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December 30, 1992

2-365A056

The Honorable Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

18070
REGISTRATION NO. FILED 1465

DEC 30 1992 - 1 45 PM

INTERSTATE COMMERCE COMMISSION

Dear Secretary Strickland:

Enclosed for recordation, under the provisions of 49 U.S.C. § 11303(a) and the regulations thereunder are three (3) executed counterparts of a Security Agreement from Rail Co. III, a Delaware corporation ("Debtor") to Wilmington Trust Company, a Delaware corporation as Security Trustee ("Secured Party"), a primary document, dated as of December 15, 1992.

The names and addresses of the parties to the enclosed documents are as follows:

DEBTOR: Rail Co. III
1209 Orange Street
Wilmington, Delaware 19801

SECURED PARTY: Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890-0001

A general description of the railroad equipment covered by the enclosed documents is attached hereto as Schedule I.

The undersigned is the attorney-in-fact for purposes of this filing. Please return the extra copies of the enclosed documents to John K. Maser III, Esquire, Donelan, Cleary, Wood & Maser, P.C., Suite 850, 1275 K Street, N.W., Washington, D.C. 20005-4078, or to the bearer hereof.

C. Donelan
John K. Maser III

DEC 30 1 31 PM '92
OFFICE OF RECORDATION

DONELAN, CLEARY, WOOD & MASER, P. C.
Letter to Secretary Sidney L. Strickland, Jr.
December 30, 1992
Page 2

Also enclosed is a remittance in the amount of \$16.00 for the required recording fee.

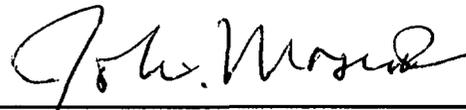
A short summary of the document to appear in the index follows:

Security Agreement from Rail Co. III, as Debtor, to Wilmington Trust Company, as Security Trustee, as Secured Party, dated as of December 15, 1992, covering 175 new specialty rail tank cars, bearing identification marks and numbers CRGX5827 through CRGX6001.

Very truly yours,

RAIL CO. III
WILMINGTON TRUST COMPANY

By:



John K. Maser III
Attorney-In-Fact

Attachment
120-14

SCHEDULE I

DESCRIPTION OF RAILROAD EQUIPMENT

1. One hundred and seventy-five (175) new specialty rail tank cars (DOT 111A100WS), 17,500 gallons each, 7/16" carbon steel construction, food grade linings, exterior heating coils, built by Trinity Industries, Inc., numbered CRGX5827 through CRGX6001.

RECORDATION NO **18070** FILED 1425

DEC 30 1992-1 45 PM

INTERSTATE COMMERCE COMMISSION

EXHIBIT C

SECURITY AGREEMENT

From

RAIL CO. III
as Debtor

to

WILMINGTON TRUST COMPANY,
not in its individual capacity,
but solely as Security Trustee

Dated as of December 15, 1992

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THIS SECURITY AGREEMENT, dated as of December 15, 1992 (herein, together with amendments and supplements hereto, called this Security Agreement), between RAIL CO. III, a Delaware corporation (herein, together with its successors and assigns as debtor and any Subsequent Owner as defined herein, called the Owner), having an address at 1209 Orange Street, Wilmington, Delaware 19801, as debtor, and WILMINGTON TRUST COMPANY, a Delaware corporation not in its individual capacity, but solely as Security Trustee as hereinafter provided, as secured party (herein, together with its successors, in trust, and assigns as secured party hereunder, called the Security Trustee), having an address at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration.

PRELIMINARY STATEMENT

The defined terms used herein but not otherwise defined have the meanings set forth in Article 1.

Security Trustee, The Equitable Life Assurance Society of the United States (Purchaser) and Owner have entered into a Note Purchase Agreement dated as of the date hereof providing for the issuance by Owner and purchase by Purchaser of certain 7.88% Secured Notes due 2012, all as more particularly described in said Note Purchase Agreement.

The Owner is duly authorized to issue the Notes and the Owner is duly authorized to execute and deliver this Security

Agreement, and all actions required by law and all actions of the Owner required therefor have been duly taken.

GRANTING CLAUSE

NOW, THEREFORE, THIS SECURITY AGREEMENT WITNESSETH that, to secure the prompt payment of the principal and interest on, and all other amounts due with respect to, all Notes from time to time outstanding hereunder and the performance and observance by Owner of all the agreements, covenants and provisions contained herein and in the Note Agreement and the Notes for the benefit of Security Trustee, Purchaser and any future holders of a Note, and the prompt payment of all amounts from time to time owing under the Notes by Owner to Purchaser and any such holders and for the uses and purposes and subject to the terms and provisions hereof, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Notes by Purchaser, and for good and valuable consideration the receipt and adequacy whereof is hereby acknowledged, Owner has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto Security Trustee, its successors and assigns, for the security and benefit of Security Trustee and the holders from time to time of a Note, a first priority security interest in all right, title and interest of Owner in, to and under the following described property, rights and privileges, other than Excluded Amounts and Excepted Rights, to wit:

- (1) The Equipment (together with all additions thereto, replacements thereof and substitutions therefor in which Owner shall from time to time acquire an interest as provided herein and in the Lease and each Lease Supplement), all as more particularly described in the Lease Supplements, or any such replacements or substitutions therefor, as provided in this Security Agreement (the Equipment, the insurance proceeds described in clause (5) below and all other proceeds with respect to the Equipment are collectively referred to as the Equipment Collateral);
- (2) All right, title and interest of Owner under the Lease and each Lease Supplement and all amounts payable under either thereof, including, without limitation, (a) all Basic Rent and Supplemental Payments and any other income, revenues, profits, insurance proceeds, condemnation awards or other amounts payable thereunder, except any Excluded Amounts, (b) the right to make all waivers and agreements and to give and receive all notices and other communications under the Lease, and (c) the right to take any action upon the occurrence of a default or Event of Default under the Lease or by law (subject to the terms hereof) (herein collectively referred to, together with the property and rights described in subsections (3) and (4) below, as the Other Collateral);

- (3) All bills of sale, invoices and other documents and all right, title and interest of Owner hereunder now or hereafter delivered by the manufacturer or seller with respect to any Unit or Units of Equipment, including, without limitation any documents transferring any interest in any patent indemnification or in any warranty or other intangible rights associated with any Unit or Units of Equipment;
- (4) All payments, issues, profits, revenue and other income of the property subjected or required to be subjected to the lien of this Security Agreement;
- (5) All insurance proceeds with respect to the Equipment, including but not limited to the insurance required under Section 17 of the Lease, but excluding insurance proceeds included in the definition of Excluded Amounts; and
- (6) All proceeds of any of the foregoing.

Concurrently with the delivery hereof, Owner is delivering to Security Trustee the original executed counterpart of the Lease.

TO HAVE AND TO HOLD all and singular the aforesaid property unto Security Trustee, and its successors and assigns hereunder, 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 Owner shall pay or cause to be paid all the Notes and all other obligations secured hereby, (ii) the Owner shall pay or cause to be paid all the Equity Notes and all other obligations secured by the Loan and Security Agreement, and (iii) the Owner shall observe, keep and perform all the terms and conditions, covenants and agreements contained herein and in the Note Purchase Agreement 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 remain in full force and effect.

Notwithstanding the Granting Clause or any of the preceding paragraphs, there is hereby excluded from the foregoing sale, transfer, assignment, grant, pledge and security interest all Excluded Amounts and Excepted Rights.

IT IS HEREBY COVENANTED, DECLARED AND AGREED that the Notes are to be secured, and the Collateral is to be held by the Security Trustee, upon and subject to the covenants and conditions set forth herein.

ARTICLE 1

Definitions

Capitalized terms herein not otherwise defined herein shall have the respective meanings ascribed thereto in the Note Agreement. Unless the context otherwise requires, the following terms have the meanings herein specified, such definitions to be applicable equally to the singular and the plural forms of such terms:

Affiliate means, with respect to any Person, a Person which, directly or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

Allocable Portion of the Notes means at any date with respect to any Unit of Equipment, the amount calculated by multiplying the aggregate outstanding principal amount of the Notes by a fraction, the numerator of which fraction shall be the Estimated Residual Value (as defined in the Lease) for such Unit of Equipment and the denominator of which fraction shall be the Estimated Residual Value with respect to all Units of Equipment then subject to this Security Agreement.

Assignment means the Assignment of Lease, dated as of the date hereof, from the Owner to the Security Trustee and consented to by Lessee, and as amended or supplemented from time to time as permitted hereby or thereby, relating to the Lease.

Bankruptcy Act has the meaning specified in Section 6.1.

Bankruptcy Laws has the meaning specified in Section 6.1.

Basic Term has the meaning specified in the Lease.

Business Day has the meaning specified in the Lease.

Closing Date has the meaning specified in the Note Agreement.

Collateral means the property subject or intended to be subject at any time to the lien hereof, including, without limitation, the Equipment Collateral and Other Collateral described in the Granting Clause.

Default means any act or occurrence which, with notice, lapse of time or both, would constitute an Event of Default.

Equipment means the personal property described in Exhibit A hereto, which is being or will be leased under the Lease, as described in the Lease Supplements.

Equipment Collateral shall have the meaning assigned in the Granting Clause.

Event of Default means any act or occurrence of the character specified in Section 6.1(a) through 6.1(h).

Event of Loss has the meaning specified in the Lease.

Excepted Rights means the right to receive and to demand, collect, sue for or otherwise obtain all of the Excluded Amounts.

Exchange Note has the meaning specified in Section 2.14.

Excluded Amounts means (i) indemnity payments payable directly to the Owner or Wilmington Trust Company in its individual capacity by Lessee pursuant to Sections 18 or 19 of the Lease, (ii) amounts payable directly to the Owner or Wilmington Trust Company in its individual capacity under the Lease in respect of insurance awards or proceeds, and (iii) amounts payable directly to the Owner or Wilmington Trust Company in its individual capacity by Lessee pursuant to Section 31 of the Lease.

Expiration Date has the meaning specified in Section 3.1.

Holder means the registered owner of any Note.

Installment Payments has the meaning specified in the Notes.

Institutional Investor means an "accredited investor" under Rule 501(a) of the Securities Act of 1933, as amended, which is either a bank, insurance company, mutual fund, trust company, employee benefit plan (as defined in ERISA), or savings and loan company, in each case having total assets of at least \$200,000,000 and which is not a person or entity (excluding financial services organizations) that, directly or indirectly or through any affiliates, is engaged in industrial or agricultural businesses similar to those engaged in by the Lessee and the Lessee's affiliates as reasonably determined by the Lessee.

L/C Issuer means BOT Financial Corporation, a Delaware corporation.

Lease means the Equipment Leasing Agreement, dated as of December 15, 1992, between the Owner, as lessor, and Lessee, as lessee, and as amended and supplemented from time to time as permitted hereby or thereby, relating to the Equipment.

Lease Supplement means the Lease Supplement substantially in the form attached to the Lease as Exhibit B thereto, to be executed by Lessee and Owner with respect to a Unit or Units of Equipment evidencing that such Unit or Units have been unconditionally accepted by Lessee for lease and are leased under, and subject to the terms of, the Lease.

Lessee means Cargill, Incorporated, a Delaware corporation, together with its successors and assigns as lessee under the Lease.

Lessee Default has the meaning specified in Section 6.1.

Lessor means the Owner, as defined herein, and its permitted successors and assigns.

Lien means any lien, mortgage, encumbrance, pledge, charge and security interest of any kind.

Lien of this Security Agreement and terms of like import mean the security title or security interest or other interest or charge granted to the Security Trustee hereby or subsequently granted hereunder or pursuant hereto to the Security Trustee (whether made by the Owner or any other Person) or otherwise created, which title, interest, or charge effectively constitutes any property as a part of the security held by the Security Trustee as secured party hereunder.

Maturity Date has the meaning specified in the Note Agreement.

Maximum Lessor Risk Amount has the meaning specified in the Lease.

Net Proceeds of Sale has the meaning specified in the Lease.

Note Agreement means the Note Purchase Agreement, dated as of December 15, 1992, as the same may be amended from time to time, among the Purchaser, the Security Trustee and the Owner, relating to the issuance and sale of the Notes.

Notes means, as of any particular time, the then outstanding Notes issued by the Owner in connection herewith and any Notes issued from time to time in exchange or substitution therefor.

Other Collateral shall have the meaning assigned in the Granting Clause.

Overall Transaction means all of those transactions referred to in, provided for in, or contemplated by, the Principal Documents, including, without limitation, the manufacture, purchase, ownership, financing, leasing, operation and management of the Equipment.

Overdue Rate means 1% over the interest rate on the Notes, but in no event greater than the maximum rate permitted by applicable law.

Owner has the meaning specified in the first paragraph of this Security Agreement.

Owner's Cost means the Acquisition Cost of each Unit of Equipment (as the term Acquisition Cost is defined in the Lease) as shown on the invoice or bill of sale rendered by the seller of such Unit and as set forth on the Lease Supplement for such Unit.

Owner Lien means a Lien arising as a result of an independent act of or claim against Owner which (i) is other than the Lien arising under this Security Agreement or the Reimbursement Security Agreement and (ii) is not a Lien that Lessee is required to remove or indemnify against under any of the Principal Documents.

Person has the meaning specified in the Lease.

Principal Documents has the meaning specified in the Note Agreement.

Recordable Documents has the meaning specified in Section 2.3.

Register has the meaning specified in Section 2.14.

Reinvestment Premium means, for any Unit of Equipment, as of any date, the excess, if any, of (a) the net present value of the sum of (i) all Installment Payments due on the Notes relating to such Unit of Equipment remaining to be paid from and after such date through, but not including, the Maturity Date and (ii) the outstanding principal balance of the Notes relating to such Unit of Equipment on the Maturity Date immediately prior to payment of any amounts on such date, together with any interest due on such Maturity Date (together (i) and (ii) are for the purposes of this definition, referred to as the "Discounted Payments"), each discounted at a rate of 50 basis points over the then current yield for direct obligations of the United States having a

maturity equal to the weighted average life of the Discounted Payments over (b) the outstanding principal balance of the Notes applicable to such Units on such date.

Renewal Term has the meaning specified in the Lease.

Rent has the meaning specified in the Lease.

Responsible Officer shall mean the President or a Vice President of Owner.

Required Alterations has the meaning specified in the Lease.

Security Trustee has the meaning specified in the first paragraph of this Security Agreement.

Subsequent Owner means (i) any and every future purchaser, assignee or transferee of the Equipment or any part thereof and (ii) any and every future purchaser, assignee or transferee of the interest of any owner in the Equipment, but upon the sale, assignment or transfer of all of such right, title and interest in and to the Equipment by a Subsequent Owner, such Subsequent Owner shall cease to be a Subsequent Owner.

Supplemental Payment has the meaning specified in the Lease.

Termination Date has the meaning specified in the Lease.

Unit of Equipment or Unit means a single railcar included in the Equipment.

ARTICLE 2

Particular Covenants

Anything in this Security Agreement or the Notes to the contrary notwithstanding, the Owner represents, warrants, covenants and agrees as follows:

Section 2.1 Owner's Authority; No Prior Financing Statements. Owner has the right, power and authority to grant a security interest in and assign the Other Collateral and to grant a security interest in the Equipment Collateral to Security Trustee for the uses and purposes herein set forth, and there is no financing statement or other filed or recorded instrument filed with the Interstate Commerce Commission (ICC) or elsewhere in which Owner is named and which Owner 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 2.2 Further Assurances. The Owner will, at its expense, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, instruments and reasonable assurances required by the Security Trustee for the better assuring, conveying, granting, confirming and protecting unto the Security Trustee its assignment and security interest in the Collateral whether now owned or hereafter acquired or for carrying out the intention or facilitating the performance hereof.

Section 2.3 Recording. (a) The Owner will, upon the execution and delivery hereof and thereafter from time to time, cause this Security Agreement, the Lease, the Assignment, each supplement and amendment to each of said instruments and financing statements with respect thereto (collectively called the Recordable Documents), to be filed, registered and recorded as the Security Trustee may request and as may be required by present or future law to publish notice of and create, perfect and protect the lien hereof upon the Collateral and to publish notice of and protect the validity of the Lease and the Assignment. The Owner will, from time to time, at the request of the Security Trustee, perform or cause to be performed any other act as required by law, including the filing of financing statements and continuation statements, and will execute or cause to be executed any and all further instruments requested by the Security Trustee for such creation, perfection, publication and protection (any such request to be in writing and accompanied by an execution form of the financing statement, continuation statement or further instrument to be executed). If the Owner shall fail to comply with this Section, the Security Trustee shall be and is hereby irrevocably appointed the agent and attorney-in-fact of the Owner to comply therewith (including the execution, delivery and filing of such financing statements and other instrument), but this sentence shall not prevent any default in the observance of this Section from constituting an Event of Default. To the extent permitted by law, the Owner will

pay or cause to be paid all filing, registration and recording taxes and fees incident thereto and all expenses, taxes and other governmental charges incident to or in connection with the preparation, execution, delivery or acknowledgement of the Recordable Documents, any instruments of further assurance and the Notes.

(b) On or prior to October 1st in each of the years 1997, 2002, 2007 and 2012, the Security Trustee shall have caused the Owner to file continuation statements with respect to the financing statements originally filed hereunder and under the Lease or failing the same, the Security Trustee shall file such continuation statements prior to October 15th in each such year pursuant to the authority vested in the Security Trustee under Section 2.3(a) hereof and shall provide each holder of a Note with a report of all action taken by the Security Trustee under this Section 2.3(a) prior to November 1st in each such year.

Section 2.4. Payment of the Notes. (a) The Owner will punctually pay the principal, interest, Reinvestment Premium, if any, and all other sums to become due in respect of the Notes to the Security Trustee at its principal office, in lawful money of the United States of America, and in accordance with this Security Agreement and the Notes. 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 or 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 2.4, in the case of any Note which is held by the Purchaser, any Affiliate of the 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 the instructions set forth in Schedule A to the Note Purchase Agreement shall constitute such notice with respect to the Purchaser), make payment of interest on such Note, and shall make payments or prepayments of the principal thereof and any premium thereon 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 2.14 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 thereof 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 said Section 2.14 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 paid. 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 Owner or to any other person for any act or omission on the part of the Owner or such holder in connection therewith.

(c) Notwithstanding the foregoing provisions of paragraph (a) of this Section 2.14, so long as any Note is held by the Purchaser, any Affiliate of the Purchaser, or any other Institutional Investor or a nominee of any thereof, the Security Trustee will, upon written notice from such holder given not less than 20 days prior to the payment or prepayment of the Notes (and the instructions set forth in Schedule A to the Note Purchase Agreement shall constitute such notice with respect to the Purchaser) cause all subsequent payments and prepayments of the principal of, and interest and premium, if any, on the Notes held by the Purchaser, any Affiliate of the Purchaser, or any other Institutional Investor, or a nominee of any thereof, 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, and further provided, that the Security Trustee will consolidate into one wire payment to any holder of the Notes, all amounts to be wired to such holder in respect of the Notes held by such holder. The

Security Trustee will transmit any such wire transfer, together with any and all amounts received by the Security Trustee and payable to the Purchaser or the Owner, as the case may be, pursuant to the terms hereof from its office not later than 1:00 P.M., 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., 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 the Purchaser or the Owner 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., Delaware time, the Security Trustee shall pay interest on such payment or prepayment at the Overdue Rate.

Section 2.5 The Lease and the Assignment. At all times the Equipment shall be leased to Lessee under the Lease, provided that such Equipment may be subleased and the Lease may be assigned by Lessee upon compliance with the terms and conditions of the Lease. The Owner will punctually perform all obligations, covenants and agreements by it to be performed as lessor under the Lease in accordance therewith, will at all times do all things necessary to compel performance by Lessee of all its obligations, covenants and agreements under the Lease and will give to the Security Trustee notice of all defaults under the

Lease promptly after obtaining actual knowledge thereof. Except as specifically required in the Lease, the Owner will not amend the Lease without the prior written consent of the Security Trustee. The Owner will, at all times, maintain the validity and effectiveness of the assignment to the Security Trustee of the Lease made by this Security Agreement and the Assignment, as appropriate, and (except as expressly permitted by the Lease, this Security Agreement or the Assignment) will take no action, will give no consent or approval for action to be taken by others and will not omit to take any action, which action or omission would release Lessee from its obligations or liabilities under the Lease or the Assignment, or would result in the termination, amendment or modification or impair the validity of the Lease or the Assignment.

Section 2.6 Existence; Compliance with Laws; Owner Liens.

The Owner will (i) take such steps as may be necessary to preserve its corporate existence, and (ii) will take such steps as may be necessary to preserve its right to conduct business in all states or jurisdictions in which the nature of its business and operations require qualification to do business as a foreign corporation. The Owner will comply with or cause to be complied with (a) any law, statute, ordinance, regulation, order, rule, decree or similar requirement of the United States of America or of any other governmental authority, and (b) any contract (including insurance policies), agreement, other instrument or restrictions, in each case applicable to the Owner or the

Collateral, including all such legal requirements, contracts, agreements and restrictions which involve Required Alterations to the Collateral. Nothing in this Section shall require the Owner to comply with any such law, statute, ordinance, regulation, order, rule, decree or similar governmental requirement so long as a contest of the validity thereof shall be made by Lessee or by the Owner in the manner provided in the Lease. The Owner will at all times keep the Collateral free from Owner Liens, other than the subordinate security interest granted to the L/C Issuer pursuant to the Reimbursement Security Agreement dated as of the date hereof between Owner and L/C Issuer.

Section 2.7 After-acquired Property. All right, title and interest of the Owner in and to all extensions, improvements, renewals, alterations, substitutions, modifications and replacements of, and all additions and appurtenances to, the Equipment hereafter acquired by the Owner, immediately upon such acquisition and without any further act by the Owner, shall become part of the Equipment Collateral and shall be subject to the lien hereof fully, completely and with the same effect as though now owned by the Owner and specifically described in the Granting Clause hereof; at any time the Owner will execute and deliver to the Security Trustee any such further assurances or as the Security Trustee may reasonably require to subject the same to the lien hereof.

Section 2.8 Taxes. The Owner will do or cause to be done everything necessary to fully preserve the lien hereof without

expense to the Security Trustee or the Purchaser, including, without limitation, paying and discharging or causing to be paid and discharged, whether or not payable directly by the Owner or subject to withholding at the source, (a) all taxes, assessments, levies, fees, and all other governmental charges, general, special, ordinary and extraordinary, foreseen or unforeseen, which are, at any time prior to or during the terms hereof imposed or levied upon or assessed against the Owner with respect to the Collateral, this Security Agreement, the indebtedness secured hereby or the revenues, rents, issues, income and profits of the Collateral or which may arise in respect of the use, possession or operation thereof, (b) all income, excess profits, sales, gross receipts and other taxes; duties or imposts, whether similar or not in nature, assessed against, imposed or levied upon, by any governmental authority on the Owner, the Collateral or the revenues, rents, issues, income and profits of the Collateral (but excluding any net income, franchise, estate, inheritance, succession, transfer or profits taxes of the Security Trustee unless such tax is in lieu of or a substitute for any other tax or assessment with respect to the Collateral, which if such other tax or assessment were in effect, would be payable by the Owner), (c) all sales, use and similar taxes at any time levied, assessed or payable on account of the acquisition, leasing, or use of the Collateral and (d) all claims and demands of mechanics, laborers, materialmen and others which, if unpaid, might create a lien on the Collateral or on the

revenues, rents, issues, income and profits of the Collateral, unless a contest of the amount or the validity thereof shall be made in good faith by Lessee in accordance with the Lease. Lessee's compliance with Section 18 of the Lease shall satisfy the Owner's obligations contained in this Section, to the extent that such taxes relate to the Collateral or the transactions contemplated hereby or by the Note Agreement.

Section 2.9 Insurance.

(a) The Owner will maintain or cause to be maintained with respect to the Equipment insurance of the character and with the coverage, provisions and endorsements required to be maintained pursuant to the Lease, whether or not the Lease shall have been terminated. Lessee's compliance with Section 17 of the Lease shall satisfy the Owner's obligations contained in this Section.

(b) Insurance claims by reason of damage to or destruction of any Unit of Equipment shall be adjusted by the Lessee or the Owner in accordance with the Lease.

(c) The Owner shall not obtain or carry any separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 2.9 (other than any liability or worker's compensation policy) unless the Security Trustee is included therein as named insured, with loss payable to the Security Trustee or its assigns as provided in the Lease. The Owner shall immediately notify the Security Trustee whenever any such separate insurance is taken out, specifying the insurer and full particulars as to the policies evidencing the

same, and shall deliver to the Security Trustee certificates of insurers evidencing such insurance.

(d) The Owner shall deliver or cause to be delivered to the Security Trustee original or duplicate policies or certificates of insurers, satisfactory to the Security Trustee, evidencing the existence of all insurance which is required to be maintained hereunder, such delivery to be made (i) simultaneously with the execution and delivery hereof and (ii) not less than 15 Business Days prior to the expiration of any such insurance. The Owner shall immediately notify the Security Trustee whenever any such separate insurance is obtained by the Owner and shall deliver to the Security Trustee the policies evidencing the same. Any insurance required hereunder may be provided under blanket policies which comply with the provisions hereof and specify the coverage and amounts thereof with respect to the Equipment.

Section 2.10 Maintenance and Repair; Indemnity. (a) The Owner will maintain the Equipment or cause the Equipment to be maintained in good order and operating condition, ordinary wear and tear excepted, and will make or will cause to be made all repairs which may be required to keep the Equipment in good order and operating condition, including but not limited to taking or causing to be taken actions necessary as set forth in Section 2.6 hereof. Lessee's compliance with Section 11 of the Lease will satisfy the Owner's obligations set forth in this Section.

(b) The Owner shall pay, and shall protect, indemnify and save harmless the Security Trustee and the Purchaser from and

against all liabilities, losses, damages, costs, expenses (including reasonable attorney's fees and expenses), causes of action, suits, claims, demands or judgments of any nature arising from injury to or death of any Person, or damage to or loss of property, or connected with the use, condition or operation of the Equipment.

Section 2.11 Advances by the Security Trustee. If the Owner shall fail to perform or cause to be performed any of the covenants contained in Sections 2.3, 2.8, 2.9 or 2.10, the Security Trustee may make advances to perform the same on its behalf, and all sums so advanced shall be secured by the lien of this Security Agreement prior to the Notes; and the Owner will repay on demand all sums so advanced on its behalf with interest at the Overdue Rate, such interest to be computed from and including the date of the making of such advance to and including the date of such repayment.

Section 2.12 Negative Covenants. The Owner will not (i) engage, directly or indirectly, in any business other than the acquisition, ownership and leasing of the Equipment, (ii) create, assume, guarantee or suffer to exist any indebtedness other than the Notes, (iii) make or permit to remain outstanding, a loan or advance to, or own or acquire any stock or securities of any Person, (iv) sell, lease, transfer, convey, assign or otherwise dispose of the Collateral or any part thereof, except as permitted in Section 3.4 or in the Lease, (v) claim any credit on, or make any deduction from interest or Reinvestment Premium,

if any, or on principal of the Notes by reason of payment of any taxes levied or assessed or to be levied or assessed on the Collateral or any part thereof, or (vi) create or suffer to be created, directly or indirectly, any mortgage, lien, encumbrance, charge or other exception to title or ownership upon or against the Collateral or any rents or other income arising therefrom, other than the Lease and Assignment, the subordinate security interest granted to the L/C Issuer, and as expressly permitted by this Security Agreement.

Section 2.13 Lease Basic Rent. Each installment of Rent as defined in and payable under the Lease shall, on each date for the payment thereof (as set forth in the Lease), be sufficient to make payment of the Installment Payment due on or about such date. The purchase price which would be payable by Lessee upon the purchase of the interest of the Owner in the Equipment pursuant to Section 28(b) of the Lease shall not be less than the Allocable Portion of the Notes in respect of the Equipment so purchased plus accrued and unpaid interest thereon.

Section 2.14 The Register; Transfer, Exchange and Replacement of the Notes. The Owner shall cause to be kept at its place of business, one or more books (the Register) for the registration of the Notes (including all transfers) and the names and addresses of the registered owner(s) of the Notes. Each Note shall be in fully registered form and shall be registered initially in the name of the first holder of such Note, and thereafter, upon surrender thereof as provided herein, in such

names and payable at such locations as the registered owner of such Note may request. Upon surrender of a Note to the Owner (with instructions for transfer and with signatures guaranteed), the Owner will deliver to the registered owner thereof a new Note or Notes (the Exchange Note) in exchange for such Note, within a reasonable time after such request. The Exchange Note shall be (a) of the same tenor as the surrendered Note, (b) in any denomination requested by the registered owner of said surrendered Note not to exceed the outstanding balance of the surrendered Note nor in an amount less than \$500,000 (or the unpaid principal amount, if less), (c) payable to such Person as such registered owner may request, and (d) dated such date as will result in no gain or loss of interest or principal. The Security Trustee shall mark on each Exchange Note (i) the date to which principal and interest have been paid on such surrendered Note, (ii) all payments and prepayments of principal previously made on such surrendered Note which are allocable to such Exchange Note, and (iii) the amount of each installment payment payable on such Exchange Note. Each installment payment payable on such Exchange Note on any date shall bear the same proportion to the installment payment payable on such surrendered Note on such date as the original principal amount of such Exchange Note bears to the original principal amount of such surrendered Note. Interest shall be deemed to have been paid on such Exchange Note to the date on which interest shall have been paid on such surrendered Note, and all payments and prepayments of principal

marked on such Exchange Note, as provided in clause (ii) above, shall be deemed to have been made thereon. No service charge shall be made for any transfer or exchange of a Note. Any Exchange Note issued pursuant to this Section 2.14 shall evidence the same indebtedness as the Note having been transferred or exchanged and shall be entitled to the benefits and the security of all the security therefor. If a Note is lost, stolen or destroyed, or upon the surrender and cancellation of a mutilated Note, the Owner will, upon written request at the expense and upon the written request of the registered owner thereof, deliver to said registered owner, within a reasonable time after such request and in lieu of such lost, stolen, destroyed or mutilated Note, an Exchange Note of the same tenor and in a principal amount equal to the unpaid principal amount thereof. In the case of a lost, stolen or destroyed Note, the registered owner thereof shall furnish evidence of loss (which, so long as the registered owner of such Note is an Institutional Investor, may be an affidavit of an officer of such registered owner as to such loss) and such indemnity or other security as the Owner may reasonably require; provided, however, that so long as such registered owner is an Institutional Investor, such registered owner's unsecured agreement to indemnify the Owner shall constitute a sufficient indemnity for this purpose.

Section 2.15 Registered Owner. The Owner shall deem and treat the registered owner of a Note as the absolute owner thereof (whether or not such Note shall be overdue) for all

purposes, and the Owner shall not be affected by any notice to the contrary, and payment of the principal of, Reinvestment Premium, if any, and interest on the Notes shall be made only to or upon the order of such registered owner. All such payments so made shall be valid and effectual to satisfy and discharge the liability of the Owner upon the Notes to the extent of the sum or sums so paid.

Section 2.16 Books and Records; Notice of Defaults.

(a) The Owner will (i) keep adequate records and books of account reflecting all its financial transactions with respect to the Collateral and (ii) permit the Security Trustee or the Purchaser by either of their respective agents, accountants and attorneys, to inspect the Equipment and to examine the Owner's records and books of account, as they relate to the Collateral, and to discuss its affairs, finances and accounts, as they relate to the Collateral, at such reasonable times as may be requested by the Security Trustee or the Purchaser upon reasonable notice and at all times subject to the Lessee's rights set forth in Section 13 of the Lease.

(b) Promptly upon a Responsible Officer's obtaining knowledge thereof, the Owner will notify the Security Trustee and the Purchaser of the occurrence of any default or Event of Default under the Notes, this Security Agreement, or the Lease.

Section 2.17 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 canceled 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 Owner specifying any cancellation of Notes which has been made, and all such canceled Notes shall be delivered to or disposed of as directed by the Owner.

Section 2.18 Security Trustee as Agent. The Security Trustee is hereby appointed the agent for the Owner for the payment, registration, transfer and exchange of Notes. Subject to the provisions of Section 2.14 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.

ARTICLE 3

Possession, Use and Release of the Property

Section 3.1 Purchase of the Property by Lessee. (a)

Within 5 days after receipt by the Owner of any notice from Lessee given pursuant to the Lease of the intention of Lessee to terminate the Lease or purchase any Equipment pursuant to Sections 28(a) or 28(b) of the Lease, the Owner shall furnish to the Security Trustee and the Purchaser a copy of such notice and any offer by Lessee to purchase any Equipment. In the event that the Lessee elects to purchase any Equipment pursuant to Section 28(b) of the Lease, the Owner will comply with all applicable provisions of the Lease, so that the purchase of such Equipment by Lessee shall be duly consummated within the time period prescribed by the Lease. If the Owner shall fail to comply with the provisions of the Lease necessary to permit the consummation of the purchase of such Equipment by Lessee or cause the same to be complied with, the Security Trustee may, and shall have the right and power (which right and power are coupled with an interest) to, and is hereby irrevocably appointed the agent and attorney-in-fact of the Owner to, take all actions necessary to comply with said provisions, including, without limitation, the execution and delivery, in the name and on behalf of the Owner, of a bill of sale or other instrument of conveyance or assignment, conveying and assigning such Equipment to Lessee or its designee; but the provisions of this sentence shall not

prevent any default in the observance or performance of any covenant, condition or agreement contained in this paragraph (a) from constituting an Event of Default. If Lessee shall purchase any Equipment pursuant to Section 28(b) of the Lease and shall make payment of the purchase price therefor to the Security Trustee pursuant to the Assignment, then the Security Trustee shall execute and deliver to the Owner a release of such Equipment and the Lease as it relates to such Equipment from the lien of this Security Agreement and any other security documents promptly after receipt of such payment, together with all other sums then due and payable under this Security Agreement and the Lease as such sums relate to such Equipment. Payments received by the Security Trustee pursuant to this Section 3.1(a) shall become part of the Collateral and shall be disposed of pursuant to Article 4. If such offer to purchase shall be received by the Security Trustee from Lessee, the Security Trustee shall furnish a copy thereof to the Owner, and the provisions of this Section shall be applicable to the same extent as if such offer to purchase had been received by the Owner from Lessee.

(b) Each bill of sale or other instrument of conveyance or assignment executed and delivered by the Security Trustee pursuant to this Section shall be binding upon the Owner and every future owner of any interest in the Equipment with the same effect as if the Owner and every such future owner had personally executed and delivered the same.

Section 3.2 Condemnation. Immediately upon a Responsible Officer's obtaining knowledge of any proceedings for the taking of any of the Equipment in condemnation or other eminent domain proceeding, the Owner shall notify the Security Trustee and the Purchaser of the pendency thereof. Any award or compensation payable in such proceedings to the Owner or to the lessor under the Lease or assigned to such lessor by Lessee is hereby assigned to and shall be paid to the Security Trustee. The Security Trustee shall be under no obligation to question the amount of the award or compensation and may accept the same. Any award or compensation so received shall be disposed of pursuant to Article 4. For the purposes of this Section 3.2, any notifications required to be delivered to the Security Trustee by the Owner shall be considered delivered in accordance with the terms hereof if delivered to the Security Trustee directly by Lessee in accordance with the manner required hereby.

Section 3.3 Purchase of Equipment by Owner. If Lessee shall have determined not to exercise its option to purchase Equipment on the Termination Date applicable to such Equipment in accordance with Section 28(b) of the Lease and Owner shall desire to purchase such Equipment, then on the thirtieth day preceding the Termination Date applicable to such Equipment, the Owner shall pay to the Security Trustee by bank wire transfer of immediately available federal funds an amount equal to the Allocable Portion of the Notes relating to such Equipment, together with accrued interest thereon to the date of such

payment, plus, in the case of purchases which occur at the end of the Basic Term or any of the first eighteen Renewal Terms (as defined in the Lease) the Reinvestment Premium. Prior to the payment of the amount required to be paid by the Owner pursuant to the immediately preceding sentence, Owner shall not reject any bid received for the Equipment by any third party under Section 28(c) of the Lease without the written consent of the Security Trustee and the Purchaser. Upon payment of the Allocable Portion of the Notes with respect to any Equipment together with all other amounts then required to be paid by Owner hereunder the Security Trustee will release such Equipment from the lien of this Security Agreement in the manner set forth in Section 3.1.

Section 3.4 Sale of Equipment to Third Party; Termination Date Payments. Except in the case of Equipment which shall have been purchased by Lessee pursuant to Section 28(b) of the Lease or in respect of which the Owner shall have made the payments permitted to be made pursuant to Section 3.3 hereof, on the Termination Date for any Equipment the Net Proceeds of Sale (as defined in the Lease), if any, derived from the sale of such Equipment shall be paid over to the Security Trustee on the applicable Termination Date, or such earlier date as the same shall be payable by Lessee under the Lease, by wire transfer of immediately available federal funds. If either such Equipment is not sold on the applicable Termination Date or the Net Proceeds of Sale are insufficient to pay in full the Allocable Portion of the Notes relating to such Equipment, and provided that Lessee is

not in default under the Lease (including, without limitation, with respect to Lessee's obligation to pay the amounts due pursuant to Sections 28 and 29 of the Lease), the Owner shall pay to the Security Trustee by wire transfer of immediately available federal funds (i) to the extent received from Lessee, all amounts owed by Lessee pursuant to Section 29 of the Lease (together with Lessee's payment of the Reinvestment Premium, if applicable pursuant to the Lease) and (ii) such additional amounts as may be required to pay the Allocable Portion of the Notes relating to such Equipment, but in no event an amount greater than the Maximum Lessor Risk Amount set forth in the Lease. Notwithstanding anything in this Security Agreement or the Notes to the contrary, in no event shall the Owner be required to make any payments to the Security Trustee in respect of the Reinvestment Premium except to the extent the same are received from Lessee.

Section 3.5 Transfer of the Owner's Interest in the Property. In addition to the transfers by the Owner otherwise permitted by this Security Agreement, if no Event of Default shall have occurred and be continuing, the Owner and any Subsequent Owner may, with the prior written consent of the Purchaser, sell, assign or otherwise transfer its interest in, to and under the Equipment in accordance with the Lease, subject to the lien hereof, of the Lease and of the Assignment; provided, however, that upon any such sale, assignment or transfer, and upon each and every succeeding sale, assignment or transfer, the Subsequent Owner shall execute and deliver to the Security

Trustee and the Purchaser an instrument, in form and substance reasonably satisfactory to the Security Trustee and the Purchaser, irrevocably appointing the Security Trustee as agent and attorney-in-fact to take all actions and do all things in its behalf of the character which the Security Trustee is authorized by this Security Agreement to do as agent and attorney-in-fact of the Owner, and to execute and deliver in its name and behalf any deed or other instrument which, pursuant to the terms hereof, the Security Trustee is authorized to execute and deliver in the name and behalf of the Owner; and provided, further, that each Subsequent Owner shall (a) expressly agree that the interest or estate so acquired is subject and subordinate to this Security Agreement, the Lease, and the Assignment, (b) expressly agree to be bound, subject to the terms of Section 7.1, by all of the obligations and undertakings of the Owner contained in this Security Agreement applicable to the Equipment or the estate or interest therein acquired by such Subsequent Owner, (c) expressly agree to be bound by the provisions of Section 2.12, and (d) be an Institutional Investor.

ARTICLE 4

Application of Moneys

Section 4.1 Moneys Under the Lease. (a) Unless and until an Event of Default shall have happened and be continuing, moneys received by the Security Trustee pursuant to the Assignment as Rent under, and as defined in, the Lease and as interest on any overdue installment thereof shall be applied, first, to the Installment Payments (and for interest on any overdue amount thereof) due on or about the date on which such payment of Rent is due and second (if no default has occurred and is continuing under the Note or this Security Agreement), the excess after payment of the Equity Notes as contemplated by Section 4.4 hereof, if any, shall be paid to the Owner or upon its written order, free from the lien hereof.

(b) Any moneys received by the Security Trustee from the Lessee on account of any Event of Loss shall be applied to the payment of the Allocable Portion of the Notes relating to the Equipment which shall have suffered such Event of Loss, but without premium.

(c) Any moneys received by the Security Trustee as a Supplemental Payment (as defined in the Lease) or other sums under the Lease shall be applied to the purposes for which such moneys were paid pursuant thereto.

(d) Excess amounts received pursuant to the second sentence of the first paragraph of Section 29 of the Lease shall be retained by the Security Trustee to be applied to Owner's

obligations pursuant to Section 3.4 hereof, and any excess following such application shall be promptly paid over by the Security Trustee to or upon the order of Owner.

Section 4.2 Purchase Prices. Moneys received by the Security Trustee (i) as the purchase price for the Equipment pursuant to Section 28 of the Lease, (ii) as the end of term adjustment by the Lessee pursuant to Section 29 of the Lease, or (iii) from the Owner pursuant to Section 3.3 or 3.4 of this Security Agreement shall be applied promptly to the payment or prepayment of the entire unpaid principal amount of the Notes or an Allocable Portion of the Notes, as the case may be, at a price equal to 100% of the principal amount thereof outstanding, plus accrued and unpaid interest thereon to the date fixed for payment, with Reinvestment Premium, if applicable; and if no Event of Default has occurred and is continuing hereunder, any balance shall be paid to the Owner within 10 days after the date of such payment.

Section 4.3 Proceeds of Insurance and Condemnation Awards. Moneys received by the Security Trustee as payment for an Event of Loss under any policy of insurance or as an award or compensation for the taking, in condemnation or other eminent domain proceedings, of the Equipment, shall be applied to payment of the Allocable Portion of the Notes relating to such Equipment, or, if Lessee shall have paid the Estimated Residual Value of such Equipment and so long as no Event of Default shall exist under the Lease, such moneys shall be paid over to Lessee as and

to the extent that Lessee is entitled to receive the same under the Lease. Any such moneys not so paid over or required to be paid over to Lessee shall be held as part of the Collateral.

Section 4.4 Payments to Equity Loan Security Trustee.

Any term of this Article 4 to the contrary notwithstanding, so long as any indebtedness shall be outstanding under the Loan and Security Agreement, Owner hereby requests and directs the Security Trustee to pay all amounts otherwise payable to the Owner (other than Excluded Amounts) to Wilmington Trust Company, as security trustee (the "Equity Loan Security Trustee") under that certain Loan and Security Agreement dated as of the date hereof among Corporate Trinity Company, the Equity Loan Security Trustee and Purchaser. Each such payment to the Equity Loan Security Trustee shall indicate the section of the Lease pursuant to which such payment has been made by the Lessee.

ARTICLE 5

Prepayment

Section 5.1 Prepayment. No prepayment of the Notes may be made except as provided in this Security Agreement, and all such prepayments shall be made in accordance with Articles 3, 4 and 5, as applicable.

Section 5.2 Notice of Prepayment. At least 30 days prior to the date fixed for prepayment of the Notes, notice thereof shall be sent by the Owner to the Security Trustee and each registered owner of a Note by prepaid registered or certified mail. Any such notice so mailed shall conclusively be presumed to have been given to the Security Trustee and such registered owners whether or not the Security Trustee actually received such notice. Such notice shall specify the date fixed for prepayment, the principal amount of the Notes to be prepaid and the premium to be paid, if any.

Section 5.3 Deposit of Moneys. On or prior to the date fixed for each prepayment of the Notes, the moneys required therefor shall be deposited with the Security Trustee by the Owner. Interest on any principal designated for prepayment shall cease upon the date fixed therefor unless default shall be made in the payment of the price payable upon such prepayment.

Section 5.4 Allocation Among Noteholders. 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.

ARTICLE 6

Events of Default and Remedies

Section 6.1 Events of Default. If one or more of the following Events of Default shall happen, that is to say:

- (a) if default shall be made in any Installment Payment due on the Notes, or in any other payment of principal, interest, or Reinvestment Premium, if any, on the Notes, whether at maturity, by acceleration or as part of any prepayment or otherwise, as in the Notes and this Security Agreement provided, and such default shall continue for 5 days;
- (b) if the Lease shall expire, cease to be effective or otherwise terminate or in any way be amended or modified (except as expressly provided for herein or therein other than a termination arising on account of the occurrence of an Event of Default under the Lease);
- (c) if any representation or warranty of the Owner, Lessee or Borrower set forth in this Security Agreement, the Lease, the Note Agreement, the Loan and Security Agreement or the Assignment or set forth in any notice, certificate, instrument, demand or request delivered pursuant hereto or thereto shall prove to be incorrect or misleading in any material respect to the detriment of any Person to whom or for whose benefit the representation or warranty was made as of the time when the same shall have been made;
- (d) if a default by the Owner shall be made in the due observance or performance of any covenant or agreement contained in Section 2.12, Section 3, or in Section 4 or if the Owner shall fail to keep in place the casualty or general liability insurance required to be maintained by the terms of Section 2.9 hereof;
- (e) if the Owner shall default in the performance of any other covenant, agreement or obligation on the part of the Owner to be performed hereunder and such default shall continue for a period of 30 days after notice thereof, specifying such default, shall have been given to the Owner; provided, however, that in the case of a default which cannot with reasonable diligence be remedied by the Owner within a period of 30 days, if the Owner shall commence within such period of 30 days to remedy the default and thereafter shall prosecute the remedying of such default (including, without limitation, complying with any governmentally imposed

plan for remediation or cleanup of environmental contamination) with all reasonable diligence, the period of time after the giving of such notice within which to remedy the default shall be extended for such period as may be necessary to remedy the same with all reasonable diligence, up to a maximum period of 120 days after notice of such default;

- (f) if an Event of Default shall occur under and as defined in the Lease;
- (g) if an Event of Default shall occur under and as defined in the Loan and Security Agreement;
- (h) if a payment default shall occur under the Letter of Credit or the Equity Letter of Credit;
- (i) if a default shall occur under the Comfort Letter or the Equity Comfort Letter;
- (j) if the Owner shall be adjudicated a debtor or bankrupt or be declared insolvent or file for an order of relief under the Federal Bankruptcy Code (the Bankruptcy Act) or any other federal or state law as now or hereafter in effect relating to bankruptcy, insolvency, reorganization, winding-up or adjustment of debts (hereinafter collectively called Bankruptcy Laws), or if the Owner shall (i) apply for or consent to the appointment of, or the taking of possession by, any receiver, custodian, trustee, United States Trustee or liquidator (or other similar official) of the Collateral or of the Owner or of any substantial portion of the Owner's property, or (ii) generally not pay its debts as they become due, or admit in writing its inability to pay its debts generally as they become due, or (iii) make a general assignment for the benefit of its creditors, or (iv) file a petition commencing a voluntary case under or seeking to take advantage of any Bankruptcy Law, or (v) fail to controvert in timely and appropriate manner, or in writing acquiesce to, any petition commencing an involuntary case against the Owner or otherwise filed against the Owner pursuant to any Bankruptcy Law, or (vi) take any action in furtherance of any of the foregoing; or
- (k) if an order for relief against the Owner shall be entered in any involuntary case under the Bankruptcy Act or any similar order against the Owner shall be entered pursuant to any other Bankruptcy Law, or if a petition commencing an involuntary case against the Owner or proposing the reorganization of the Owner under the Bankruptcy Act shall be filed in and approved

by any court of competent jurisdiction and not be discharged or denied within 60 days after such filing, or if a proceeding or case shall be commenced in any court of competent jurisdiction seeking (i) the liquidation, reorganization, dissolution, winding-up or adjustment of debts of the Owner, or (ii) the appointment of a receiver, custodian, trustee, United States Trustee or liquidator (or other similar official) of the Collateral or of the Owner or of any substantial portion of the Owner's property, or (iii) any similar relief as to the Owner pursuant to the Bankruptcy Act or any Bankruptcy Law, and any such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect for 60 days;

provided, however, that if the only Event of Default which has occurred and is continuing hereunder is (1) an Event of Default described in clause (f) or any Event of Default which has resulted from an Event of Default described in clause (f) or (2) an Event of Default described in clause (c) which relates solely to a misrepresentation by Lessee (such Events of Default under (1) and (2) called Lessee Defaults) the Security Trustee shall not exercise any right or remedy pursuant hereto unless the Security Trustee is concurrently pursuing (subject to any legal constraints which would prohibit such action) one or more remedies available to the Security Trustee as assignee of the Owner's interest in the Lease, under the Lease. If the Security Trustee shall, in accordance with its rights hereunder, exercise its remedies under this Security Agreement without concurrently exercising its rights as assignee of the Owner's interest in the Lease (subject to any legal constraints which would prohibit such action), then the Owner's obligations with respect to the Maximum

Lessor Risk Amount shall terminate and the Security Trustee shall have no further rights with respect thereto.

Then in every such case, during the continuance of any Event of Default:

I. The Security Trustee may, and upon either (i) the written request of the holders of at least 51% in principal amount of the Notes then outstanding or (ii) the occurrence of an Event of Default under Section 6.1(j) or (k) hereof, shall, by written notice to the Owner declare the entire principal amount of the Notes (if not then due and payable) and all accrued and unpaid interest thereon to be due and payable immediately, and upon any such declaration the principal of the Notes and said accrued and unpaid interest shall become and be immediately due and payable, anything to the contrary contained in the Notes or in this Security Agreement notwithstanding.

II. The Security Trustee or the Purchaser personally, or by its agents or attorneys, to the extent permitted by applicable law may enter into and upon the premises of the Owner and the Lessee (to the extent not prohibited by the Lease) and take possession of the Equipment, and, may use, operate, manage and control the same, may maintain and repair the Equipment, may insure and reinsure the same and may make all necessary or proper repairs, renewals and replacements and any useful alterations, additions, and improvements thereto and thereon, all as it may deem advisable; and in every case the Security Trustee or the Purchaser to the extent permitted by applicable law shall have

the right to manage and operate the Equipment and exercise all rights and powers of the Owner with respect thereto either in the name of the Owner or otherwise as the Security Trustee shall deem best; and to the extent permitted by applicable law the Security Trustee shall be entitled to collect and receive all earnings, revenues, rents, issues, profits and income of the Equipment and said earnings, revenues, rents, issues, profits and income are, in case an Event of Default shall happen, hereby assigned to the Security Trustee, its successors and assigns; and, after deducting the expenses of all maintenance, repairs, renewals, replacements, alterations, additions, and improvements and taxes, assessments, insurance and prior or other proper charges upon the Collateral, as well as reasonable compensation for the services of all attorneys, servants and agents by the Security Trustee properly engaged and employed, the Security Trustee shall apply the moneys arising as aforesaid as follows:

(1) in case an Event of Default, other than an Event of Default of the nature described in clause (a) of this Section, shall have happened, first to the payment of the Installment Payments and any other payments of the principal of the Notes and interest thereon, when and as the same shall become payable, and second to the payment of premium, if any, and any other sums required to be paid by the Owner under this Security Agreement, and third to the payment of the surplus, if any, to whomever shall be entitled thereto (provided, however, that in the event of any sale of the Collateral pursuant to paragraph III below,

the proceeds of such sale shall be applied in the order of priorities and amounts set forth in Section 6.2(e)); or

(2) in case an Event of Default described in clause (a) of this Section shall have happened, in the order of priorities and amounts set forth in Section 6.2(e).

III. The Security Trustee, with or without entry, personally or by its agents or attorneys, may:

(1) sell, to the extent permitted by applicable law, all and singular the Collateral and all estate, right, title, interest, claim and demand therein and right of redemption thereof at one or more private or public sales, as an entirety or in parcels and at such times and places and upon such terms as the Security Trustee may specify in the notice or notices of sale to be given to the Owner or as may be required by law;

(2) institute proceedings for the complete or partial foreclosure hereof; or

(3) take all steps to protect and enforce its rights and remedies, whether by action, suit or proceeding in equity or at law (for the specific performance of any covenant, condition or agreement in the Notes or in this Security Agreement contained or in aid of the execution of any power herein granted or for any foreclosure hereunder or for the enforcement of any other appropriate legal or equitable remedy) or otherwise as the Security Trustee shall deem most effectual to protect and enforce the same. To the extent not prohibited by applicable law, the Security Trustee may conduct any number of sales from time to

time and the power of sale shall not be exhausted by any one or more such sales as to any part of the Collateral remaining unsold, but shall continue unimpaired until all of the Collateral shall have been sold or the Notes and all indebtedness of the Owner hereunder shall have been paid.

IV. The Security Trustee shall have all rights and remedies provided to a secured party by the Uniform Commercial Code.

Section 6.2 Sale of Collateral; Application of Proceeds.

(a) To the extent permitted by applicable law the Security Trustee may postpone the sale of the Collateral by public announcement at the time and place of such sale, and from time to time thereafter may further postpone such sale by public announcement made at the time of sale fixed by the preceding postponement.

(b) Upon the completion of any sale made by the Security Trustee under or by virtue of this Article, the Security Trustee shall execute and deliver to the purchaser good and sufficient bills of sale and other instruments conveying, assigning and transferring all its estate, right, title and interest in and to the property and rights sold. The Security Trustee is hereby irrevocably appointed the true and lawful attorney of the Owner and any Subsequent Owner to make, in its own name and stead or in the name of the Owner or such Subsequent Owner, all necessary conveyances, assignments, transfers and deliveries of the property and rights so sold and for that purpose the Security Trustee may execute all necessary deeds and instruments of

assignment and transfer and may substitute Persons with like power, the Owner and such Subsequent Owner hereby ratifying and confirming all that his said attorney or such substitutes shall lawfully do by virtue hereof. Nevertheless, the Owner and any Subsequent Owner, if so requested in writing by the Security Trustee, shall ratify and confirm any such sale by executing and delivering to the Security Trustee or to such purchasers any instrument which, in the judgment of the Security Trustee, is suitable or appropriate therefor. Any such sale made under or by virtue of this Article, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of the Owner and any Subsequent Owner in and to the property and rights so sold, and shall be a perpetual bar at law and in equity against the Owner and any Subsequent Owner, and their respective successors, assigns and any and all Persons who claim or may claim the same from, through or under any of them.

(c) The receipt of the Security Trustee for the purchase money paid as a result of any such sale shall be a sufficient discharge therefor to any purchaser of the Collateral sold as aforesaid; and no such purchaser or its representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any purpose hereof, shall be

answerable in any manner whatsoever for any loss, misapplication or non-application of any of such purchase money or shall be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

(d) In the event of any sale made under or by virtue of this Article (whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale), the entire principal of and interest on the Notes and Reinvestment Premium thereon, if any, and all other sums required to be paid by the Owner pursuant hereto, if not previously due and payable, shall immediately become due and payable, anything in the Notes or in this Security Agreement to the contrary notwithstanding.

(e) The purchase money, proceeds or avails of any sale made under or by virtue of this Article, together with any other sums which then may be held by the Security Trustee as part of the Collateral or the proceeds thereof, whether under the provisions of this Article or otherwise, shall, to the extent permitted by applicable law, be applied as follows:

FIRST: to the payment of the costs and expenses of such sale, including compensation to the Security Trustee, its agents and reasonable fees and expenses of counsel, and of any judicial proceeding wherein the same may be made and of all expenses, liabilities and advances made or furnished or incurred by the Security Trustee hereunder, together with interest at the Overdue Rate on all such advances and all taxes, assessments or other charges, except any taxes, assessments or other charges subject to which the Collateral shall have been sold;

- SECOND: To the payment of the whole amount then due, owing or unpaid on the Notes in the following order: first, for interest and second, for principal;
- THIRD: To the payment of premium, if any, and any other sums required to be paid by the Owner pursuant to any provisions of this Security Agreement or the Notes;
- FOURTH: To the payment of the surplus, if any, to whosoever shall be lawfully entitled thereto.

(f) Upon any sale made under or by virtue of this Article (whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale), to the extent permitted by applicable law, the Security Trustee may bid for and acquire the Collateral and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the indebtedness of the Owner secured hereby the net proceeds of sale after the deduction of all costs, expenses, compensation and other charges to be paid therefrom as herein provided and any other sums which the Security Trustee is authorized to deduct hereunder. To the extent permitted by applicable law, the Person making such sale shall accept such settlement without requiring the production of the Notes, and without such production there shall be deemed credited thereon the pro rata share of the net proceeds of sale ascertained and established as aforesaid. To the extent permitted by applicable law, the Security Trustee, upon so acquiring the Collateral, shall be entitled to hold, lease, rent, operate, manage or sell the same in any lawful manner.

Section 6.3 Voluntary Appearance; Receivers. After an Event of Default and immediately upon the commencement of any action, suit or other legal proceeding by the Security Trustee to obtain judgment for the principal of or interest on the Notes and other sums required to be paid by the Owner pursuant hereto or of any other nature in aid of the enforcement of the Notes or of this Security Agreement, the Owner will, to the extent not prohibited by applicable law, (a) enter voluntary appearances in such action, suit or proceeding, and (b) if required by the Security Trustee, consent to the appointment of receivers of the Collateral and of all the earnings, revenues, rents, issues, profits and income thereof. After an Event of Default and during its continuance or upon the filing of a bill in equity to foreclose this Security Agreement or to enforce the specific performance hereof or in aid therefor or upon the commencement of any other judicial proceeding to enforce any right of the Security Trustee, the Security Trustee shall be entitled forthwith, as a matter of right and if it shall so elect, without the giving of notice to any other party and without regard to the adequacy or inadequacy of the security of the Collateral either before or after declaring the unpaid principal of the Notes to be due and payable, to the appointment of such receivers. Any receivers so appointed shall have such powers as the court making the appointment shall confer, which may be any or all of the powers which the Security Trustee is authorized to exercise by the provisions of Clause II of Section 6.1, and shall have the

right to incur such obligations and to issue such certificates therefor as the court shall authorize.

Section 6.4 Retention of Possession. Notwithstanding the appointment of any receiver, liquidator or trustee of the Owner or of any of its property or of the Collateral, the Security Trustee shall to the extent permitted by applicable law be entitled to retain possession and control of all or any part of the Collateral now or hereafter held by the Security Trustee hereunder.

Section 6.5 Remedies Cumulative. No remedy herein conferred upon or reserved to the Security Trustee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of the Security Trustee to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Security Agreement to the Security Trustee may be exercised from time to time and as often as may be deemed expedient by the Security Trustee.

Section 6.6 Waiver of Rights. To the extent such waiver shall not be prohibited by applicable law, the Owner agrees that it will not at any time insist upon, plead or in any manner whatever claim or take any benefit or advantage of any stay or

extension or moratorium law, wherever enacted or whenever hereafter in force, that may affect the covenants and terms of performance hereof; nor claim, take or insist upon any benefit or advantage of any law whenever hereafter in force providing for the valuation or appraisal of the Collateral prior to any sale or sales thereof which may be made pursuant hereto or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after any such sale or sales, claim or exercise any right under any statute whenever or by whomever enacted to redeem the property so sold or any part thereof; and the Owner hereby expressly waives all benefit or advantage of any such law or laws, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Security Trustee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. The Owner for itself and all who may claim under the Owner, waive, to the extent not prohibited by law, all right to have the Collateral marshalled upon foreclosure hereof.

Section 6.7 Purchase of Note by Owner. If an Event of Default caused solely by a default by Lessee in the payment of Rent or any Supplemental Payment has occurred and is continuing and Security Trustee shall have given notice of acceleration of the Notes pursuant to Section 6.1 and its intent to pursue its remedies against Lessee if so required then the Owner may, in its sole discretion, by written notice to the Security Trustee and the Purchaser elect to purchase all of the Notes at a price equal

to the outstanding principal amount of the Notes, together with accrued and unpaid interest thereon with a premium equal to the Reinvestment Premium. The Owner shall give notice to the Security Trustee and the Purchaser of its election to purchase the Notes within 10 days after receipt of notice from the Security Trustee of its intent to so exercise its remedies, or it shall have been deemed to have waived its rights hereunder. The Owner shall specify in such notice the date of its purchase of the Notes, which date shall be a date occurring no more than 10 days after the date of such notice from the Owner.

Section 6.8 Amendment of Lease; New Lease of the Property. So long as any obligations of Lessee remain outstanding under the Lease (a) the Owner shall be entitled to receive, and Security Trustee agrees to send to the Owner, copies of all notices, demands, consents, approvals and waivers which may, from time to time, be given or granted by Security Trustee to Lessee pursuant to the provisions of the Lease or the Assignment, (b) unless an Event of Default other than a Lessee Default has occurred and is continuing, Security Trustee will not agree to any amendment or modification of, or grant any consent, approval or waiver with respect to, any of the terms, conditions or provisions of the Lease or the Assignment without also obtaining the agreement of the Owner to such amendment, modification, consent, approval or waiver, and (c) if a Lessee Default has occurred and is continuing, Security Trustee agrees that (i) it will not, without also obtaining the agreement of the

Owner, agree to any amendment, modification or waiver of any of the provisions of Sections 18 or 19 of the Lease, the effect of which would be to reduce, modify or amend any indemnities payable by Lessee to the Owner (except to add additional indemnities by Lessee); and (ii) it will not, without the consent of the Owner, modify, amend or supplement the Lease or deliver notices, consents, determinations, demands, approvals, directions or releases in respect of the Lease so as to release Lessee from any of its obligations under the Lease; provided, however, if Security Trustee waives the Owner's obligation to pay the Maximum Lessor Risk Amount hereunder, Security Trustee may accomplish any of the actions specified in this clause (c)(ii) without the Owner's consent.

ARTICLE 7

Supplemental Owner Security Agreement; Waivers

Section 7.1 Supplemental Agreements Without Noteholders' Consent. The Owner 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 (provided that the Security Trustee shall have determined, in good faith, that such actions shall not adversely affect the interests of the holders of the Notes):

(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 Owner;

(b) to subject to the security interest of this Security Agreement additional property hereafter acquired by the Owner 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; or

(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;

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

Section 7.2 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 Owner 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 Owner and the Security Trustee may enter into an agreement or agreements supplemental hereto for the purpose of adding, changing or eliminating any provision 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 Owner; provided, however, 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 amounts 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, (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 or (vi) lengthen the term of payment of the Notes or extend the Maturity Date, without the consent of the holders of all the Notes at the time outstanding.

Section 7.3 Notice of Supplemental Security Agreements.

Promptly after the execution by the Owner and the Security Trustee of any supplemental agreement pursuant to the provisions of Section 7.1 or 7.2 hereof, the Security Trustee shall give written notice, setting forth in general terms the substance of such supplemental agreements, 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 7.4 Opinion of Counsel Conclusive as to Supplemental Security Agreements. The Security Trustee is hereby authorized to join with the Owner 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 7 complies with the requirements of this Section 7.

ARTICLE 8

Security Trustee

Wilmington Trust Company 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 Owner 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. Wilmington Trust Company, in its individual capacity, shall not be answerable or accountable under any circumstances except for the willful misconduct or negligence of the Security Trustee, except for the Security Trustee's failure to use ordinary care to disburse funds and except for liabilities that may result from the inaccuracy of any representation or warranty of Wilmington Trust Company in its individual capacity (or from the failure by Wilmington Trust Company in its individual capacity to perform any covenant) in any of the Principal Documents.

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 negligence, or its own willful 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, certificate of a responsible officer, opinion of counsel, request, notice, consent, waiver, order, signature guaranty, notarial seal, stamp, acknowledgement, 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 provided and established by a Certificate of a Responsible Officer; 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, unless the Security Trustee shall have been indemnified by the holders of the Notes, in manner and form satisfactory to the Security Trustee, against any liability, cost or expense (including counsel fees and disbursements) which may be incurred in connection therewith; 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 shall be taken as the recitals and statements of the Owner, 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 Owner 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 Owner to the Collateral or the description thereof, or the filing or recording or registering of this Security Agreement or any other document.

In absence of willful misconduct or negligence, 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 Principal Documents unless said funds have been received by the Security Trustee pursuant to said Principal 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 Owner, the Purchaser, or any other holder of a Note 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 Sections 18, 19 and 31 of the Lease 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 6.2(e) and 8.2(h) hereof.

Section 8.5 Status of Moneys Received. 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 Owner or any affiliated corporation, or the Security Trustee may act as depositary or otherwise in respect to other securities of the Owner 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 Owner 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.

Such resignation shall take effect on the day specified in such notice, unless previously a successor Security Trustee shall have been appointed as provided in Section 8.9 in which event such resignation shall take effect immediately upon the appointment of such successor Security Trustee; provided, however, that no such resignation shall be effective hereunder unless and until a successor Security Trustee shall have been appointed and shall have accepted such appointment as provided in Section 8.9.

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 Owner, specifying the removal and the date when it shall take effect.

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.

Until a successor Security Trustee shall be so appointed by the holders of the Notes, the Owner shall appoint a successor Security Trustee to fill such vacancy, by an instrument in

writing executed by the Owner and delivered to the successor Security Trustee. If all or substantially all of the Collateral shall be in the possession of one or more receivers, trustees, liquidators or assignees for the benefit of creditors, then such receivers, trustees, custodians, liquidators or assignees may, by an instrument in writing delivered to the successor Security Trustee, appoint a successor Security Trustee. Promptly after any such appointment, the Owner, or any such receivers, trustees, custodians, liquidators or assignees, as the case may be, shall give notice thereof by first-class mail, postage prepaid, to each holder of Notes at the time outstanding.

Any successor Security Trustee so appointed by the Owner, or such receivers, trustees, custodians, liquidators or assigns shall immediately and without further act be superseded by a successor Security Trustee appointed by the holders of a majority in aggregate principal amount of the Notes then outstanding.

If a successor Security Trustee shall not be appointed pursuant to this Section within 60 days after a vacancy shall have occurred in the office of the Security Trustee, the holder of any Note 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, and such court may thereupon, after such notice, if any, as it may consider proper, appoint a successor Security Trustee.

Section 8.10 Succession of Successor Security Trustee.

Any successor Security Trustee appointed hereunder shall execute,

acknowledge and deliver to the Owner 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 Owner 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 Owner 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 6.2(e) 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 propose of meeting any legal requirements of any jurisdiction in which any part of the Collateral may at the time be located, the Owner 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 Owner and the Security Trustee may consider necessary or desirable. If the Owner 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.

ARTICLE 9

Miscellaneous

Section 9.1 Immunity from Liability. Anything in this Security Agreement or the Notes to the contrary notwithstanding, it is understood and agreed that (irrespective of any breach of any representation, covenant, agreement or undertaking of any nature whatsoever made in this Security Agreement or the Notes by the Owner) no recourse shall be had under any rule of law, statute or constitution or by the enforcement of any assessments or penalties or otherwise for the payment of the principal of or interest or Reinvestment Premium, if any, due on the Notes or for any claim based thereon or otherwise in respect thereof or based on or in respect of this Security Agreement against (i) the Owner, or any past, present or future Affiliate, partner, officer, director, any shareholder, agent or employee of any thereof or of any partner thereof or its legal representatives, successors or assigns, (ii) any corporation, partnership (or any partner thereof), entity or individual to which ownership of the Collateral, or any part thereof, shall have been transferred, or (iii) any Person or party (other than the Lessee) on the ground that in entering into the transactions evidenced by this Security Agreement and the Notes, the Owner was acting as an agent for the account and benefit of such Person or party and that such Person or party was the principal of the Owner. It is expressly understood that by the acceptance of the Notes all such liability (a) of the Owner, or any past, present or future Affiliate,

partner, officer, director, any shareholder, agent or employee thereof or director or shareholder thereof or director or shareholder of any partner thereof or any of its respective legal representatives, successors or assigns, (b) of any such corporation, partnership, individual or partner or (c) of such other Person or party is and is being expressly waived and released as a condition of and as a consideration for the execution of the Notes and this Security Agreement, that the Security Trustee, the registered owners of the Notes and their successors and assigns as registered owners of the Notes agree to look solely to the Collateral and to the sums due or to become due under the Lease (other than Excluded Amounts) for the payment of any such sum. Nothing contained herein or in the Notes, however, shall be taken to (i) prevent recourse to and the enforcement against the Collateral of all liabilities, obligations and undertakings contained herein and in the Notes and the Lease, (ii) limit, restrict or impair the right of any such registered owner to accelerate the maturity of the Notes upon the occurrence of an Event of Default hereunder other than as provided in Section 6.7 hereof, (iii) prevent the bringing of an action or obtaining of a judgment against the Owner, provided that neither the Owner, nor any past, present or future Affiliate, partner, officer, director, shareholder, agent or employee thereof or director or shareholder of any partner thereof or any of its respective legal representatives, successors or assigns or any corporation, partnership (or any

partner thereof) or individual to which ownership of the Collateral shall have been transferred shall have any personal liability on such judgment and the satisfaction thereof shall be limited to said Collateral and the sums due and to become due under the Lease, (iv) prevent the bringing of an action or obtaining of a judgment to foreclose the lien hereof or otherwise realize upon the Collateral or the sums due or to become due under the Lease, including the right to proceed against Lessee under the Lease, (v) prevent recourse against the Owner for the payment of net income, franchise, estate, inheritance, succession, transfer or profits taxes or the discharge of liens which Lessee is not obligated to pay or discharge under the Lease, (vi) prevent personal recourse against the Owner for the Maximum Lessor Risk Amount due pursuant to the terms of Section 3.4 or (vii) prevent personal recourse against the Owner for the breach of any representation or warranty contained in Section 6 of the Note Agreement.

Section 9.2 Notices; Modification; Waiver. All notifications, notices, demands or requests herein provided for or made pursuant hereto shall be in writing and shall be sent by (i) registered or certified mail, return receipt requested, and such notice, demand or other communication shall be deemed complete on the third Business Day after the same is deposited with a United States Post Office with postage charges prepaid or (ii) by reputable delivery service guaranteeing overnight

delivery and the giving of notice shall be deemed complete on the immediately succeeding Business Day after the same is deposited with such delivery service to the Security Trustee or the Owner at the addresses first above set forth or at such other address as the party to be notified shall have specified, and such notifications, notices, demands or requests shall be deemed given on the date of receipt. This Security Agreement may not be modified or discharged except by an instrument in writing executed by the Owner and the Security Trustee. No requirement hereof may be waived at any time except by a writing signed by the Security Trustee, nor shall any waiver be deemed a waiver of any subsequent breach of default of the Owner.

Section 9.3 Illegal Provision. If any provision herein or in the Notes contained shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Security Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 9.4 Maximum Interest Payable. Neither this Security Agreement nor the Notes shall require the payment or permit the collection of interest in excess of the maximum not prohibited by law. If herein or in the Notes any excess of interest in such respect is provided for or shall be adjudicated to be so provided for, neither the Owner nor its successors or assigns shall be obligated to pay such interest in excess of the

maximum amount not prohibited by law, and the right to demand the payment of any such excess shall be and hereby is waived; and this provision shall control any other provision of this Security Agreement or the Notes.

Section 9.5 Satisfaction. If, prior to the declaration pursuant to Clause I of Section 6.1 of the principal of and interest and Reinvestment Premium, if any, on the Notes to be due and payable, the Owner shall well and truly pay or cause to be paid (provided such payment is permitted or required hereby) the full amount of the principal, interest and Reinvestment Premium, if any, on the Notes as and when the same shall become due and payable and the Owner shall do and perform all covenants and obligations to be done and performed by the Owner hereunder, then and in that case the Security Trustee shall, at the cost and expense of the Owner, satisfy and cancel this Security Agreement and execute and delivery such instruments as reasonably shall be demanded by the Owner to satisfy and discharge the lien hereof.

Section 9.6 Binding Effect. The covenants, conditions and agreements herein contained shall bind, and the benefits and advantages shall inure to, the respective heirs, executors, administrators, successors and assigns of the parties hereto. Whenever used, the singular shall include the plural, the plural include the singular and the use of any gender shall include all genders.

Section 9.7 Counterparts. This Security Agreement may be executed in any number of counterparts, each of which shall be

deemed to be an original but all of which shall constitute one and the same instrument.

Section 9.8 Table of Contents; Headings. The table of contents contained herein and the headings of the various Articles and Sections herein have been inserted for reference only and shall not to any extent have the effect of modifying or amending the express terms and provision hereof.

Section 9.9 Governing Law. This Security Agreement shall be governed by the laws of the State of Delaware.

Section 9.10 Estoppels. At any time and from time to time upon not less than 15 days' prior written request by any party hereto, the other party hereto shall furnish a certificate certifying that this Security Agreement is in full force and effect (or that this Security Agreement is in full force and effect as modified and setting forth the modifications) to the best knowledge of the signer of such certificate after due inquiry and investigation, whether or not the Owner is in default under any of its obligations hereunder (and, if so, the nature of such alleged default), and such other matters as may reasonably be requested.

IN WITNESS WHEREOF, the Owner has executed this Security Agreement as of the date first above written.

RAIL CO. III

By: 
Name: M.A. FERRUCCI
Title: PRESIDENT

WILMINGTON TRUST COMPANY,
not in its individual capacity
except as otherwise expressly
provided, but solely as Security
Trustee

By: 
Name: Emmett R. Harmon
Title: Vice President

STATE OF DELAWARE)
) SS:
COUNTY OF NEW CASTLE)

On this 29th day of Dec., 1992 before me personally appeared M. A. FERRUCCI, the PRESIDENT of RAIL CO. III, a Delaware corporation, and acknowledged that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[Seal]

My commission expires: 9/22/93

STATE OF DELAWARE)
) ss.
COUNTY OF NEW CASTLE)

On this 29th day of December, 1992, before me personally appeared Emmett R. Harmon, to be personally known, who being by me duly sworn, says that (s)he is a Vice President of WILMINGTON TRUST COMPANY, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sharon M. Brendle
Notary Public

(SEAL)

My commission expires _____

SHARON M. BRENDLE
NOTARY PUBLIC
MY COMMISSION EXPIRES AUGUST 10, 1993