the Security Trustee shall have been stayed or otherwise prevented by operation of law from exercising such remedies under the Lease for a continuous period of 180 days (or such longer period, not in excess of 365 days, during which all due and unpaid payments of principal and interest on the Notes shall be paid by the Debtor or the Owner Participant pursuant to, and subject to the limitations of, Section 7.3(a)), the Security Trustee may proceed to foreclose the Lien of this Security Agreement. It is further understood and agreed that, so long as no Security Agreement Event of Default has occurred and is continuing (other than a Security Agreement Event of Default resulting from an Event of Default under the Lease) the Security Trustee shall not without the consent of the Owner Participant, consent to the amendment of any provision of the Lease that increases any

obligation of the Owner Participant, reduces the amount or delays the time of payment of Fixed Rent, Stipulated Loss Value or Termination Value under the Lease, extends the Basic Term or any Renewal Term, changes the definitions of or method of determining Fair Market Sales Value, Fair Market Rental Value or Net Economic Return, modifies any Excepted Rights in Collateral or changes Events of Default under the Lease.

Section 7.3. Certain Rights of the Debtor and Owner Participant. The Security Trustee shall give the holders of the Notes, the Debtor and the Owner Participant prompt written notice of any Security Agreement Event of Default of which the Security Trustee has knowledge and shall give the holders of the Notes, the Debtor and the Owner Participant not less than ten Business Days prior written notice (the "*Enforcement Notice*") of the date (the "*Enforcement Date*") on which the Security Trustee will exercise any remedy or remedies pursuant to Section 7.2 hereof. If a Security Agreement Event of Default shall have occurred and be continuing the Debtor or the Owner Participant shall have the following rights hereunder:

(a) *Right to Cure.* In the event that as a result of the occurrence of an Event of Default in respect of the payment of Fixed Rent under the Lease, the Security Trustee shall have insufficient funds to pay any installment of principal and interest on any Note on the day it becomes due and payable then, so long as no Security Agreement Event of Default which is not concurrently being cured pursuant to the second paragraph of this Section 7.3(a) shall have occurred and be continuing (other than any such Default resulting from such failure), the Debtor or the Owner Participant may, but shall not be obligated to, pay to the Security Trustee 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, unless the Debtor or the Owner Participant has cured the immediately preceding three payments of Fixed Rent, or six previous Events of Default in respect of the payment of Fixed Rent under the Lease, such payment by such Debtor or Owner Participant shall be deemed to cure any Event of Default which would otherwise have arisen on account of the non-payment by the Lessee of such installment of Fixed Rent under the Lease.

In the event of the occurrence of an Event of Default under the Lease (other than a default in payment of Basic Rent) which can be cured by the payment of money, then, so long as no Security Agreement Event of Default which is not concurrently being cured pursuant to the first paragraph of this Section 7.3(a) shall have occurred and be continuing (other than any such Default resulting from such failure), the Debtor or the Owner Participant may, but shall not be obligated to, cure such Event of Default by making such payment prior to the Enforcement Date as is necessary to accomplish the observance or performance of the defaulted covenant, condition or agreement to the party entitled to the same; *provided* that the Debtor or the Owner Participant shall not have any such right to cure any such Event of Default if the amount of such payment when added to the amount of any prior payments made by the Debtor or the Owner Participant pursuant to this paragraph and unreimbursed by the Lessee would exceed \$1,000,000.

Security Agreement, the Lease and the Notes. If the Owner Participant shall so request, each holder will comply with all the provisions of Section 2.4 hereof to enable new Notes to be issued to the Owner Participant in such denominations as the Owner Participant shall request. All charges and expenses required pursuant to Section 2.5 hereof in connection with the issuance of any such new Note or Notes shall be borne by the Owner Participant.

Section 7.4. Acceleration Clause. 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 and all other sums required to be paid by the Debtor pursuant to this Security Agreement, shall at once become and be immediately due and payable; also, in the 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 Note or 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 so turned in, including principal and interest thereof, out of the net proceeds of such sale.

Section 7.5. Waiver by Debtor. To the extent now or at any time hereafter enforceable under applicable law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatsoever 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 appraisal of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained or any 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 the Collateral or any part thereof subsequent to the date of 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 Security Trustee, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Section 7.6. Effect of Sale. 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).

Section 7.7. Application of Sale Proceeds. 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) *First*, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper fees, expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Security Trustee, or the holder or holders of the Notes, to the extent such costs, expenses, liability and advances have not been paid by the Lessee pursuant to Section 2.6 of the Participation Agreement, and to the payment of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) *Second*, to the payment to the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal and interest, but without premium; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest with application on each Note to be made, first, to the unpaid interest thereof and second, to unpaid principal thereon; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid;

(c) *Third*, to the payment of any other amounts then due and payable to the holders of the Notes or the Security Trustee under any of the Operative Agreements; and

(d) *Fourth*, to the payment of the surplus, if any, to the Debtor for the account of the Owner Participant, or upon notice from the Debtor to the Security Trustee, directly to the Owner Participant in accordance with such notice.

Section 7.8. Discontinuance of Remedies. In case the Security Trustee 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, then and in every such case the Debtor, the Security Trustee and the holder or holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

Section 7.9. Cumulative Remedies. No delay or omission of the Security Trustee or the holder of any Note to exercise any right or power arising from any default, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Security Trustee or the holder of any Note 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 therein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given

hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, Collateral or guaranty for the payment of the Indebtedness Hereby Secured operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Security Trustee or holder of any of the Notes be required to first look to, enforce or exhaust such other additional security, Collateral or guaranties.

Section 7.10. Recourse Liability of Owner Participant. If (a) the Trust Estate (as defined in the Trust Agreement) becomes a debtor subject to the reorganization provisions of the Bankruptcy Reform Act of 1978 or any successor provision, (b) pursuant to such reorganization provisions the Owner Participant is required, by reason of the Owner Participant being held to have recourse liability to the Debtor or the trustee of the debtor directly or indirectly, to make payment on account of any amount payable as principal or interest on the Notes, and (c) any holder of the Notes actually receives any Excess Amount which reflects any payment by the Owner Participant on account of (b) above, then such holder of the Notes shall promptly refund to the Owner Participant such Excess Amount. For purposes of this Section 7.10, "Excess Amount" means the amount by which such payment exceeds the amount which would have been received by such holder of the Notes if the Owner Participant had not become subject to the recourse liability referred to in (b) above. Nothing contained in this Section 7.10 shall prevent any holder of the Notes from enforcing any personal recourse obligation (and retaining the proceeds thereof) of the Owner Participant under this Security Agreement or any other Operative Agreement to the extent herein or therein provided, for which the Owner Participant has agreed by the terms of the Operative Agreements to accept personal responsibility.

SECTION 8. THE SECURITY TRUSTEE.

The Security Trustee in its individual capacity accepts the trusts hereunder and in its capacity as Security Trustee agrees to perform the same, but only upon the terms and conditions hereof, including the following, to all of which the Debtor and the respective holders of the Notes at any time outstanding by their acceptance thereof agree:

Section 8.1. Duties of Security Trustee. The Security Trustee undertakes (a) except while an Event of Default under this Security Agreement shall have occurred and be continuing, to perform such duties and only such duties as are specifically set forth in this Security Agreement, and (b) while an Event of Default under this Security Agreement shall have occurred and be continuing, to exercise such of the rights and powers as are vested in it by this Security Agreement and to use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Security Trustee upon receipt of instruments furnished to the Security Trustee pursuant to the provisions of this Security Agreement, shall examine the same to determine whether or not such instruments conform to the requirements of this Security Agreement.

Section 8.2. Security Trustee's Liability. No provision of this Security Agreement shall be construed to relieve the Security Trustee from liability for its own negligent action, negligent failure to act, or its own wilful misconduct, except that:

(a) unless an Event of Default under this Security Agreement shall have occurred and be continuing, the Security Trustee shall not be liable except for the performance of such duties as are specifically set forth in this Security Agreement and no implied covenants or obligations shall be read into this Security Agreement against the Security Trustee but the duties and obligations of the Security Trustee shall be determined solely by the express provisions of this Security Agreement;

(b) in the absence of bad faith on the part of the Security Trustee, the Security Trustee may rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon, any resolution, Officer's Certificate, opinion of counsel, request, notice, consent, waiver, order, signature guaranty, notarial seal, stamp, acknowledgment, verification, appraisal, report, stock certificate or other paper or document believed by the Security Trustee to be genuine and to have been signed, affixed or presented by the proper party or parties;

(c) in the absence of bad faith on the part of the Security Trustee, whenever the Security Trustee, or any of its agents, representatives, experts or counsel, shall consider it necessary or desirable that any matter be proved or established, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate; *provided, however,* that the Security Trustee, or such agent, representative, expert or counsel, may require but shall not be under any duty or obligation to require such further and additional evidence and make such further investigation as it or they may consider reasonable;

(d) the Security Trustee may consult with counsel and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance with such advice or opinion of counsel;

(e) the Security Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction or request of the holders of the Notes;

(f) the Security Trustee shall not be liable for any error of judgment made in good faith by an officer of the Security Trustee unless it shall be proved that the Security Trustee was negligent in ascertaining the pertinent facts;

(g) whether or not an Event of Default under this Security Agreement shall have occurred, the Security Trustee shall not be under any obligation to take any action under this Security Agreement which may tend to involve it in any expense or

liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it by the security afforded to it by the terms of this Security Agreement, unless and until it is requested in writing so to do by one or more holders of the Notes outstanding hereunder and furnished, from time to time as it may require, with reasonable security and indemnity; and

(h) whether or not an Event of Default under this Security Agreement shall have occurred, whenever it is provided in this Security Agreement that the Security Trustee consents to any act or omission by any person or that the Security Trustee exercise its discretion in any manner, the Security Trustee may (but need not) seek the written acquiescence of the holders of at least 66-2/3% in principal amount of the Notes then outstanding and, unless written evidence of such acquiescence has been received by the Security Trustee, it shall be fully justified in refusing so to consent or so to exercise its discretion; *provided, however*, holders of at least 66-2/3% in principal amount of the Notes from time to time outstanding shall have the right, upon furnishing to the Security Trustee such indemnification as the Security Trustee shall reasonably request, by an instrument in writing delivered to the Security Trustee, to determine which of the remedies herein set forth shall be adopted and to direct the time, method and place of conducting all proceedings to be taken under the provisions of this Security Agreement for the enforcement thereof or of the Notes, but the Security Trustee shall have the right to decline to follow any such direction if the Security Trustee shall be advised by counsel that the action or proceedings so directed may not lawfully be taken or would be unjustly prejudicial to the holders of the Notes not parties to such direction.

Section 8.3. No Responsibility of Security Trustee for Recitals. The recitals and statements contained herein and in the Notes (except for the Security Trustee's certificate of authentication endorsed on the Notes) shall be taken as the recitals and statements of the Debtor, and the Security Trustee assumes no responsibility for the correctness of the same, nor shall the Security Trustee have any responsibility for or any liability with respect to any disclosure, warranty, representation or concealment or failure to disclose in connection with the offering, solicitation, sale or distribution of the Notes by the Debtor or by any other person.

The Security Trustee makes no representation as to the validity or sufficiency of this Security Agreement, or of the Notes secured hereby, the security hereby or thereby afforded, the title of the Debtor to the Collateral or the description thereof, or the filing or recording or registering of this Security Agreement or any other document.

The Security Trustee shall not be concerned with or accountable to anyone for the use or application of any deposited moneys which shall be released or withdrawn in accordance with the provisions of this Security Agreement or of any property or securities or the proceeds thereof which shall be released from the security interest hereof in accordance with the provisions of this Security Agreement. The Security Trustee shall release no funds pursuant to the Operative Agreements unless said funds have been received by the Security Trustee pursuant to said Operative Agreements.

Section 8.4. Certain Limitations on Security Trustee's Rights to Compensation and Indemnification. The Security Trustee agrees that it shall have no right against the Debtor, the Owner Participant (other than specified in Section 2.6(a) of the Participation Agreement), the Note Purchasers or any other holder of the Notes for the payment of compensation for its services hereunder or any expenses or disbursements incurred in connection with the exercise and performance of its powers and duties hereunder or any indemnification against liabilities which it may incur in the exercise and performance of such powers and duties but on the contrary, shall look solely to the Lessee under Section 2.6 of the Participation Agreement for such payment and indemnification and that it shall have no lien on or security interest in the Collateral as security for such compensation, expenses, disbursements and indemnification except to the extent provided for in Sections 7.7(a) and 8.2(h) hereof.

Section 8.5. Status of Moneys Received. Subject to Section 5.3 hereof, all moneys received by the Security Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and may be deposited by the Security Trustee under such general conditions as may be prescribed by law in the Security Trustee's general banking department, and the Security Trustee shall be under no liability for interest on any moneys received by it hereunder.

Section 8.6. Security Trustee May Hold Notes. The Security Trustee and any affiliated corporation may become the owner of any Note secured hereby and be interested in any financial transaction with the Debtor or any affiliated corporation, or the Security Trustee may act as depository or otherwise in respect to other securities of the Debtor or any affiliated corporation, all with the same rights which it would have if not the Security Trustee.

Section 8.7. Resignation of Security Trustee. The Security Trustee may resign and be discharged from the trusts created hereby by delivering notice thereof, by first-class mail, postage prepaid, to the Debtor and all holders of the Notes at the time outstanding, specifying a date (not earlier than 60 days after the date of such notice) when such resignation shall take effect; *provided* that in no event shall any such resignation be effective until a successor Security Trustee has been appointed pursuant to Section 8.9 hereof.

Such resignation shall take effect on the day on which a qualified successor Security Trustee shall have been appointed as provided in Section 8.9 and shall have accepted in writing its obligations hereunder.

Section 8.8. Removal of Security Trustee. The Security Trustee may be removed at any time, for or without cause, by an instrument or instruments in writing executed by the holders of a majority in aggregate principal amount of the Notes at the time outstanding and delivered to the Security Trustee with a copy to the Debtor, specifying the removal and the date when it shall take effect; *provided* that in no event shall any such removal be effective until a successor Security Trustee has been appointed pursuant to Section 8.9 hereof.

Such removal shall take effect on the day on which a qualified successor Security Trustee shall have been appointed as provided in Section 8.9 and shall have accepted in writing its obligations hereunder.

Section 8.9. Appointment of Successor Security Trustee. In case at any time the Security Trustee shall resign or be removed or become incapable of acting, a successor Security Trustee may be appointed by the holders of a majority in aggregate principal amount of the Notes at the time outstanding, by an instrument or instruments in writing executed by such holders and filed with such successor Security Trustee.

If a successor Security Trustee shall not be appointed pursuant to this Section within 60 days after notice of such resignation or removal or becoming incapable of acting, the Debtor or such retiring Security Trustee (unless the retiring Security Trustee is being removed) may apply to any court of competent jurisdiction to appoint a successor Security Trustee to act until such time, if any, as a successor shall have been appointed as above provided. Promptly after any such appointment, the Debtor or the retiring Security Trustee, as the case may be, shall give notice thereof by first-class mail, postage prepaid, to each holder of the Notes at the time outstanding. Any successor Security Trustee appointed by the Debtor or the retiring Security Trustee, as the case may be, shall immediately and without further act, be superseded by any successor Security Trustee appointed by a majority in aggregate principal amount of the Notes at the time outstanding.

Section 8.10. Succession of Successor Security Trustee. Any successor Security Trustee appointed hereunder shall execute, acknowledge and deliver to the Debtor and the predecessor Security Trustee, an instrument accepting such appointment, and thereupon such successor Security Trustee, without any further act, deed, conveyance or transfer, shall become vested with a security interest in the Collateral, and with all the rights, powers, trusts, duties and obligations of the predecessor Security Trustee in the trust hereunder, with like effect as if originally named as Security Trustee herein.

Upon the request of any successor Security Trustee, however, the Debtor and the predecessor Security Trustee shall execute and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Security Trustee a security interest in the Collateral and all such rights, powers, trusts, duties and obligations of the predecessor Security Trustee hereunder, and the predecessor Security Trustee shall also assign and deliver to the successor Security Trustee any property subject to the security interest of this Security Agreement which may then be in its possession.

Any Security Trustee which has resigned or been removed shall nevertheless continue to retain the benefit of the priority with respect to the proceeds of the Collateral afforded to it by Section 7.7(a) hereof.

Section 8.11. Eligibility of Security Trustee. The Security Trustee shall be a state or national bank or trust company in good standing organized under the laws of the United States of America or any State thereof, having capital, surplus and undivided profits

aggregating at least \$150,000,000, if there be such a bank or trust company willing and able to accept such trust upon reasonable and customary terms.

In case the Security Trustee shall cease to be eligible in accordance with the provisions of this Section, the Security Trustee shall resign immediately in the manner and with the effect specified in Section 8.7 hereof.

Section 8.12. Successor Security Trustee by Merger. Any corporation into which the Security Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Security Trustee shall be a party, or any state or national bank or trust company in any manner succeeding to the corporate trust business of the Security Trustee as a whole or substantially as a whole, if eligible as provided in Section 8.11, shall be the successor of the Security Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary contained herein notwithstanding.

Section 8.13. Co-Trustees. At any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Collateral may at the time be located, the Debtor and the Security Trustee jointly shall have the power and shall execute and deliver all instruments, to appoint one or more persons approved by the Security Trustee, to act as co-trustee, or co-trustees, of all or any part of the Collateral, and to vest in such person or persons, in such capacity, such title to the Collateral or any part thereof, and such rights, powers, duties, trusts or obligations as the Debtor and the Security Trustee may consider necessary or desirable. If the Debtor shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default under this Security Agreement shall have occurred and be continuing, the Security Trustee alone shall have power to make such appointment.

SECTION 9. LIMITATIONS OF LIABILITY.

Anything in this Security Agreement to the contrary notwithstanding, neither the Security Trustee, the holder of any Note nor the successors or assigns of any of said persons, shall have any claim, remedy or right to proceed against the Debtor in its individual capacity or the Owner Participant or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor or the Owner Participant, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any penalty or assessment or otherwise, for the payment of any deficiency or any other sum owing on account of 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 or the Notes, from any source other than the Collateral, including the Rent (other than Excepted Rights in Collateral). The Security Trustee 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 and the Owner Participant in their individual capacities and any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor or the Owner Participant for and on account of such indebtedness or such liability, and the Security

Trustee and the holders of the Notes agree to look solely to the Collateral, including the Rent (other than Excepted Rights in 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 holders of the Notes or the Security Trustee to accelerate the maturity of the Notes upon an Event of Default under this Security Agreement; to bring suit and obtain a judgment against the Debtor on the Notes for purposes of realizing upon the Collateral or to exercise all rights and remedies provided under this Security Agreement or otherwise realize upon the Collateral; *provided further* that nothing contained in this Section 9 shall be construed to limit the liability of First Security Bank of Utah, National Association, in its individual capacity for any breach of any representations or warranties set forth in Section 3.1 of the Participation Agreement or to limit the liability of the Owner Participant for any breach of any representations or warranties set forth in Sections 3.4, 3.5(b), 3.6(a)(i) or 3.6(b)(ii) of the Participation Agreement or limit the liability of First Security Bank of Utah, National Association or the Owner Participant for gross negligence or wilful misconduct or for a breach of the agreements contained in Section 8 of the Participation Agreement, it being understood and agreed that the liability of First Security Bank of Utah, National Association and the Owner Participant in any such event shall be limited to the extent of actual damages resulting from such breach suffered by the party making a claim with respect thereto.

SECTION 10. SUPPLEMENTAL SECURITY AGREEMENTS; WAIVERS.

Section 10.1. Supplemental Agreements without Noteholders' Consent. The Debtor and the Security Trustee from time to time and at any time, subject to the restrictions in this Security Agreement contained, may enter into an agreement or agreements supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

- (a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon the Debtor;
- (b) to subject to the security interest of this Security Agreement additional property hereafter acquired by the Debtor and intended to be subjected to the security interest of this Security Agreement, and to correct and amplify the description of any property subject to the security interest of this Security Agreement;
- (c) to permit the qualification of this Security Agreement under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, except that nothing herein contained shall permit or authorize the inclusion of the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939 or any corresponding provision in any similar Federal statute hereafter in effect; or
- (d) for any other purpose not inconsistent with the terms of this Security Agreement, or to cure any ambiguity or cure, correct or supplement any defect or inconsistent provisions of this Security Agreement or any supplement;

and the Debtor covenants to perform all requirements of any such supplemental agreement. No restriction or obligation imposed upon the Debtor may, except as otherwise provided in this Security Agreement, be waived or modified by such supplemental agreements, or otherwise.

Section 10.2. Waivers and Consents by Noteholders; Supplemental Agreements with Noteholders' Consent. Upon the waiver or consent of the holders of at least 66-2/3% in aggregate principal amount of the Notes (a) the Debtor may take any action prohibited, or omit the taking of any action required, by any of the provisions of this Security Agreement or any agreement supplemental hereto, or (b) the Debtor and the Security Trustee may enter into an agreement or agreements supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Security Agreement or of any agreement supplemental hereto or modifying in any manner the rights and obligations of the holders of the Notes and the Debtor; *provided*, that no such waiver or supplemental agreement shall (i) impair or affect the right of any holder to receive payments or prepayments of the principal of and payments of the interest and premium, if any, on its Note, as therein and herein provided, without the consent of such holder, (ii) permit the creation of any lien or security interest with respect to any of the Collateral, without the consent of the holders of all the Notes at the time outstanding, (iii) effect the deprivation of the holder of any Note of the benefit of the security interest of this Security Agreement upon all or any part of the Collateral without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of Notes, the holders of which are required to consent to any such waiver or supplemental agreement pursuant to this Section, without the consent of the holders of all of the Notes at the time outstanding, or (v) modify the rights, duties or immunities of the Security Trustee, without the consent of the holders of all of the Notes at the time outstanding.

Section 10.3. Notice of Supplemental Security Agreements. Promptly after the execution by the Debtor and the Security Trustee of any supplemental agreement pursuant to the provisions of Section 10.1 or 10.2 hereof, the Security Trustee shall give written notice, setting forth in general terms the substance of such supplemental agreement, together with a conformed copy thereof, mailed, first-class, postage prepaid, to each holder of the Notes at its address set forth in the Register. Any failure of the Security Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental agreement.

Section 10.4. Opinion of Counsel Conclusive as to Supplemental Security Agreements. The Security Trustee is hereby authorized to join with the Debtor in the execution of any such supplemental agreement authorized or permitted by the terms of this Security Agreement and to make the further agreements and stipulations which may be therein contained, and the Security Trustee may receive an opinion of counsel as conclusive evidence that any supplemental agreement executed pursuant to the provisions of this Section 10 complies with the requirements of this Section 10.

such payment does not give rise to a rental adjustment under Section 6(f) of the Lease) by the Lessee.

"Tax Assumptions" shall have the meaning given in Section 2 of the Tax Indemnification Agreement.

"Tax Indemnification Agreement" shall mean the Tax Indemnification Agreement dated as of January 31, 1995 between the Lessee and the Owner Participant.

"Term" shall mean the Lease Term.

"Termination Value" of an Item of Equipment as of any Rent Payment Date shall mean with respect to such Item of Equipment an amount determined in accordance with Exhibit C of the Lease as such percentage or percentages may be adjusted in accordance with the provisions of Section 6(f) of the Lease. Notwithstanding any other provision of the Lease, the Participation Agreement or the Security Agreement, each Termination Value for the Equipment shall be, under any circumstances and in any event, an amount, together with Fixed Rent due and owing through the date of such Termination Value, at least equal to the aggregate unpaid principal amount of and accrued interest on the Notes outstanding on such date of payment.

"Transaction Costs" shall have the meaning set forth in Section 2.6 of the Participation Agreement.

"Treasury Rate" shall mean at any time with respect to the Notes being prepaid (1) the sum of (i) .50%, plus (ii) the weekly average of the yield to maturity on the United States Treasury obligations with a constant maturity (as compiled by and published in the most recently published issue of the United States Federal Reserve Statistical Release designated H.15(519) or its successor publication) most nearly equal to (by rounding to the nearest month) the Weighted Average Life to Maturity of the Notes then being prepaid or (2) in the event that no such United States Federal Reserve Statistical Release is available, Treasury Rate shall mean the sum of (i) .50%, plus (ii) the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States government Securities) at 11:00 A.M. (New York, New York time) for the United States government Securities having a maturity most nearly equal to (by rounding to the nearest month) the Weighted Average Life to Maturity of the Notes then being prepaid. If no maturity exactly corresponding to such Weighted Average Life to Maturity of the Notes shall appear therein, the weekly average yields for the two most closely corresponding published maturities shall be calculated pursuant to the foregoing sentence and the Treasury Rate shall be interpolated from such yields on a straight-line basis (rounding, in the case of relevant periods, to the nearest month).

"Trust" shall have the meaning specified in the Trust Agreement.

"Trust Agreement" shall mean the Trust Agreement dated as of January 31, 1995 between the Owner Participant and First Security Bank of Utah, National Association.

"Trust Estate" shall have the meaning specified in Section 1.2 of the Trust Agreement.

"Voting Stock" shall mean Securities of any class or classes of a corporation, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or persons performing similar functions).

"Warranty Bill of Sale" shall mean each Warranty Bill of Sale dated a Closing Date from the Seller to the Owner Trustee pursuant to which the Seller shall convey to the Owner Trustee title to the Equipment for which settlement is being made on such date.

"Weighted Average Life to Maturity" with respect to the Notes shall mean, as at the time of determination, the number of years obtained by dividing the then Remaining Dollar-years of the Notes by the sum of the remaining scheduled principal payments on such Notes. The term "Remaining Dollar-years" of the Notes means the product obtained by (1) multiplying (A) the amount of each then scheduled required principal payment (including payment at final maturity), by (B) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination of the Weighted Average Life to Maturity of the Notes and the date of such required payment is due, and (2) totalling all the products obtained in (1).

AMORTIZATION SCHEDULE

(Payments Required to Amortize \$1,000,000 Original Principal Amount
of 8.55% Secured Notes Issued by Debtor)

NUMBER OF INSTALLMENT	TOTAL INSTALLMENT PAYMENT	PORTION ALLOCATED TO PRINCIPAL	PORTION ALLOCATED TO INTEREST	PRINCIPAL BALANCE
--------------------------	---------------------------------	--------------------------------------	-------------------------------------	----------------------

ANNEX 2
(to Security Agreement-Trust Deed)